

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

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(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, 2025.

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: 001-33768

AIFU Inc.

(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)

Room 1, Building 10,
Jinzhong Guobin Hui Qinyuan 2nd Road
Lihu Community, Xili Street
Shenzhen, 518055
People's Republic of China
(Address of principal executive offices)

Mingxiu Luan, Chief Executive Officer
Tel: +86 755 22671879

E-mail: luanmx@aifugroup.com
Room 1, Building 10,
Jinzhong Guobin Hui Qinyuan 2nd Road
Lihu Community, Xili Street
Shenzhen, 518055
People's Republic of China

(Name, Telephone, E-mail 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	Ticker Symbol(s)	Name of Each Exchange on Which Registered
Class A Ordinary shares, par value US\$0.4 per share*	AIFU	The NASDAQ Global Select Market

* Not for trading, but only in connection with the listing on The NASDAQ Global Select Market of American depository 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.

13,435,271 Class A ordinary shares, par value US\$0.4 per share and 7,500,000 Class B ordinary shares, par value US\$0.4 per share as of December 31, 2025

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
Non-accelerated filer

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, unless the context otherwise requires:

- “ADSs” refer to the American depository shares, each of which previously represented 20 Class A ordinary shares; on May 20, 2025 we implemented a substitution listing whereby all ADSs were exchanged into Class A ordinary shares, and our ADR facility was terminated;
- “China” or “PRC” refers to the People’s Republic of China, including the special administrative regions of Hong Kong and Macau (“Hong Kong SAR” and “Macau SAR”), and only when this annual report refers to specific laws and regulations adopted by the PRC, reference to “China” or the “PRC” excludes Taiwan, Hong Kong SAR and Macau SAR). Unless the context otherwise indicates, the legal and operational risks associated with operating in China discussed in this annual report also apply to any operations we may now or in the future carry out in Hong Kong SAR or Macau SAR;
- “shares” or “ordinary shares” for periods on or after May 21, 2025 refer to our Class A ordinary shares and Class B ordinary shares, par value of US\$0.4 per share, and “shares” or “ordinary shares” for periods prior to May 21, 2025 refer to our Class A ordinary shares and Class B ordinary shares, par value of US\$0.001 per share, as the context requires. For purposes of this annual report and unless the context otherwise requires:
- “Class A ordinary shares” for periods on or after May 21, 2025 refer to our Class A ordinary shares, par value US\$0.4 per share; “Class A ordinary shares” for periods prior to May 21, 2025 refer to our Class A ordinary shares, par value US\$0.001 per share, with all such share numbers presented on a post-Share Consolidation basis;
- “Class B ordinary shares” for periods on or after May 21, 2025 refer to our Class B ordinary shares, par value US\$0.4 per share; “Class B ordinary shares” for periods prior to May 21, 2025 refer to our Class B ordinary shares, par value US\$0.001 per share, with all such share numbers presented on a post-Share Consolidation basis;
- “former consolidated VIEs” refer to Shenzhen Xinbao Investment Management Co., Ltd. (“Xinbao Investment”), Fanhua RONS (Beijing) Technologies Co., Ltd. (“Fanhua RONS Technologies”) and their subsidiaries, all of which have been divested in a share exchange transaction with BGM Group Ltd. (“BGM”) on December 27, 2024;
- “WFOEs” refer to Fanhua Insurance Sales Service Group Company Limited, or Fanhua Group Company and Beijing Fanlian Investment Co., Ltd., or Fanlian Investment. Fanlian Investment was disposed of in June 2025;
- “customer” refers to policyholder or our insurance company partner which we define as customer under ASC 606;
- “HK\$” and “HK dollars” refer to the legal currency of Hong Kong SAR;
- “Parent” refers to AIFU Inc., a Cayman Islands holding company;
- “provinces” of China refer to the 23 provinces, the four municipalities directly administered by the central government (Beijing, Shanghai, Tianjin and Chongqing), the five autonomous regions (Xinjiang, Tibet, Inner Mongolia, Ningxia and Guangxi), excluding, solely for the purpose of this annual report, Taiwan, Hong Kong SAR and Macau SAR;
- “RMB” or “Renminbi” refers to the legal currency of China;

- “US\$” or “U.S. dollars” refers to the legal currency of the United States; and
- “we,” “us,” “our company,” “the Company,” “our” or “AIFU” refers to AIFU Inc., formerly known as CNinsure Inc., Fanhua Inc. and AIX Inc., and its subsidiaries and, in the context of describing its operations and consolidated financial information, its former consolidated VIEs which are its consolidated affiliated entities, if applicable. As described elsewhere in this annual report, we did not own these former consolidated VIEs, and the results of the former consolidated VIEs’ operations only accrued to us through contractual arrangements between the former consolidated VIEs, the former consolidated VIEs’ nominee shareholders, and certain of our subsidiaries. Accordingly, in appropriate contexts we will describe the former consolidated VIEs’ activities separately from those of our directly and indirectly owned subsidiaries, and our use of the terms “we,” “us,” and “our” may not include the consolidated former VIEs in those contexts.

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 RMB6.9931 to US\$1.00, the exchange rate in effect as of December 31, 2025 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. All discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

On October 31, 2024, our then authorized share capital was reclassified as US\$10,000,000 divided into (i) 8,000,000,000 Class A ordinary shares of a nominal or par value of US\$0.001 each and (ii) 2,000,000,000 Class B ordinary shares of a nominal or par value of US\$0.001 each. Each holder of our Class A ordinary shares is entitled to one vote per share, and each holder of our Class B ordinary shares is entitled to 100 votes per share on all matters subject to vote at a general meeting of us.

On May 20, 2025, we terminated the American depository receipt facility for our ADSs and ceased the listing of the ADSs on Nasdaq. On May 21, 2025, we implemented a 400-for-1 share consolidation (the “Share Consolidation”), pursuant to which every four hundred (400) issued and authorized Class A ordinary shares and Class B ordinary shares of a par value of US\$0.001 each were consolidated into one (1) Class A ordinary shares or Class B ordinary share, respectively, with a par value of US\$0.4 per share.

Immediately following the completion of the Share Consolidation, on May 21, 2025, our authorized share capital was increased to US\$4,000,000,000 divided into 10,000,000,000 ordinary shares comprising of (i) 8,000,000,000 Class A ordinary shares of a nominal or par value of US\$0.4 each, and (ii) 2,000,000,000 Class B ordinary shares of a nominal or par value of US\$0.4 each.

On May 21, 2025, our Class A ordinary shares commenced trading on Nasdaq on a post-Share Consolidation basis in substitution for the ADSs, under the same symbol “AIFU.”

All share and per share information presented in this annual report for all periods has been retrospectively adjusted to reflect the Share Consolidation, unless otherwise stated. For additional clarity, certain figures may also be presented on a pre-consolidation basis followed by their post-consolidation equivalent in parentheses.

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, 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, including those listed under “Item 3. Key Information—D. Risk 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 these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “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 and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about our goals and growth strategies, our future business development, financial condition and results of operations, our expectations regarding demand for and market acceptance of our products and services, and assumptions underlying or related to any of the foregoing.

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. 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 not place undue reliance on these forward-looking 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. We qualify all of our forward-looking statements by these cautionary statements.

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 Historical Contractual Arrangements with the Former Consolidated VIEs

AIFU Inc. is a Cayman Islands holding company primarily operating in China through our PRC subsidiaries, including Zhonglian Enterprise and Xinlian Information, and their subsidiaries in which we hold equity ownership interests. PRC laws, regulations, and rules restrict and impose conditions on direct foreign investment in value-added telecommunication services, and therefore prior to December 27, 2024 we operated our internet-based insurance distribution business through Xinbao Investment, and Fanhua RONS Technologies, which we refer to as the former consolidated VIEs in this annual report. There were historical contractual arrangements among (x) our wholly-owned PRC subsidiaries Fanhua Group Company and Fanlian Investment, (y) the former consolidated VIEs, and (z) the individual nominee shareholders of the former consolidated VIEs (the “Contractual Arrangements”). Except for 49% equity interests that we previously held in Xinbao Investment, neither AIFU nor its investors has had an equity ownership in, direct foreign investment in, or control, other than as defined under U.S. GAAP, through contractual arrangements with, the former consolidated VIEs. The contractual arrangements were not equivalent to an equity ownership in the business of the former consolidated VIEs and their subsidiaries in China. Investors in our ordinary shares were not purchasing, and did not directly hold all equity interests in the former consolidated VIEs. As used in this annual report, “we,” “us,” or “our” refers to AIFU Inc. and its subsidiaries.

Our historical contractual agreements included: (i) technology consulting and service agreements and consulting and service agreements, which enabled us to receive all of the economic benefits of the former consolidated VIEs and their subsidiaries, (ii) loan agreements, powers of attorney and equity pledge agreements, which provided us with effective control over the former consolidated VIEs and their subsidiaries, and (iii) exclusive purchase option agreements, which provided us with the option to purchase all of the equity interests in the consolidated VIEs, and (iv) equity pledge agreements, in combination of the aforementioned loan agreements, we are able to control over the former consolidated VIEs and their subsidiaries. As a result of the Contractual Arrangements, we were able to direct the activities of and derive economic benefits from the former consolidated VIEs and were considered the primary beneficiary of the former consolidated VIEs for accounting purposes. Accordingly, we have consolidated the financial results of the former consolidated VIEs in our consolidated financial statements in accordance with U.S. GAAP. The external revenues contributed by the former consolidated VIEs accounted for 3.8%, 6.8% of our total revenues for the years of 2023 and 2024, respectively.

In December 2024, as part of the share exchange transaction with BGM Group Ltd. (“BGM”), our beneficial ownership in Xinbao Investment and RONS Technologies was transferred to BGM in exchange of shares of BGM (“Share Exchange”). The Contractual Arrangements were subsequently terminated. As a result, Xinbao Investment and RONS Technologies have been deconsolidated from our consolidated financial statements since December 31, 2024. As of the date of this annual report, our operations in China are conducted by our PRC subsidiaries and we do not have any VIE structure.

In the opinion of the Company’s PRC legal counsel, (i) the ownership structure relating to the former consolidated VIEs of the Company did not violate the existing PRC laws and regulations; (ii) the Contractual Arrangements with the former consolidated VIEs and the individual shareholders were legal, valid and binding obligation of such party, and enforceable against such party in accordance with their respective terms; and (iii) the execution, delivery and performance of the former consolidated VIEs and their respective shareholders did not result in any violation of the provisions of the articles of association and business licenses of the former consolidated VIEs, and any violation of any current PRC laws and regulations.

We face various legal and operational risks and uncertainties relating to doing business in China. We operate our business primarily in China, and are subject to complex and evolving PRC laws and regulations. For example, we face risks relating to regulatory approvals in connection with a future offering of our securities to foreign investors, oversight on cybersecurity and data privacy, and the expanding efforts in anti-monopoly enforcement. For example, recent regulatory actions undertaken by the PRC government, including the recent enactment of China's new Data Security Law, the Cybersecurity Law of the PRC (Draft for Second Round of Public Comments), the Measures for Cybersecurity Review (Revised Draft for Comments), Personal Information Protection Law, Provisional Administrative Measures on Overseas Offering and Listing of Securities by Domestic Companies ("New Overseas Listing Rules") with five Guidelines on Application of Regulatory Rules and any other future laws and regulations may require us to incur significant expenses and could materially affect our ability to conduct our business, accept foreign investments, or carry out future offering and listing of securities on the U.S. or other foreign exchanges. These risks could result in a material adverse change in our operations and the value of our shares, significantly limit or completely hinder our future offering of securities to investors, or cause such securities to significantly decline in value or become worthless. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China."

Permissions and Licenses for Our Operations in PRC

We conduct our business primarily through our subsidiaries in China and historically through the former VIEs and their subsidiaries in China until December 27, 2024. As of the date of this annual report, our subsidiaries have obtained the requisite licenses and permits from the PRC government authorities that are material for our operations in China, including, among others, the business license, insurance distribution licenses, insurance broker licenses. These licenses are the only permissions and approvals that our PRC subsidiaries are required to obtain to conduct our business in China. However, there can be no assurance that we will be able to obtain, renew and/or convert all of the approvals, licenses, and permits required for our existing business operations upon their expiration in a timely manner or duly complete necessary registration or filings with the relevant governmental authorities for any of our new business.

However, the PRC government has issued statements and regulatory actions relating to areas such as approvals on offshore offerings, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy. For example, on February 17, 2023, the China Securities Regulatory Commission (the "CSRC") released (the "New Overseas Listing Rules") with five guidelines, which took effect on March 31, 2023. We may be required to make filings with the CSRC for applicable securities offerings. In connect with our previous issuance of securities to foreign investors, as advised by our PRC legal counsel, Hai Run Law Firm, although we are required to complete the filing procedure within three days after the completion of the overseas offering, (i) no relevant PRC laws or regulations in effect require that we obtain permission from any PRC authorities to issue securities to foreign investors, and we have not received any inquiry, notice, warning, sanction, or any regulatory objection regarding the offerings from the CSRC, the Cyberspace Administration of China ("CAC"), or any other PRC authorities that have jurisdiction over our operations; (ii) we are not required to obtain permissions from the CSRC; (iii) we are not required to apply for a cybersecurity review with the CAC; and finally (iv) we have neither received nor been denied such requisite permissions by any other PRC authority.

Nonetheless, applicable laws and regulations may be tightened, and new laws or regulations may be introduced to impose additional government approval, license, and permit requirements. If we inadvertently conclude that such permissions and approvals relating to the operations of our business are not required, fail to obtain and maintain such approvals, licenses or permits required for our business, or fail to respond to changes in the applicable laws, regulations, interpretations and regulatory environment, we could be subject to liabilities, monetary penalties and even operational disruption, which may materially and adversely affect our business, operating results, and our financial condition. For more detailed information, see "Item 3. Key Information - D. Risk Factors - Risks Relating to Doing Business in China."

Fund Flows between AIFU Inc, its Subsidiaries and the Former Consolidated VIEs

Under PRC law, we may provide funding to our PRC subsidiaries only through capital contributions or loans, and to the former consolidated VIEs only through loans, subject to the satisfaction of applicable government registration and approval requirements. We rely on dividends and other distributions from our PRC subsidiaries to satisfy part of our liquidity requirement. Under the historical Contractual Arrangements among our WFOEs including Fanhua Group Company and Fanlian Investment, the former consolidated VIEs, and the shareholders of the former consolidated VIEs, our WFOEs were entitled to all of the economic benefits of the former consolidated VIEs and its subsidiaries in the form of service fees. For risks relating to the fund flows of our China operations, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We rely principally on dividends and other distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

Assets Transfer Occurred Between AIFU Inc., its Subsidiaries and the Former Consolidated VIEs

Under the former Contractual Arrangements, Fanhua Group Company and Fanlian Investment provided consultation and training services to the former consolidated VIEs and were entitled to receive service fees from the former consolidated VIEs in exchange. The former Contractual Arrangements provided that the former consolidated VIEs shall pay a quarterly fee calculated primarily based on a percentage of its revenues.

Technology consulting and service agreements were entered into between (i) Fanhua Group Company and (ii) Xinbao Investment and each of its subsidiaries on March 1, 2022 and consulting and service agreements were entered into between (i) Fanlian Investment and (ii) Fanhua RONS Technologies and each of its subsidiaries. No service fees have been incurred in 2024 and 2025. The cash flows occurred between our subsidiaries and the former consolidated VIEs included the following: (1) cash received by the former VIEs from our subsidiaries as inter-company advances amounted to RMB39.4 million, RMB46.8 million and nil for the years ended December 31, 2023, 2024 and 2025, respectively; and (2) net commissions received by our subsidiaries from the former consolidated VIEs offset by technology services paid by our subsidiaries to the former consolidated VIEs amounted to RMB56.7 million, RMB34.5 million and nil for the years ended December 31, 2023, 2024 and 2025, respectively.

Financial Information Related to the VIEs

The following tables set forth the summary of the consolidated statement of income and cash flows for the years ended December 31, 2023 and 2024 of the Parent, our wholly foreign-owned subsidiaries (“WFOEs”), or Fanhua Group Company and Fanlian Investment, that were the primary beneficiaries of the former consolidated VIEs under accounting principles generally accepted in the United States, or U.S. GAAP (the “Primary Beneficiaries of VIEs”), our other subsidiaries and the former consolidated VIEs and their subsidiaries. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our and the former consolidated VIEs’ historical results are not necessarily indicative of results expected for future periods. You should read this information together with our consolidated financial statements and the related notes and “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report.

	For the year ended December 31, 2024					
	Parent	Consolidated VIEs and their subsidiaries	WFOEs	Other subsidiaries	Eliminating adjustments (1)	Consolidated total
	(RMB in thousands)					
Total net revenues	—	178,697	—	1,279,788	(126,707)	1,331,778
Third-party revenues	—	123,593	—	1,208,185	—	1,331,778
Intra-Group revenues	—	55,104	—	71,603	(126,707)	—
Total operating costs and expenses	(46,159)	(164,218)	(15,775)	(1,679,451)	126,707	(1,778,896)
Third-party operating costs and expenses	(46,159)	(92,617)	(15,773)	(1,624,347)	—	(1,778,896)
Intra-Group operating costs and expenses	—	(71,601)	(2)	(55,104)	126,707	—
Income (loss) from operations	(46,159)	14,479	(15,775)	(399,663)	—	(447,118)
Interest income, net	353	1,422	10,566	2,751	—	15,092
Investment income	5,095	—	23,131	14,062	—	42,288
Gains (Losses) from fair value change of a short term investment	4,089	—	—	(82,588)	—	(78,499)
Gain from the disposal of subsidiaries	—	—	2,635	894,671	—	897,306
Others, net	3,844	5,581	(47,970)	10,784	—	(27,761)
Share of income from subsidiaries and the VIEs and VIEs’ subsidiaries	487,738	—	12,327	—	(500,065)	—
Share of income of affiliates, net of impairment	—	—	—	(5,052)	—	(5,052)
Income tax expenses	—	(612)	—	(91,342)	—	(91,954)
Net (loss) income from continuing operations	454,960	20,870	(15,086)	343,623	(500,065)	304,302
Net income from discontinued operations, net of tax	—	—	—	5,172	—	5,172
Net income (loss)	454,960	20,870	(15,086)	348,795	(500,065)	309,474

For the year ended December 31, 2023

	Parent	Consolidated VIEs and their subsidiaries	WFOEs	Other subsidiaries	Eliminating adjustments (1)	Consolidated total
Total net revenues	—	168,965	—	2,718,767	(127,284)	2,760,448
Third-party revenues	—	122,880	—	2,637,568	—	2,760,448
Intra-Group revenues	—	46,085	—	81,199	(127,284)	—
Total operating costs and expenses	(24,645)	(182,156)	(29,953)	(2,472,510)	125,289	(2,583,975)
Third-party operating costs and expenses	(24,645)	(100,956)	(29,953)	(2,428,421)	—	(2,583,975)
Intra-Group operating costs and expenses	—	(81,200)	—	(44,089)	125,289	—
Income (loss) from operations	(24,645)	(13,191)	(29,953)	246,257	(1,995)	176,473
Interest income, net	1,201	1,182	7,934	4,688	—	15,005
Investment income	10,359	—	21,105	16,786	—	48,250
Gains from fair value change of a short term investment	6,650	—	—	96,217	—	102,867
Others, net	—	409	4,355	1,408	—	6,172
Share of income from subsidiaries and the VIEs and VIEs' subsidiaries	285,595	—	194,973	—	(480,568)	—
Share of income (loss) of affiliates, net of impairment	1,317	—	—	(2,634)	—	(1,317)
Income tax expenses	—	(1,485)	—	(57,721)	—	(59,206)
Net (loss) income from continuing operations	280,477	(13,085)	198,414	305,001	(482,563)	288,244
Net income from discontinued operations, net of tax	—	—	—	855	—	855
Net income (loss)	280,477	(13,085)	198,414	305,856	(482,563)	289,099

Note:

- (1) The elimination mainly represents (i) the intercompany service fee related to agency services for distributing life insurance products and non-life insurance products on behalf of insurance companies provide by consolidated affiliated entities to subsidiaries and (ii) the intercompany service fee related to technology services provided by our consolidated variable interest entities to our subsidiaries.

For the year ended December 31, 2024

	Parent	Consolidated VIEs and their subsidiaries	WFOEs	Other subsidiaries	Eliminating adjustments	Consolidated total
(RMB in thousands)						
Cash flows from operating activities:	(22,904)	(32,908)	33,079	165,585	—	142,852
Net cash (used in) generated from transactions with external parties	(22,904)	1,618	33,079	131,059	—	142,852
Net cash (used in) generated from transactions with internal companies	—	(34,526)	—	34,526	—	—
Cash flows from investing activities:	(3,937)	(25,182)	(650,466)	(410,622)	653,617	(436,590)
Net cash generated from (used in) transactions with external parties	(15,024)	(25,182)	(650,466)	254,082	—	(436,590)
Net cash generated from (used in) transactions with internal companies	11,087	—	—	(664,704)	653,617	—
Cash flows from financing activities:	(5,642)	46,797	617,403	(69,330)	(653,617)	(64,389)
Net cash (used in) generated from transactions with external parties	(5,642)	—	—	(58,747)	—	(64,389)
Net cash generated from (used in) transactions with internal companies	—	46,797	617,403	(10,583)	(653,617)	—

For the year ended December 31, 2023

	Parent	Consolidated VIEs and their subsidiaries	WFOEs	Other subsidiaries	Eliminating adjustments	Consolidated total
(RMB in thousands)						
Cash flows from operating activities:	(36,520)	(52,983)	6,620	184,670	—	101,787
Net cash (used in) generated from transactions with external parties	(36,520)	3,754	6,620	127,933	—	101,787
Net cash (used in) generated from transactions with internal companies	—	(56,737)	—	56,737	—	—
Cash flows from investing activities:	20,092	(20,095)	384,002	(177,970)	(451,849)	(245,820)
Net cash generated from (used in) transactions with external parties	30,097	(20,095)	384,002	(639,824)	—	(245,820)
Net cash (used in) generated from transactions with internal companies	(10,005)	—	—	461,854	(451,849)	—
Cash flows from financing activities:	(29,044)	39,359	(502,207)	137,731	451,849	97,688
Net cash (used in) generated from transactions with external parties	(29,044)	—	—	126,732	—	97,688
Net cash generated from (used in) transactions with internal companies	—	39,359	(502,207)	10,999	451,849	—

Filing Procedures Required from the PRC Authorities for Offering Securities to Foreign Investors

Under applicable laws of mainland China, we and our mainland China subsidiaries may be required to complete certain filing procedures with the CSRC, in connection with future offering and listing in an overseas market, including our follow-on offerings, issuance of convertible bonds, offshore relisting after going-private transactions, and other equivalent offering activities. If we fail to complete such filing procedures for any future offshore offering or listing, including our follow-on offerings, issuance of convertible bonds, offshore relisting after going-private transactions, and other equivalent offering activities, we may face sanctions by the CSRC or other mainland China regulatory authorities, which may include fines and penalties on our operations in mainland China, limitations on our operating privileges in mainland 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 ordinary shares. In addition, we are required to submit a report to the CSRC after the occurrence and public disclosure of certain material corporate events, including but not limited to, a change of control or voluntary or mandatory delisting. As of the date of this annual report, we have completed such filing procedures in connection with (i) the issuance of 2,500,000 Class B ordinary shares of the Company (giving effect to the Share Consolidation) to two investors on January 2, 2025; (ii) issuance of 10,000,000 Class A ordinary shares in relation to a private placement and warrant offering to certain investors on July 23, 2025; (iii) issuance of 5,000,000 Class B ordinary shares to one investor on December 22, 2025; and (iv) issuance of 102,578,839 Class A ordinary shares in relation to the acquisition of Nova Lumina Limited on January 9, 2026,

For more detailed information, see “Item 3. Key Information—D. Risk Factors—Risks Related 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 future offshore offerings, capital raising activities and acquisitions or other trading arrangements of domestic enterprises conducted by China-based issuers. We must file with the CSRC within three business days after the issuance, and also may be required to go through cybersecurity review under the new laws and the draft laws and regulations of mainland China if authorities identifying us as a critical information infrastructure operator or requiring us to going through review by the CAC, which remains unclear. And, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing or other regulatory procedures.”

Implication of The Holding Foreign Companies Accountable Act (the “HFCA Act”)

Trading in our securities on U.S. markets, including the Nasdaq Global Select Market, will be prohibited under the HFCA Act if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years. On December 16, 2021, the PCAOB issued the HFCA Act Determination Report to notify the SEC of its determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong SAR, or the 2021 Determinations, including our former auditor. On May 26, 2022, we were conclusively identified by the Commission as a Commission-Identified Issuer under the HFCA Act. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 Determinations and removed mainland China and Hong Kong SAR from the list of jurisdictions where it was unable to inspect or investigate completely registered public accounting firms.

Our current auditor, Enrome LLP which replaced Deloitte Touche Tohmatsu Certified Public Accountants LLP on January 23, 2025, is headquartered in Singapore and subject to inspection by the PCAOB. Our current auditor was not among the PCAOB-registered public accounting firms headquartered in mainland China or Hong Kong that were subject to 2021 Determinations. As a result, we do not believe we are at risk of having our securities subject to a trading prohibition under the HFCA Act unless a new determination is made by the PCAOB.

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 SEC, 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 HFCA Act. Any audit reports not issued by auditors that are completely inspected or investigated by the PCAOB, or a lack of PCAOB inspections of audit work undertaken in mainland China and Hong Kong that prevents the PCAOB from regularly evaluating our auditor’s audits and their quality control procedures, could result in a lack of assurance that our financial statements and disclosures are adequate and accurate, which could result in limitation or restriction to our access to the U.S. capital markets and trading of our securities.

For details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—If the PCAOB determines in the future that it is unable to inspect and investigate completely our auditor, or the PCAOB expands the scope of its determination so that we are subject to the HFCA Act, we and our investors may be deprived with the benefits of such inspections, which could cause investors and potential investors in our ordinary shares to lose confidence in the audit procedures and reported financial information and the quality of our financial statements.”; and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our shares may be prohibited from trading in the United States under the HFCA Act in the future if the PCAOB is unable to inspect or investigate completely our auditors. The delisting of our Class A ordinary shares, or the threat of their being delisted, may materially and adversely affect the value of your investment.”

Summary of Risk Factors

Investing in our shares involves a high degree of risk. You should carefully consider the risks described under “Item 3. Key Information—D. Risk Factors” and other information contained in this annual report on Form 20-F, before you decide whether to purchase our shares. Below please find a summary of the principal risks and uncertainties we face, organized under relevant headings:

Risks Related to Our Business and Industry

- We may not be successful in implementing our refined growth strategy or pursuing new growth opportunities, which could adversely affect our business and financial results.
- If and when our contracts with insurance companies are suspended or changed, our business and operating results will be materially and adversely affected;
- If we fail to attract and retain productive agents, especially entrepreneurial agents, our business and operating results could be materially and adversely affected;
- Failure of our digitalization and technology initiatives could materially and adversely affect our business, financial condition, and results of operations.
- All of our personnel engaging in insurance agency activities are required under relevant PRC regulations to register with the NFRA’s Insurance Intermediaries Regulatory Information System. If our sales personnel fail to finish practice registration, our business may be materially and adversely affected;
- Changes in the regulatory environment in China have materially affected, and may continue to materially and adversely affect, our business and results of operations
- We may be unsuccessful in identifying suitable acquisition candidates, completing acquisitions, integrating acquired companies or the acquired companies may not perform to our expectations, which could adversely affect our growth;
- Competition in our industry is intense and, if we are unable to compete effectively with both existing and new market participants, we may lose customers, and our financial results may be negatively affected; and
- Because the commission and fee we earn on the sale of insurance products is based on premiums, commission and fee rates set by insurance companies, any decrease in these premiums, commission or fee rates may have an adverse effect on our results of operations.

Risks Related to Our Corporate Structure

- AIFU Inc. is a Cayman Islands holding company primarily operating in China through its subsidiaries. It historically also operated a small part of its business through Contractual Arrangements with our former consolidated VIEs until December 27, 2024. If the PRC government determines that the historical contractual arrangements with the former consolidated VIEs did not comply with the regulations of mainland China, or if these regulations change or are interpreted differently in the future, our shares may decline in value or become worthless.
- The historical Contractual Arrangements we have entered into with our former consolidated VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.
- The PRC government has significant authority to exert influence on the China operations of an offshore holding company, such as us. Therefore, investors in the shares and the business of us face potential uncertainty from the PRC government’s policy. Changes in China’s economic, political or social conditions, or government policies could materially and adversely affect our business, financial condition, and results of operations;

- We are subject to extensive and evolving legal development, non-compliance with which, or changes in which, may materially and adversely affect our business and prospects, and may result in a material change in our operations and/or the value of our shares or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless;
- It is unclear whether we will be subject to the oversight of the Cyberspace Administration of China and how such oversight may impact us. Our business could be interrupted or we could be subject to liabilities which may materially and adversely affect the results of our operation and the value of your investment;
- The PRC government's oversight over our business operations could result in a material adverse change in our operations and the value of our shares;

Risks Related 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 future offshore offerings, capital raising activities and acquisitions or other trading arrangements of domestic enterprises conducted by China-based issuers. We must file with the CSRC within three business days after the issuance, and also may be required to go through cybersecurity review under the new laws, and the draft laws and regulations of mainland China if authorities identifying us as a critical information infrastructure operator or requiring us to going through review by the CAC, which remains unclear, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing or other regulatory procedures;
- Uncertainties in the PRC legal system and the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us, significantly limit or completely hinder our ability to offer or continue to offer our shares, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause our shares to significantly decline in value or become worthless. In addition, rules and regulations in China can change quickly with little advance notice, therefore, our assertions and beliefs of the risks imposed by the Chinese legal and regulatory system cannot be certain;
- A downturn in the Chinese or global economy could have a material adverse effect on our business;
- Governmental control of currency conversion may affect the value of your investment;
- The PRC Enterprise Income Tax Law may increase the enterprise income tax rate applicable to some of our PRC subsidiaries, which could have a material adverse effect on our result of operations;
- Our global income or the dividends we receive from our PRC subsidiaries may be subject to PRC tax under the EIT Law, which could have a material adverse effect on our results of operations;
- We rely principally on dividends and other distributions on equity paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business; and
- PRC regulations relating to the establishment of offshore special purpose companies by PRC residents and employee stock options granted by overseas-listed companies may increase our administrative burden, restrict our overseas and cross-border investment activity, or otherwise adversely affect us. If our shareholders who are PRC residents, or our PRC employees who are granted or exercise stock options, fail to make any required registrations or filings under such regulations, we may be unable to distribute profits and may become subject to liability under PRC laws. We may also face regulatory uncertainties that could restrict our ability to adopt additional equity compensation plans for our directors and employees and other parties under PRC law.

Risks Related to Our *Ordinary Shares*

- The PCAOB had historically been unable to inspect our auditors in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditors in the past has deprived our investors with the benefits of such inspections;
- Our shares may be prohibited from trading in the United States under the HFCA Act in the future if the PCAOB is unable to inspect or investigate completely our auditors. The delisting of our shares, or the threat of their being delisted, may materially and adversely affect the value of your investment;
- The trade price of our shares may be volatile;
- Under our dual-class share structure with different voting rights, holders of Class B ordinary shares have complete control of the outcome of matters put to a vote of shareholders, which may limit ability of holders of our Class A ordinary shares to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares may view as beneficial;
- The dual-class structure of our ordinary shares may adversely affect the trading market for our Class A ordinary shares;
- We may need additional capital, and the sale of additional shares or other equity securities could result in additional dilution to our shareholders; and
- Substantial future sales or perceived potential sales of our ordinary shares or other equity securities in the public market could cause the price of our shares to decline.

A. [Reserved]

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

Risks Related to Our Business and Industry

We may not be successful in implementing our refined growth strategy or pursuing new growth opportunities, which could adversely affect our business and financial results.

Our financial performance depends on our ability to successfully execute our refined strategic focus while also identifying and developing new growth opportunities. In 2025, we undertook significant strategic actions to streamline our operations, including the disposal of our online insurance distribution platform and our claims adjusting business, as well as the termination of our open platform services initiative. As a result, our operations are now more concentrated, and our future growth is increasingly dependent on the effectiveness of this more focused operating model.

We are continuing to invest in strengthening our core insurance distribution capabilities, including developing high-caliber insurance advisor teams and enhancing our digital platform to improve agent productivity and customer engagement. At the same time, we may explore and invest in new or adjacent business areas, technologies or service offerings to drive future growth and diversify our revenue sources. Such initiatives may include expanding our service offerings, leveraging technology to enhance customer solutions, or pursuing strategic partnerships, investments or acquisitions.

These initiatives, whether within our core business or in new areas, require significant management attention and financial resources, and there can be no assurance that they will be successfully implemented or generate the anticipated benefits. New business initiatives may involve unfamiliar operational, regulatory and competitive challenges, and may not achieve market acceptance or expected returns. In addition, any investments in new areas could divert resources from our core operations and may expose us to additional risks.

If we are unable to successfully implement our strategic initiatives, whether within our core business or in new areas, or if our efforts fail to generate expected results, our business, financial condition and results of operations could be materially and adversely affected.

If and when our contracts with insurance companies are suspended or changed, our business and operating results will be materially and adversely affected.

We primarily act as agents for insurance companies in distributing their products to retail customers. Our relationships with the insurance companies are governed by agreements between us and the insurance companies. We have entered into strategic partnership agreements with most of our major insurance company partners for the distribution of life, property and casualty insurance products at the corporate headquarter level. While this approach allows us to obtain more favorable terms from insurance companies by combining the sales volumes and service fees of all of our subsidiaries and branches operating insurance agency businesses, it also means that the termination of a major contract could have a material adverse effect on our business. Under the framework of the headquarter-to-headquarter agreements, our subsidiaries and branches operating insurance agency businesses generally also enter into contracts at a local level with the respective provincial, city and district branches of the insurance companies. Generally, each branch of these insurance companies has independent authority to enter into contracts with our relevant subsidiaries and branches, and the termination of a contract with one branch has no significant effect on our contracts with the other branches. See “Item 4. Information on the Company—B. Business Overview—Insurance Company Partners.” These contracts establish, among other things, the scope of our authority, the pricing of the insurance products we distribute and our fee rates. These contracts typically have a term of one year, and certain contracts can be terminated by the insurance companies with little advance notice. Moreover, before or upon expiration of a contract, the insurance company that is a party to that contract may agree to renew it only with changes in material terms, including the amount of commissions and fees we receive, which could reduce our revenues to be generated from that contract.

For the year ended December 31, 2025, our top five insurance company partners were Sinatay Life Insurance Co., Ltd., or Sinatay, Aeon Life Insurance Co., Ltd., or Aeon, and Ruizhong Life Insurance Co., Ltd., or Ruizhong, Aviva-COFCO Life insurance Co., Ltd., or Aviva-COFCO, Greatwall Life Insurance Co., Ltd or Greatwall, by net revenues. Among these top five partners, Sinatay accounted for 13.5% of our total net revenues excluding estimated renewal commissions in 2025.

If we fail to attract and retain productive agents, especially entrepreneurial agents, our business and operating results could be materially and adversely affected.

A substantial portion of our sales of insurance products are conducted through our individual sales agents. Some of these sales agents are significantly more productive than others in generating sales. In recent years, some entrepreneurial management staff or senior sales agents of major insurance companies in China have chosen to leave their employers or principals and become independent agents. We refer to these individuals as entrepreneurial agents. An entrepreneurial agent is usually able to assemble and lead a team of sales agents. We have been actively recruiting and will continue to recruit entrepreneurial agents to join our distribution and service network as our sales agents. Entrepreneurial agents have been instrumental to the development of our life insurance business.

As of December 31, 2025, we had 42,170 registered sales agents. If we are unable to attract and retain the core group of highly productive sales agents, particularly entrepreneurial agents, our business could be materially and adversely affected. Competition for sales personnel from insurance companies and other insurance intermediaries may also force us to increase the compensation of our sales agents, which would increase operating costs and reduce our profitability.

Failure of our digitalization and technology initiatives could materially and adversely affect our business, financial condition and results of operations

We have made significant investments in digital technologies to support our operations, enhance agent productivity and improve customer experience. Our digital platforms are central to our business model. Following the disposal of our proprietary online insurance distribution operations, we have increased our reliance on third-party service providers for the maintenance, development and technical support of certain of these systems.

Our digitalization initiatives are subject to significant uncertainties and depend on factors beyond our control. Our reliance on third-party service providers exposes us to risks relating to their performance, service quality, financial condition and compliance with applicable standards. Any failure or disruption in services provided by these third parties could impair the functionality, security or availability of our platforms.

Our ability to realize the expected benefits of our technology investments also depends on effective adoption and utilization by our sales agents and customers. If our digital tools are not widely adopted or fail to improve productivity, efficiency or customer engagement, our operating performance may be adversely affected. In addition, we face increasing competition from insurers and intermediaries with strong digital capabilities, which may further limit the effectiveness of our technology investments.

Our technology ecosystem is also subject to risks relating to system performance, reliability and cybersecurity. Any system failure, service interruption or data breach could result in operational disruptions, regulatory penalties, reputational harm and legal liabilities. In addition, compliance with evolving data protection, cybersecurity and technology-related regulations, particularly in the context of outsourced services, may increase our costs and operational complexity.

If we are unable to effectively implement, maintain or enhance our digitalization initiatives or manage the associated risks, our business, financial condition and results of operations could be materially and adversely affected.

All of our personnel engaging in insurance agency activities are required under relevant PRC regulations to register with the NFRA's Insurance Intermediaries Regulatory Information System. If our sales personnel fail to finish practice registration, our business may be materially and adversely affected.

All of our personnel who engage in insurance agency activities are required under relevant PRC regulations to be registered with the NFRA's Insurance Intermediary Regulatory Information System, or the IIRIS, through the insurance company or insurance intermediary company to which he or she belongs. See "Item 4. Information on the Company—B. Business Overview—Regulation." In addition, under the relevant PRC regulations, such as the Provisions on the Supervision and Administration of Insurance Agents issued on November 12, 2020, an insurance agency that retains a personnel who has not been registered with the IIRIS through the insurance agency to engage in insurance intermediary activities may be subject to rectification request, warning and fines up to RMB30,000 per intermediary by the NFRA. If a substantial portion of our sales force were found to have not been properly registered with the IIRIS, our business may be adversely affected. Moreover, we may be subject to fines and other administrative proceedings for the failure by our sales agents to register with the NFRA. Such fines or administrative proceedings could adversely affect our business, financial condition and results of operations.

Our businesses are highly regulated, and the administration, interpretation and enforcement of the laws and regulations currently applicable to us involve uncertainties, which could materially and adversely affect our business and results of operations.

We operate in a highly regulated industry. In exercising its authority, the the National Financial Regulatory Administration (the "NFRA" is given wide discretion, and the administration, interpretation and enforcement of the laws and regulations applicable to us involve uncertainties that could materially and adversely affect our business and results of operations. Not only may the laws and regulations applicable to us change rapidly, but it may also sometimes be unclear how they apply to our business. Any failure of our products or services to comply with these laws and regulations could result in substantial civil or criminal liability, adversely affect demand for our services, invalidate all or a portion of our customer contracts, require us to change or terminate some of our businesses, require us to refund a portion of our services fees, or cause us to be disqualified from serving customers, and therefore could have a material and adverse effect on our business.

Although we have not had any material violations to date, we cannot assure you that our operations will always comply with the interpretation and enforcement of the laws and regulations implemented by the NFRA. Any determination by a provincial or national government authority that our activities or those of our vendors or customers violate any of these laws could subject us to civil or criminal penalties, require us to change or terminate some of our operations or business, or disqualify us from providing services to insurance companies or other customers; and, thus have a materially adverse effect on our business.

Changes in the regulatory environment in China have materially affected, and may continue to materially and adversely affect, our business and results of operations

The insurance industry in China is subject to extensive and evolving regulation. In recent years, regulatory authorities have implemented stricter requirements relating to insurance product pricing, commission structures, sales practices, expense management and sales force qualification. These changes have materially affected our business and may continue to adversely impact our revenue growth, profitability, cash flows and competitive position if we are unable to adapt effectively.

In particular, the National Financial Regulatory Administration has tightened pricing controls on life insurance products, including lowering pricing interest rate caps and introducing dynamic pricing mechanisms linked to market benchmarks. These measures have led to fluctuations in market demand, reduced product attractiveness and disruptions in product supply. As an insurance intermediary, we depend on insurance companies for product availability, and further pricing adjustments may limit the range or volume of products available for distribution, adversely affecting our sales performance.

Regulatory authorities have also imposed stricter controls on insurance distribution expenses and commission structures, including requirements to align actual expenses with filed expense ratios. These measures have resulted in reductions in commission rates paid to intermediaries such as us, negatively affecting our revenues. Continued enforcement or further tightening of these requirements may place additional pressure on our margins and affect our ability to attract and retain sales personnel.

In addition, recent reforms to the personal marketing system for life insurance emphasize enhanced professional standards, deferred commission payment structures, commission clawback mechanisms and strengthened compliance requirements. These developments may increase uncertainty in revenue recognition and cash flow timing, raise compliance costs and contribute to greater income volatility.

The regulatory framework governing China's insurance industry remains subject to further change and evolving interpretation. Future regulatory actions may impose additional restrictions on pricing, commissions, product offerings or distribution models. If we fail to respond to these developments in a timely and effective manner, our business, financial condition and results of operations could be materially and adversely affected.

We may be unsuccessful in identifying suitable acquisition candidates, completing acquisitions, integrating acquired companies or the acquired companies may not perform to our expectations, which could adversely affect our growth.

Our growth strategy includes selective acquisition. We expect a portion of our future growth to come from acquisitions of high-quality assets that are complementary to our existing business or can further broaden our service offerings. There is no assurance that we can successfully identify suitable acquisition candidates. Even if we identify suitable candidates, we may not be able to complete an acquisition on terms that are commercially acceptable to us. In addition, we compete with other entities to acquire high-quality independent insurance intermediaries. Many of our competitors may have substantially greater financial resources than we do and may be able to outbid us for these acquisition targets. If we are unable to complete acquisitions, our growth strategy may be impeded and our earnings or revenue growth may be negatively affected.

Even if we succeed in acquiring other insurance intermediaries, our ability to integrate an acquired entity and its operations is subject to a number of factors. These factors include difficulties in the integration of acquired operations and retention of personnel, especially the sales agents who are not employees of the acquired company, entry into unfamiliar markets, unanticipated problems or legal liabilities, and tax and accounting issues. The need to address these factors may divert management's attention from other aspects of our business and materially and adversely affect our business prospects. In addition, costs associated with integrating newly acquired companies could negatively affect our operating margins.

Furthermore, the acquired companies may not perform to our expectations for various reasons, including legislative or regulatory changes that affect the insurance products in which a company specializes, the loss of key clients after the acquisition closes, general economic factors that impact a company in a direct way and the cultural incompatibility of an acquired company's management team with us. If an acquired company cannot be operated at the same profitability level as our existing operations, the acquisition would have a negative impact on our operating margin. Our inability to successfully integrate an acquired entity or its failure to perform to our expectations may materially and adversely affect our business, prospects, results of operations and financial condition.

Competition in our industry is intense and, if we are unable to compete effectively with both existing and new market participants, we may lose customers, and our financial results may be negatively affected.

The insurance intermediary industry in China is highly fragmented and competitive, and we expect competition to persist and intensify as more internet giants and other online insurance intermediaries and foreign-invested insurance intermediary companies enter the market. In insurance product distribution, we face competition from insurance companies that use their in-house sales force, exclusive sales agents, telemarketing and internet channels to distribute their products, from business entities that distribute insurance products on an ancillary basis, such as commercial banks, postal offices and automobile dealerships, as well as from other traditional or online insurance intermediaries. Many of our competitors, both existing and newly emerging, have greater financial and marketing resources than we do and may be able to offer products and services that we do not currently offer and may not offer in the future. If we are unable to compete effectively against those competitors, we may lose customers, and our financial results may be negatively affected.

Because the commission and fee we earn on the sale of insurance products is based on premiums, commission and fee rates set by insurance companies, any decrease in these premiums, commission or fee rates may have an adverse effect on our results of operations.

We are primarily engaged in insurance agency businesses and derive revenues primarily from commissions and fees paid by the insurance companies whose policies our customers purchase. Our commission and fee rates are set by insurance companies and are based on the premiums that the insurance companies charge or the amount recovered by insurance companies. Commission and fee rates and premiums can change based on the prevailing economic, regulatory, taxation-related and competitive factors that affect insurance companies. In recent years, regulatory measures affecting insurance product pricing and insurance distribution expenses, including requirements that actual commissions and expenses align with filed expense structures, have constrained insurers' pricing and commission flexibility and led to reductions in commission rates across certain products and distribution channels. These factors, which are not within our control, include the ability of insurance companies to place new business, underwriting and non-underwriting profits of insurance companies, consumer demand for insurance products, the availability of comparable products from other insurance companies at a lower cost, the availability of alternative insurance products such as government benefits and self-insurance plans, as well as the tax deductibility of commissions and fees and the consumers themselves. In addition, premium rates for certain insurance products, such as the mandatory automobile liability insurance that each automobile owner in the PRC is legally required to purchase, are tightly regulated by NFRA.

Because we do not determine, and cannot predict, the timing or extent of premium or commission and fee rate changes, we cannot predict the effect any of these changes may have on our operations. Further regulatory-driven adjustments to pricing or commission structures could reduce premiums, commission rates or policy sales volumes, which would directly reduce our commission and fee income. Any decrease in premiums or commission and fee rates may significantly affect our profitability. In addition, our budget for future acquisitions, capital expenditures and other expenditures may be disrupted by unexpected decreases in revenues caused by decreases in premiums or commission and fee rates, thereby adversely affecting our operations.

Quarterly and annual variations in our commission and fee revenue may unexpectedly impact our results of operations.

Our commission and fee revenue are subject to both quarterly and annual fluctuations as a result of the seasonality of our business, the timing of policy renewals and the net effect of new and lost business. Life insurance commission revenue is usually the highest in the first quarter and lowest in the fourth quarter of any given year as much of the jumpstart sales activities of life insurance companies occur in January and February during which life insurance companies would increase their sales efforts by offering more incentives for insurance agents and insurance intermediaries to increase sales, while the preparation for the jumpstart sales starts in the fourth quarter of each year. Apart from seasonality, some other factors that cause the quarterly and annual variations are not within our control. Specifically, regulatory changes to product design may result in cessation of products from time to time and cause quarterly fluctuation in the results of our operations. In addition, consumer demand for insurance products can influence the timing of renewals, new business and lost business, which generally includes policies that are not renewed, and cancellations. As a result, you may not be able to rely on quarterly or annual comparisons of our operating results as an indication of our future performance.

Our operating structure may make it difficult to respond quickly to operational or financial problems, which could negatively affect our financial results.

We currently operate primarily through our wholly-owned or majority-owned insurance agencies and their branches located in 23 provinces in China. These companies report their financial results to our corporate headquarters monthly. If these companies delay either reporting results or informing corporate headquarters of negative business developments such as losses of relationships with insurance companies, regulatory inquiries or any other negative events, we may not be able to take action to remedy the situation in a timely fashion. This in turn could have a negative effect on our financial results. In addition, if one of these companies were to report inaccurate financial information, we might not learn of the inaccuracies on a timely basis and be able to take corrective measures promptly, which could negatively affect our ability to report our financial results.

Our future success depends on the continuing efforts of our senior management team and other key personnel, and our business may be harmed if we lose their services.

Our future success depends heavily upon the continuing services of the members of our senior management team and other key personnel, in particular, Ms. Mingxiu Luan, or Ms. Luan, our vice chairwoman of the board of directors and chief executive officer, Mr. Huaguang Huang, or, Mr. Huang, our chief financial officer. If one or more of our senior executives or other key personnel, are unable or unwilling to continue in their present positions, we may not be able to replace them easily, or at all. As such, our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. Competition for senior management and key personnel in our industry is intense because of a number of factors including the limited pool of qualified candidates. We may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. As is customary in the PRC, we do not have insurance coverage for the loss of our senior management team or other key personnel.

In addition, if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing company, we may lose customers, sensitive trade information, key professionals and staff members. Each of our executive officers and key employees has entered into an employment agreement with us which contains confidentiality and non-competition provisions. These agreements generally have an initial term of three years, and are automatically extended for successive one-year terms unless terminated earlier pursuant to the terms of the agreement. See “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Employment Agreements” for a more detailed description of the key terms of these employment agreements. If any disputes arise between any of our senior executives or key personnel and us, we cannot assure you of the extent to which any of these agreements may be enforced.

Salesperson and employee misconduct is difficult to detect and deter and could harm our reputation or lead to regulatory sanctions or litigation costs.

Salesperson and employee misconduct could result in violations of law by us, regulatory sanctions, litigation or serious reputational or financial harm. Misconduct could include:

- making misrepresentations when marketing or selling insurance to customers;
- hindering insurance applicants from making full and accurate mandatory disclosures or inducing applicants to make misrepresentations;
- hiding or falsifying material information in relation to insurance contracts;
- fabricating or altering insurance contracts without authorization from relevant parties, selling false policies, or providing false documents on behalf of the applicants;
- falsifying insurance agency business or fraudulently returning insurance policies to obtain commissions;
- colluding with applicants, insureds, or beneficiaries to obtain insurance benefits;
- engaging in false claims; or
- otherwise not complying with laws and regulations or our control policies or procedures.

We have internal policies and procedures to deter salesperson or employee misconduct. However, the measures and precautions we take to prevent and detect these activities may not be effective in all cases. Therefore, salesperson or employee misconduct could lead to a material adverse effect on our business, results of operations or financial condition. In addition, the general increase in misconduct in the industry could potentially harm the reputation of the industry and have an adverse impact on our business.

Our investments in certain financial products may not yield the benefits we anticipate or incur financial loss, which could adversely affect our cash position.

In order to improve our return on capital, we may from time to time, upon board approval, invest a certain portion of our cash in financial products, such as trust products, with terms of half a year to two years. These products may involve various risks, including default risks, interest risks, and other risks. We cannot guarantee these investments will yield the returns we anticipate and we could suffer financial loss resulting from the purchase of these financial products.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

We are subject to reporting obligations under U.S. securities laws. Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules adopted by the Securities and Exchange Commission, or the SEC, every public company is required to include a management report on the company's internal controls over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal controls over financial reporting. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of the company's internal controls over financial reporting.

As required by Section 404 of the Sarbanes-Oxley Act and related rules as promulgated by the SEC, our management assessed the effectiveness of the internal control over financial reporting as of December 31, 2023 using criteria established in "Internal Control—Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that our internal control over financial reporting was effective as of December 31, 2023. If we fail to achieve and maintain an effective internal control environment for our financial reporting, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act of 2002, which could result in inaccuracies in our consolidated financial statements and could also impair our ability to comply with applicable financial reporting requirements and make related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of our ordinary shares, may be materially and adversely affected. Moreover, if we are not able to conclude that we have effective internal control over financial reporting, investors may lose confidence in the reliability of our financial statements, which would negatively impact the trading price of our ordinary shares. Our reporting obligations as a public company, including our efforts to comply with Section 404 of the Sarbanes-Oxley Act, will continue to place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

We may face legal action by former employers or principals of entrepreneurial agents who join our distribution and service network.

Competition for productive sales agents is intense within the Chinese insurance industry. When an entrepreneurial agent leaves his or her employer or principal to join our distribution and service network as our sales agent, we may face legal action by his or her former employer or principal of the entrepreneurial agent on the ground of unfair competition or breach of contract. As of the date of this annual report, there has been no such action filed or threatened against us. We cannot assure you that this will not happen in the future. Any such legal actions, regardless of merit, could be expensive and time-consuming and could divert resources and management's attention from the operation of our business. If we were found liable in such a legal action, we might be required to pay substantial damages to the former employer or principal of the entrepreneurial agent, and our business reputation might be harmed. Moreover, the filing of such a legal action may discourage potential entrepreneurial agents from leaving their employers or principals, thus reducing the number of entrepreneurial agents we can recruit and potentially harming our growth prospects.

If we are required to write down goodwill, our financial condition and results may be materially and adversely affected.

When we acquire a business, the amount of the purchase price that is allocated to goodwill is determined by the excess of the fair value of purchase price and any controlling interest over the net identifiable tangible assets acquired. Our management performs impairment assessments annually and in 2024 and 2025 we recognized a goodwill and intangible asset impairment loss of RMB404.1million and nil, respectively. Under current accounting standards, if we determine that goodwill is impaired, we will be required to write down the value of such assets and recognize corresponding impairment charges. As we implement our growth strategy through acquisitions, goodwill and intangible assets may comprise a large percentage of our shareholders' equity. Any future write-down related to such goodwill may materially and adversely affect our shareholders' equity and financial results.

Preparing and forecasting our financial results requires us to make judgments and estimates which may differ materially from actual results.

Given the evolving regulatory and competitive environment and the inherent limitations in predicting the future, forecasts of our revenues, operating income, net income and other financial and operating data may differ materially from actual results. Such discrepancies could cause a decline in the trading price of our stock. In addition, the preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Our management base their estimates on historical experience and various other factors which are believed to be reasonable under the circumstances, and the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant accounting estimates reflected in our consolidated financial statements included estimates of allowance for doubtful receivables and estimates associated with equity-method investment impairment assessments. Actual results could differ from those estimates, which could negatively affect our stock price.

Any significant failure in our information technology systems could have a material adverse effect on our business and profitability.

Our business is highly dependent on the ability of our information technology systems to timely process a large number of transactions across different markets and products at a time when transaction processes have become increasingly complex and the volume of such transactions is growing rapidly. The proper functioning of our financial control, accounting, customer database, customer service and other data processing systems, together with the communication systems of our various subsidiaries, branches and our main offices in Guangzhou, is critical to our business and our ability to compete effectively. Our business activities could be materially disrupted in the event of a partial or complete failure of any of these primary information technology or communication systems, which could be caused by, among other things, software malfunction, computer virus attacks or conversion errors due to system upgrading. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our prospects and profitability.

A computer system failure, cyber-attacks, any failure to protect the confidential information of our customers or other security breaches may disrupt our business, loss of customers, damage our reputation, result in potential liability and adversely affect our results of operations and financial condition.

We use computer systems to store, retrieve, evaluate and utilize customer and company data and information. Our business is highly dependent on our ability to access these systems to perform necessary business functions such as selling insurance products, providing customer support, policy management and claims assistance. Although we have designed and implemented a variety of security measures and backup plans to prevent or limit the effect of failure, our computer systems may be vulnerable to disruptions as a result of natural disasters, man-made disasters, criminal activities, pandemics or other events beyond our control. In addition, our computer systems may be subject to computer viruses or other malicious codes, unauthorized access, cyber-attacks or other computer-related penetrations. The failure of our computer systems for any reason could disrupt our operations and may adversely affect our business, results of operations and financial condition. Although we have not experienced such a computer system failure or security breach in the past, we cannot assure you that we will not encounter a failure or security breach in the future.

Our customer database holds confidential information concerning our customers. We may be unable to prevent third parties, such as hackers or criminal organizations, from stealing information provided by our customers to us. Confidential information of our customers may also be misappropriated or inadvertently disclosed through employee misconduct or mistake. We may also in the future be required to disclose to government authorities certain confidential information concerning our customers. In addition, many of our customers pay for our insurance services through third-party online payment services. In such transactions, maintaining complete security during the transmission of confidential information, such as personal information, is essential to maintaining consumer confidence. We have limited influence over the security measures of third-party online payment service providers. In addition, our third-party merchants may violate their confidentiality obligations and disclose information about our customers. Any compromise of our security or third-party service providers' security could have a material adverse effect on our reputation, business, prospects, financial condition and results of operations.

Though we have not experienced any material cybersecurity incidents in the past, if our database were compromised by outside sources or if we are accused of failing to protect the confidential information of our customers, we may be forced to expend significant financial and managerial resources in remedying the situation, defending against these accusations and we may face potential liability. Any negative publicity, especially concerning breaches in our cybersecurity systems, may adversely affect our public image and reputation. Though we take proactive measures to protect against these risks and we believe that our efforts in this area are sufficient for our business, we cannot be certain that such measures will prove effective against all cybersecurity risks. In addition, any perception by the public that online commerce is becoming increasingly unsafe or that the privacy of customer information is vulnerable to attack could inhibit the growth of online services generally, which in turn may reduce the number of our customers.

Our business is subject to insurance company partner concentration risks arising from dependence on a single or limited number of insurance company partners.

We derive a significant portion of net revenues from distributing insurance products supplied by our important insurance company partners. Among the top five of our insurance company partners, Sinatay accounted for 13.5% of our total net revenues excluding estimated renewal commissions in 2025.

Because of this concentration in the supply of the insurance products we distribute, our business and operations would be negatively affected if we experience a partial or complete loss of any of these insurance company partners. In addition, any significant adverse change in our relationship with any of these insurance company partners could result in loss of revenue, increased costs and distribution delays that could harm our business and customer relationships. In addition, this concentration can exacerbate our exposure to risks associated with the termination by key insurance company partners of our agreements or any adverse change in the terms of such agreements, which could have an adverse impact on our revenues and profitability.

If we are unable to respond in a timely and cost-effective manner to rapid technological change in the insurance intermediary industry, it may result in a material adverse effect.

The insurance industry is increasingly influenced by rapid technological change, frequent new product and service introductions and evolving industry standards. For example, the insurance intermediary industry has increased the use of the Internet to communicate benefits and related information to consumers and to facilitate information exchange, transactions and training and use of technologies including artificial intelligence and big data to empower agents to engage with customers more effectively and more efficiently. We believe that our future success will depend on our ability to anticipate and adapt to technological changes and to offer additional products and services that meet evolving standards in a timely and cost-effective manner. We may not be able to successfully identify new product and service opportunities or develop and introduce these opportunities in a timely and cost-effective manner. In addition, new products and services that our competitors develop or introduce may render our products and services uncompetitive. As a result, if we are not able to respond or adapt to technological changes that may affect our industry in the future, our business and results of operations could be materially and adversely affected.

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

Our business could be materially and adversely affected by natural disasters, health epidemics and other public safety concerns affecting China or elsewhere in the world. 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 provide offline and/or online services. Outbreaks of epidemics in China and globally could also disrupt our business operation. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the Chinese economy in general and a prolonged outbreak of any of these illnesses or other adverse public health developments in China or elsewhere. Such outbreaks could significantly impact our industry, and any failure to have our business insurance claims covered could severely disrupt our operations and adversely affect our business, financial condition and results of operations.

We may be at risk of securities class action litigation.

Historically, securities class action litigation has often been brought against a company following periods of instability in the market price of its securities. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

Recently, U.S. public companies that have substantially all of their operations in China, have been the subject of intense scrutiny, criticism and negative publicity by some investors, financial commentators and regulatory agencies. Much of the scrutiny, criticism and negative publicity has centered around financial and accounting irregularities, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in some cases, allegations of fraud. As a result of the scrutiny, criticism and negative publicity, the publicly traded stocks of many U.S.-listed Chinese companies have sharply decreased in value and, in some cases, have become virtually worthless. Some of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting or subject to internal and external investigations into the allegations. We had been targeted by short selling reports in the past and became subject to class action lawsuits which were subsequently dismissed or settled. Shortselling firms or others may in the future publish additional short seller reports with respect to our business, officers, directors and shareholders, and we may become subject to other unfavorable allegations, which might cause further fluctuations in the trading price of our Class A ordinary shares. Such volatility in our share price could subject us to increased risk of securities class action lawsuits or derivative actions.

Any future class action lawsuit against us, whether or not successful, could harm our reputation and restrict our ability to raise capital. 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. Even if such allegations are ultimately proven to be groundless, the allegations or the process of dealing with them could severely impact our business operations and stockholder's equity, and any investment in our Class A ordinary shares could be greatly reduced.

We may be subject, from time to time, to adverse actions taken by other parties, including lawsuits and negative reports and regulatory proceedings, which may divert resources and the time and attention of our management and may otherwise adversely affect us.

From time to time, we may become a party to litigations incidental to the operation of our business, including class action lawsuits and disputes with other third parties. Litigation usually requires a significant amount of management time and effort, which may adversely affect our business by diverting management's focus from the needs of our business and the development of strategic opportunities.

We cannot predict the outcome of these lawsuits. Regardless of the outcome, these lawsuits, and any other litigation that may be brought against us or our current or former directors and officers, could be time-consuming, result in significant expenses and divert the attention and resources of our management and other key employees. An unfavorable outcome in any of these matters could also exceed coverage provided under applicable insurance policies, which is limited. Any such unfavorable outcome could have a material effect on our business, financial condition, results of operations and cash flows. Further, we could be required to pay damages or additional penalties or have other remedies imposed against us, or our current or former directors or officers, which could harm our reputation, business, financial condition, results of operations or cash flows.

In addition, the NFRA may from time to time make inquiries and conduct examinations concerning our compliance with PRC laws and regulations. These administrative proceedings have in the past resulted in administrative sanctions, including fines, which have not been material to us. While we cannot predict the outcome of any pending or future examination, we do not believe that any pending legal matter will have a material adverse effect on our business, financial condition or results of operations. However, we cannot assure you that any future regulatory proceeding will not have an adverse outcome, which could have a material adverse effect on our operating results or cash flows.

There is no assurance that we can meet obligation under bank borrowing arrangements. Failure to repay bank borrowing on time and in full could have material adverse impact on our reputation, financial stability and ability to fund operations and strategic initiatives.

We may pursue bank borrowings from time to time to fund our operations and optimize our capital structure. For example, in 2023, we obtained a bank loan facility of RMB200.0 million, with an interest rate of 3.5% payable within one year. The borrowing and interests were repaid in full in February 2025 and in August 2025, a new bank loan facility of RMB74.0 million was obtained, with an interest rate of 3.5% payable within one year. Our ability to repay bank borrowing is dependent on our financial performance, including our ability to generate sufficient cash flows from operations. Factors such as declining revenues, increasing expenses, or unexpected losses could affect our ability to meet payment obligations. In addition, economic conditions and market fluctuations may impact our ability to access capital markets for refinancing or raising additional funds to repay bank borrowing. Failure to repay bank borrowing could cause reputation damage, operational disruption, and legal consequences and affect our financial stability, which could adversely affect our financial conditions and hinder our ability to fund growth opportunities and strategic initiatives.

We are exposed to risks associated with uncertainty in collectability of loan receivables and other receivables

We may extend loans to our affiliates or third parties from time to time, and may generate other receivables in the ordinary course of business, which exposes us to the risk of non-payment or delayed payment as well as impairment risk. Despite our thorough evaluation of borrowers' creditworthiness, economic conditions, and other relevant factors, there is no assurance that all receivables will be collected in full and on time. As of December 31, 2025, our outstanding loan receivable from third parties amounted to RMB804.8 million and other receivables including consideration receivable from disposal of long-term investments amounted to RMB813.7 million. Because certain receivables were not collected in accordance with their original terms, we increased provision for expected credit losses. As of December 31, 2025, the allowance for expected credit losses amounted to RMB1,574.0 million. However, this allowance may not be sufficient to cover future losses, and additional provisions may be required.

The collectability of our loan receivables and other receivables may depend on a number of factors, many of which are beyond our control, including but not limited to economic conditions, market conditions, regulatory risks, or operational failures of the borrowers which could adversely affect the ability of borrowers to repay their loans. The creditworthiness of borrowers may deteriorate over time due to changes in financial circumstances, industry-specific factors, or other reasons.

Although certain receivables may be secured by collateral, there can be no assurance that such collateral will maintain its value or be sufficient to satisfy outstanding loan balances in the event of default, or that we will be able to enforce our rights in a timely or cost-effective manner. Any further deterioration in the credit quality of such receivables could result in additional impairment charges, which would adversely affect our financial condition, results of operations, and cash flows.

Our reputation and brand recognition are crucial to our business. Any harm to our reputation or failure to enhance our brand recognition may materially and adversely affect our business, financial condition and results of operations.

Our reputation and brand recognition, which primarily depend on earning and maintaining the trust and confidence of current or potential clients, are critical to our business. Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control, as well as costly or impossible to remediate. Regulatory inquiries or investigations, lawsuits initiated by clients or other third-parties, employee, sales agent, perceptions of conflicts of interest and rumors, among other things, could substantially damage our reputation, even if they are baseless or satisfactorily addressed. We may be adversely affected by negative publicity, even if such publicity is unfounded or unrelated to our actual operations. For example, in October 2024, certain media outlets reported on defaults of financial products issued by a third-party private equity firm. These reports, which associated AIFU's name with these products, have generated negative publicity. Although the Company never issued, sold, or guaranteed any of these financial products, this negative publicity has impacted market perception of our Company and brand. In addition, any perception that the quality of our product recommendations and services may not be the same as or better than that of insurance companies, or other insurance brokers can also damage our reputation. Moreover, any negative media publicity about the insurance industry in general or product or service quality problems of other firms in the industry, including our competitors, may also negatively impact our reputation and brand. If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain clients, wealth management product providers and key employees could be harmed and, as a result, our business and revenues would be materially and adversely affected.

Risks Related to Our Corporate Structure

AIFU Inc. is a Cayman Islands holding company primarily operating in China through its subsidiaries. It historically also operated a small part of its business through Contractual Arrangements with our Former Consolidated VIEs until December 27, 2024. If the PRC government determines that the historical contractual arrangements with the former VIEs structure did not comply with the regulations of mainland China, or if these regulations change or are interpreted differently in the future, our shares may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former VIEs.

We are a Cayman Islands holding company that conducts our operations in China primarily through our subsidiaries. Historically, we conducted a portion of our business through contractual arrangements with our former consolidated VIEs, and their respective shareholders, in order to comply with PRC laws and regulations that restrict foreign ownership in value-added telecommunications services.

Although we terminated these contractual arrangements in December 2024 in connection with a business restructuring and no longer rely on a VIE structure, there can be no assurance that the relevant PRC regulatory authorities will not take the view that our historical VIE structure or contractual arrangements did not comply with applicable PRC laws and regulations. PRC laws and regulations governing VIE structures are subject to evolving interpretation, and there remain uncertainties regarding their enforcement.

If the PRC government were to determine that our historical VIE structure or contractual arrangements were non-compliant, or if applicable laws and regulations were interpreted or applied retroactively, we could be subject to regulatory actions or penalties, including fines or other sanctions. In addition, we could be required to make adjustments to our historical financial statements for the periods during which the VIE structure was in place.

Any such actions could adversely affect our financial condition, results of operations and reputation, and could cause the value of our securities to decline.

The Historical Contractual arrangements we have entered into with our former consolidated VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenged by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the historical contractual arrangements between us and the former consolidated VIEs were not on an arm's-length basis and that we adjusted the income of our former consolidated VIEs in the form of a transfer pricing adjustment. Particularly, the State Administration of Taxation issued a Public Notice, or Public Notice 16, on March 18, 2015, to further regulate and strengthen the transfer pricing administration on outbound payments by a PRC enterprise to its overseas related parties. In addition to emphasizing that outbound payments by a PRC enterprise to its overseas related parties must comply with arm's-length principles, Public Notice 16 specifies certain circumstances whereby such payments are not deductible for the purpose of the enterprise income tax of the PRC enterprise, including payments to an overseas related party which does not undertake any function, bear any risk or have any substantial operation or activities, payments for services which do not enable the PRC enterprise to obtain direct or indirect economic benefits, or for services that are unrelated to the functions and risks borne by the PRC enterprise, or relate to the protection of the investment interests of the direct or indirect investor of the PRC enterprise, or for services that have already been purchased from a third party or undertaken by the PRC enterprise itself, and royalties paid to an overseas related party which only owns the legal rights of the intangible assets but has no contribution to the creation of such intangible assets. Although we believe all our related party transactions, including all payments by our PRC subsidiaries and former consolidated VIEs to our non-PRC entities, are made on an arm's-length basis and our estimates are reasonable, the ultimate decisions by the relevant tax authorities may differ from the amounts recorded in our financial statements and may materially adversely affect our financial results in the period or periods for which such determination is made. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our former consolidated VIEs, which could in turn increase their respective tax liabilities. Moreover, the PRC tax authorities may retrospectively impose penalties on our former consolidated VIEs for underpayment of taxes. Our historical consolidated net income may be required to be restated and materially and adversely affected by the occurrence of any of the foregoing.

The PRC government has significant authority to exert influence on the China operations of an offshore holding company, such as us. Therefore, investors in our shares and our business face potential uncertainty from the PRC government's policy. Changes in China's economic, political or social conditions, or government policies could materially and adversely affect our business, financial condition, and results of operations.

Substantially all of our operations are located in China. The PRC government has significant authority to exert influence on the China operations of an offshore holding company, such as us. Despite economic reforms and measures implemented by the PRC government, the PRC government continues to play a significant role in regulating industrial development, allocation of natural and other resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly.

Our ability to successfully expand business operations in the PRC depends on a number of factors, including macro-economic and other market conditions. Demand for our services and our business, financial condition and results of operations may be materially and adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations, and administrative directives or the interpretation thereof;
- measures which may be introduced to control inflation or deflation; and
- changes in the rate or method of taxation.

These factors are affected by a number of variables which are beyond our control.

We are subject to extensive and evolving legal development, non-compliance with which, or changes in which, may materially and adversely affect our business and prospects, and may result in a material change in our operations and/or the value of our shares or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless.

PRC companies are subject to various PRC laws, regulations and government policies and the relevant laws, regulations and policies continue to evolve. Recently, the PRC government is enhancing supervision over companies seeking listings overseas and some specific business or activities such as the use of variable interest entities and data security or anti-monopoly. The PRC government may adopt new measures that may affect our operations, or may exert more oversight and control over offerings conducted outside of China and foreign investment in China-based companies, and we may be subject to challenges brought by these new laws, regulations and policies. However, since these laws, regulations and policies are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties. Furthermore, as we may be subject to additional, yet undetermined, laws and regulations, and compliance may require us to obtain additional permits and licenses, complete or update registrations with relevant regulatory authorities, adjust our business operations, as well as allocate additional resources to monitor developments in the relevant regulatory environment. However, under the stringent regulatory environment, it may take much more time for the relevant regulatory authorities to approve new applications for permits and licenses, and complete or update registrations and we cannot assure you that we will be able to comply with these laws and regulations in a timely manner or at all. The failure to comply with these laws and regulations may delay, or possibly prevent, us to conduct business, accept foreign investments, or listing overseas.

The occurrence of any of these events may materially and adversely affect our business and prospects and may result in a material change in our operations and/or the value of our shares or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors.

It is unclear whether we will be subject to the oversight of the Cyberspace Administration of China and how such oversight may impact us. Our business could be interrupted or we could be subject to liabilities which may materially and adversely affect the results of our operation and the value of your investment.

Pursuant to the PRC Cybersecurity Law and the Measures for Cybersecurity Censorship, if a critical information infrastructure operator that intends to purchase internet products and services and data processing operators (collectively, the “operators”) engaging in data processing activities that affect or may affect national security must be subject to the cybersecurity review. According to the Regulations for Safe Protection of Critical Information Infrastructure, or the Safe Protection Regulations, which took effect on September 1, 2021, critical information infrastructure refers to important network infrastructure and information systems in public telecommunications, information services, energy sources, transportation and other critical industries and domains, in which any destruction or data leakage will have severe impact on national security, the nation’s welfare, the people’s living and public interests. As of the date hereof, we have not received any notice from such authorities identifying us as a critical information infrastructure operator or requiring us to go through cybersecurity review by the CAC.

On December 28, 2021, the CAC, NDRC, MIIT, the MPS, the Ministry of National Security, the MOF, the MOFCOM, the PBOC, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration jointly released the Measures for Cybersecurity Review Measures, or the Cybersecurity Review Measures, which took effect on February 15, 2022. According to the Cybersecurity Review Measures, the scope of cybersecurity reviews is extended to data processing operators engaging in data processing activities that affect or may affect national security. The Cybersecurity Review Measures further requires that any operator applying for listing on a foreign exchange must go through cybersecurity review if it possesses personal information of more than one million users. According to the Cybersecurity Review Measures, a cybersecurity review assesses potential national security risks that may be brought about by any procurement, data processing, or overseas listing. The review focuses on several factors, including, among others, (i) the risk of theft, leakage, corruption, illegal use or export of any core or important data, or a large amount of personal information, and (ii) the risk of any critical information infrastructure, core or important data, or a large amount of personal information being affected, controlled or maliciously exploited by a foreign government after a company is listed overseas.

Our PRC legal counsel is of the view that there is a relatively low likelihood that we will be subject to the cybersecurity review by the CAC for a future offering of our securities to foreign investors, given that: (i) we have not been recognized as critical information infrastructure operators; (ii) data processed in our system do not have an impact or potential impact on national security; and (iii) the Cybersecurity Review Measures require operators of online platforms that hold personal information of more than one million users to file a cybersecurity review with the Cybersecurity Review Office when they go public abroad. On February 17, 2023, the CSRC released the New Overseas Listing Rules and five guidelines, or collectively, the Filing Rules, which came into effect on March 31, 2023, pursuant to the new rules, China-based issuers that seek to offer, list their securities or refinancing in an overseas market, are required to fulfill relevant filing procedure and report relevant information to the CSRC, and other pre-procedure of relevant regulatory authorities before filing to CSRC, including but not limited to CAC. However, there remains uncertainty as to how the Cybersecurity Review Measures will be interpreted and whether the PRC regulatory agencies, including the CAC and the CSRC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Cybersecurity Review Measures and the New Overseas Listing Rules. If any such new laws, regulations, rules, or implementation and interpretation comes into effect, we will take all reasonable measures and actions to comply and minimize the adverse effect of such laws on us. We cannot assure you that PRC regulatory agencies, including the CAC, would take the same view as we do, and there is no assurance that we can fully or timely comply with such laws.

On November 14, 2021, the CAC published the Regulations on the Cyber Data Security (Draft for Comments until December 13, 2021), which further regulate the internet data processing activities and emphasize on the supervision and management of network data security, and further stipulate the obligations of internet platform operators, such as to establish a system for disclosure of platform rules, privacy policies and algorithmic strategies related to data. Specifically, the draft regulations require data processors to, among others, (i) adopt immediate remediation measures when they discover that network products and services they use or provide have security defects and vulnerabilities, or threaten national security or endanger public interest, and (ii) follow a series of detailed requirements with respect to processing personal information, management of important data and proposed overseas transfer of data. The following activities shall apply for cybersecurity review: (i) merger, reorganization or division of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) listing abroad of data processors processing over one million users' personal information; (iii) listing in Hong Kong SAR which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. The draft measures also require data processors that handle important data or are seeking to be listed overseas to complete an annual data security self-assessment or entrust a data security service institution to do so, and file a data security assessment report of previous year to the local branch of applicable regulators before January 31 each year. Such annual assessment, as required by the draft regulations, would encompass areas including but not limited to the status of important data processing, data security risks identified and the rectification measures adopted, the effectiveness of data protection measures, the implementation of national data security laws and regulations, data security incidents that occurred and how they were resolved, and a security assessment with respect to sharing and provision of important data overseas. As of the date hereof, the draft regulations have been released for public comment only and have not been formally adopted. The final provisions, interpretation, implementation and the timeline for its adoption are subject to changes and uncertainties.

As there remain uncertainties regarding the interpretation and implementation of such regulatory guidance, we cannot assure you that we will be able to comply with new regulatory requirements relating to our future overseas capital raising activities, and may be subject to more stringent requirements with respect to matters including data privacy and cross-border investigation and enforcement of legal claims. In the event that we are subject to any mandatory cybersecurity review and other specific actions required by the CAC, we face uncertainty as to whether any clearance or other required actions can be timely completed, or at all. Given such uncertainty, we may be further required to suspend our relevant business, shut down our website, or face other penalties, which could materially and adversely affect our business, financial condition, and results of operations, and/or the value of our shares or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors.

The PRC government's oversight over our business operations could result in a material adverse change in our operations and the value of our shares.

We currently conduct our business in China primarily through our PRC subsidiaries, including Fanhua Group Company and its subsidiaries in which we hold equity ownership interests. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight over the conduct of our business, and it regulates and may intervene our operations at any time, which could result in a material adverse change in our operation and/or the value of our shares. Also, the PRC government has recently indicated an intent to exert more oversight over offerings that are conducted overseas and/or foreign investment in China-based issuers like us. 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 be 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 us and our business face potential uncertainty from actions taken by the PRC government.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from making loans to our PRC subsidiaries or making 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 primarily through our PRC subsidiaries. In order to provide additional funding to our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries.

Any loans we make to any of our directly-held PRC subsidiaries (which are treated as foreign-invested enterprises under PRC law), namely, Fanhua Zhonglian Enterprise Image Planning (Shenzhen) Co., Ltd., or Zhonglian Enterprise, and Fanhua Xinlian Information Technology Consulting (Shenzhen) Co., Ltd., or Xinlian Information, cannot exceed statutory limits and must be registered with the State Administration of Foreign Exchange, or the SAFE, or its local counterparts. Under applicable PRC law, the amount of a foreign-invested enterprise's registered capital represents shareholders' equity investments over a defined period of time, and the foreign-invested enterprise's total investment represents the total of the company's registered capital plus permitted loans. The registered capital/total investment ratio cannot be lower than the minimum statutory requirement and the excess of the total investment over the registered capital represents the maximum amount of borrowings that a foreign-invested enterprise is permitted to have under PRC law. Our directly-held PRC subsidiaries were allowed to incur a total of HK300 million (US\$38.3 million) in foreign debts as of March 31, 2026. If we were to provide loans to our directly-held PRC subsidiaries in excess of the above amount, we would have to apply to the relevant government authorities for an increase in their permitted total investment amounts. The various applications could be time-consuming and their outcomes would be uncertain. Concurrently with the loans, we might have to make capital contributions to these subsidiaries in order to maintain the statutory minimum registered capital/total investment ratio, and such capital contributions involve uncertainties of their own, as discussed below. Furthermore, even if we make loans to our directly-held PRC subsidiaries that do not exceed their current maximum amount of borrowings, we will have to register each loan with the SAFE or its local counterpart within 15 days after the signing of the relevant loan agreement. Subject to the conditions stipulated by the SAFE, the SAFE or its local counterpart will issue a registration certificate of foreign debts to us within 20 days after reviewing and accepting our application. In practice, it may take longer to complete such SAFE registration process.

Any loans we make to any of our indirectly-held PRC subsidiaries (those PRC subsidiaries which we hold indirectly through Zhonglian Enterprise and Xinlian Information) or to any of our consolidated VIEs, all of which are treated as PRC domestic companies rather than foreign-invested enterprises under PRC law, are also subject to various PRC regulations and approvals. Under applicable PRC regulations, medium- and long-term international commercial loans to PRC domestic companies are subject to approval by the National Development and Reform Commission. Short-term international commercial loans to PRC domestic companies are subject to the balance control system effected by the SAFE. Due to the above restrictions, we are not likely to make loans to any of our indirectly-held PRC subsidiaries.

Any capital contributions we make to our PRC subsidiaries, including directly-held and indirectly-held PRC subsidiaries, must be approved by the PRC Ministry of Commerce or its local counterparts, and registered with the SAFE or its local counterparts. Such applications and registrations could be time-consuming and their outcomes would be uncertain.

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 by us to our PRC subsidiaries, or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability 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.

On August 29, 2008, SAFE promulgated Circular 142, a notice regulating the conversion by a foreign-invested company of its capital contribution in foreign currency into RMB. The notice requires that the capital of a foreign-invested company settled in RMB converted from foreign currencies shall be used only for purposes within the business scope as approved by the authorities in charge of foreign investment or by other government authorities and as registered with the State Administration for Market Regulation or its predecessor the State Administration for Industry and Commerce and, unless set forth in the business scope or in other regulations, may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of the capital of a foreign-invested company settled in RMB converted from foreign currencies. The use of such RMB capital may not be changed without SAFE's approval, and may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of Circular 142 will result in severe penalties, including heavy fines. As a result, Circular 142 may significantly limit our ability to provide additional funding to our PRC subsidiaries through our directly-held PRC subsidiaries in the PRC, which may adversely affect our ability to expand our business.

However, on June 9, 2016, SAFE promulgated Circular 16, a notice on reforming and standardizing the administrative provisions on capital account foreign exchange settlement, which became effective on June 9, 2016. The new notice states that domestic enterprises (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) shall be allowed to settle their foreign exchange capitals on a discretionary basis. The discretionary settlement by a foreign-invested enterprise of its foreign exchange capital shall mean that the foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the application of discretionary settlement has been specified by relevant policies (including capitals in foreign currencies, external debts, funds repatriated from overseas listing, etc.). For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis. The SAFE may adjust the foregoing percentage as appropriate according to balance of payments situations. As a result, Circular 16 will relax the limitation of our ability to provide additional funding to our PRC subsidiaries through our directly-held PRC subsidiaries in the PRC.

Risks Related 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 future offshore offerings, capital raising activities and acquisitions or other trading arrangements of domestic enterprises conducted by China-based issuers. We must file with the CSRC within three business days after the issuance, and also may be required to go through cybersecurity review under the new laws and the draft laws and regulations of mainland China if authorities identifying us as a critical information infrastructure operator or requiring us to going through review by the CAC, which remains unclear. And, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing or other regulatory procedures.

On August 8, 2006, MOFCOM, joined by the CSRC, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the State Administration for Industry and Commerce, and SAFE, jointly promulgated regulations entitled the Provisions Regarding Mergers and Acquisitions of Domestic Entities by Foreign Investors (the “M&A Rules”), which took effect as of September 8, 2006, and as amended on June 22, 2009. On September 21, 2006, the CSRC published on its official website a notice specifying the documents and materials that are required to be submitted for obtaining CSRC approval. The M&A Rules requires an overseas special purpose vehicle formed for listing purposes through acquisitions of mainland China domestic companies and controlled by mainland China companies or individuals 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 is obtained by us, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in mainland China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

The New Overseas Listing Rules released on February 17, 2023, or New Filing Rules, establish a new filing-based regime to regulate overseas offerings and listings by domestic companies. According to the New Overseas Listing Rules, (i) an overseas offering and listing by a domestic company, whether directly or indirectly, shall be filed with the CSRC; and (ii) the issuer or its affiliated domestic company, as the case may be, shall file with the CSRC for its initial public offering, follow-on offering, issuance of convertible bonds, offshore relisting after go-private transactions and other equivalent offering activities. In addition, after a domestic company has offered and listed securities in an overseas market, it is required to file a report to the CSRC after the occurrence and public disclosure of certain material corporate events, including but not limited to, change of control and voluntary or mandatory delisting. According to the New Overseas Listing Rules, the Company shall be deemed to be a domestic enterprise indirectly listed overseas. However, from March 31, 2023, enterprises that have been listed overseas shall constitute existing enterprises and are not required to conduct the overseas listing filing procedure immediately, but shall carry out filing procedures as required if they conduct future offshore offerings or capital raising activities or are involved in other circumstances that require filing with the CSRC.

On February 24, 2023, the CSRC, together with other relevant government authorities, issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, or the Archives Rules, which became effective on March 31, 2023. According to the Archives Rules, domestic mainland China companies, whether offering and listing securities overseas directly or indirectly, must strictly abide the applicable laws and regulations when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering and listing. If such documents or materials contain any state secrets or government authorities work secrets, domestic companies must obtain the approval from competent governmental authorities according to the applicable laws, and file with the secrecy administrative department at the same level with the approving governmental authority. Furthermore, the Archives Rules also provides that securities companies and securities service providers shall also fulfill the applicable legal procedures when providing overseas regulatory institutions and other relevant institutions and individuals with documents or materials containing any state secrets or government authorities work secrets or other documents or materials that, if divulged, will jeopardize national security or public interest. For more details of the New Filing Rules, please refer to “Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Overseas Listing.”

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 and filing from the CSRC or other regulatory authorities or other procedures, are required for our offshore offerings or capital raising activities, 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. In addition, there are uncertainties with regard to whether any report filed with the CSRC after the occurrence of certain material corporate events will be subject to any further action from the CSRC. Any failure to obtain or delay in obtaining such approval or completing such filing procedures for our offshore, offerings, capital raising activities or certain material corporate events, or a rescission of any such approval or filing if obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or filing or other government authorization for our offshore offerings, capital raising activities or certain material corporate events. These regulatory authorities may impose fines and penalties on our operations in mainland China, limit our operating privileges in mainland China, delay or restrict the repatriation of the proceeds from our offshore offerings into mainland 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 or capital raising activities before settlement and delivery and further actions of the shares offered or take any actions regarding our material corporate events. 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, delivery and further actions 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 or capital raising activities, 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.

Uncertainties in the PRC legal system and the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us, significantly limit or completely hinder our ability to offer or continue to offer our shares, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause our shares to significantly decline in value or become worthless. In addition, rules and regulations in China can change quickly with little advance notice, therefore, our assertions and beliefs of the risks imposed by the Chinese legal and regulatory system cannot be certain.

The PRC legal system is based on written statutes and prior court decisions have limited value as precedents. Since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties. In addition, rules and regulations in China can change quickly with little advance notice, therefore, our assertions and beliefs of the risks imposed by the Chinese legal and regulatory system cannot be certain.

In particular, PRC laws and regulations concerning the insurance industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations, and avoid conducting any non-compliant activities under the applicable laws and regulations, such as illegal fund-raising, forming capital pool or providing guarantee to investors, the PRC government authority may promulgate new laws and regulations regulating the insurance industry in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to insurance. Moreover, developments in the insurance industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict insurance agency and brokerage services like us, which could materially and adversely affect our business and operations.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, could limit the legal protections available to you and us, significantly limit or completely hinder our ability to offer or continue to offer our shares, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause our shares to significantly decline in value or become worthless.

A downturn in the Chinese or global economy could have a material adverse effect on our business.

Substantially all of our business operations are conducted in China. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in China. While the PRC economy has experienced significant growth in the past 30 years or so, growth has been uneven across different regions and among various economic sectors. Economic growth in China has been slowing in the past few years. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. However, these measures may not be successful in transforming the Chinese economy or spurring growth. While some of these measures benefit the overall PRC economy, they may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. There have also been concerns about the economic effect of the geo-political tensions in the relationship between China and the United States. Economic conditions in China are sensitive to global economic conditions. Any prolonged slowdown in the global or Chinese economy may have a negative impact on our business, results of operations and financial condition. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where RMB 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 also at its discretion restrict access in the future to foreign currencies for current account transactions. Under our current corporate structure, the primary source of our income at the holding company level is dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign-currency-denominated obligations. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency needs, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our shares.

The PRC Enterprise Income Tax Law may increase the enterprise income tax rate applicable to some of our PRC subsidiaries, which could have a material adverse effect on our result of operations.

According to the PRC Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008, which was subsequently amended on February 24, 2017 and December 29, 2018, as further clarified by subsequent tax regulations implementing the EIT Law, foreign-invested enterprises and domestic enterprises are subject to enterprise income tax, or EIT, at a uniform rate of 25%, unless otherwise provided.

According to the EIT Law and related regulations, such as the Circular on Issues Regarding Tax-related Preferential Policies for Further Implementation of Western Development Strategy jointly issued by the State Ministry of Finance, General Administration of Customs, and State Taxation Administration enterprises located in the western China regions that fall into the encouraged industries are entitled to 15% EIT preferential tax treatment from January 1, 2011 to December 31, 2020. The preferential tax treatment is subsequently extended to December 31, 2030, according to No. 23 Announcement Concerning the Extension of the EIT Policies for Enterprises Located in Western China issued by the Ministry of Finance on April 23, 2020. The preferential tax rates enjoyed by some of our PRC subsidiaries incorporated in such regions, will increase to the uniform 25% EIT rate after 2030. An increase in the EIT rates for those entities pursuant to the EIT Law could result in an increase in our effective tax rate, which could materially and adversely affect our results of operations.

Our global income or the dividends we receive from our PRC subsidiaries may be subject to PRC tax under the EIT Law, which could have a material adverse effect on our results of operations.

Under the EIT Law, an enterprise established outside of the PRC with “de facto management bodies” within the PRC is considered a resident enterprise and will be subject to the EIT at the rate of 25% on its worldwide income. The Implementation Rules of the EIT Law, or the Implementation Rules, define the term “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” If we are deemed a resident enterprise, we may be subject to the EIT at 25% on our global income, except that the dividends we receive from our PRC subsidiary will be exempt from the EIT. If we are considered a resident enterprise and earn income other than dividends from our PRC subsidiaries, a 25% EIT on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

We believe that we are not a PRC resident enterprise for PRC tax purposes because we do not have a PRC enterprise or a PRC enterprise group as our primary controlling shareholder. In addition, we are not aware of any offshore company with a corporate structure similar to ours that has been deemed a PRC resident enterprise by the PRC tax authorities. However, as the tax residency 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,” we will continue to monitor our tax status.

Pursuant to PRC Rules, if we are regarded as a resident enterprise, the dividends we receive from our PRC subsidiaries will be exempt from the EIT. If, however, we are not regarded as a resident enterprise, our PRC subsidiaries will be required to pay a 5% or 10% withholding tax, as the case may be, for any dividends they pay to us. As a result, the amount of fund available to us to meet our cash requirements, including the payment of dividends to our shareholders, could be materially reduced.

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

We are a holding company, and we will rely principally on dividends from our subsidiaries in China for our cash requirements, including any debt we may incur. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, according to the PRC Company Law, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year as reported in its PRC statutory financial statements, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. In addition, each of our PRC subsidiaries that are considered foreign-invested enterprises is required to further set aside a portion of its after-tax profits as reported in its PRC statutory financial statements to fund the employee welfare fund at the discretion of its board. In addition, according to the Regulation on the Supervision of Insurance Agents, our insurance agency subsidiaries are required to either procure professional liability insurance with minimum compensation for each accident under the one-year professional liability insurance policy no less than RMB1 million, and accumulative compensation under the one-year insurance policy no less than RMB10 million and the total core business revenue of the professional insurance agency company in the previous year, or make a contribution to deposit which shall represent 5% of its registered capital. These reserves are not distributable as cash dividends.

As of December 31, 2025, the aggregate undistributed earnings of our subsidiaries in the PRC that are available for distribution were RMB1.0 billion (US\$148.2 million). Furthermore, if our subsidiaries in China 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. Any limitation on the ability of our subsidiaries to distribute dividends or other payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, or otherwise fund and conduct our business.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents and employee stock options granted by overseas-listed companies may increase our administrative burden, restrict our overseas and cross-border investment activity, or otherwise adversely affect us. If our shareholders who are PRC residents, or our PRC employees who are granted or exercise stock options, fail to make any required registrations or filings under such regulations, we may be unable to distribute profits and may become subject to liability under PRC laws. We may also face regulatory uncertainties that could restrict our ability to adopt additional equity compensation plans for our directors and employees and other parties under PRC law.

On October 21, 2005, the SAFE issued a Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles, generally known in China as SAFE Circular 75, requiring PRC residents to register with the local SAFE branch before establishing or controlling any company outside of China, referred to in the notice as an “offshore special purpose company,” for the purpose of raising capital backed by assets or equities of PRC companies. PRC residents that are shareholders of offshore special purpose companies established before November 1, 2005 were required to register with the local SAFE branch before March 31, 2006. On July 4, 2014, the SAFE issued the Notice on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Return on Investment Conducted by PRC Residents via Special-Purpose Companies, or SAFE Circular 37, simultaneously repealing SAFE Circular 75. SAFE Circular 37 also requires PRC residents to register with relevant Foreign Exchange Bureau for foreign exchange registration of overseas investment before making a contribution to a special purpose company, or SPC, with legitimate holdings of domestic or overseas assets or interests. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Foreign Exchange—Foreign Exchange Registration of Offshore Investment by PRC Residents.”

We have requested our beneficial owners who to our knowledge are PRC residents to make the necessary applications, filings and amendments as required under SAFE Circular 37 and other related rules. We attempt to comply, and attempt to ensure that our beneficial owners who are subject to these rules comply with the relevant requirements. However, we cannot assure you that all of our beneficial owners who are PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules. The failure of these beneficial owners to timely amend their SAFE registrations pursuant to SAFE Circular 37 or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in SAFE Circular 37 may subject such beneficial owners to fines and legal sanctions and may also limit our ability to contribute capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to distribute dividends to our company or otherwise adversely affect our business.

On December 25, 2006, the People’s Bank of China, or the PBOC, promulgated the Measures for the Administration of Individual Foreign Exchange, and on January 5, 2007, the SAFE further promulgated implementation rules for those measures. We refer to these regulations collectively as the Individual Foreign Exchange Rules. The Individual Foreign Exchange Rules became effective on February 1, 2007. According to these regulations, PRC citizens who are granted shares or share options by a company listed on an overseas stock market according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or any other qualified PRC agent, to register with the SAFE and to complete certain other procedures related to the share option or other share incentive plan. Foreign exchange income received from the sale of shares or dividends distributed by the overseas listed company may be remitted into a foreign currency account of such PRC citizen or be exchanged into Renminbi. Our PRC citizen employees who have been granted share options became subject to the Individual Foreign Exchange Rules upon the listing of our shares on the Nasdaq.

On February 15, 2012, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues Related to Foreign Exchange Administration in Domestic Individuals’ Participation in Equity Incentive Plans of Companies Listed Abroad, or the No. 7 Notice, which supersedes the Operation Rules on Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plan or Stock Option Plan of Overseas-Listed Company, or the Stock Option Rule, in its entirety and immediately became effective upon circulation. No. 7 Notice covers all forms of equity compensation plans including employee stock ownership plans, employee stock option plans and other equity compensation plans permitted by relevant laws and regulations. According to the No. 7 Notice, all participants of such plans who are PRC citizens shall register with and obtain approvals from local SAFE branch prior to their participation in the equity incentive plan of an overseas listed company. Domestic individuals, which include any directors, supervisors, senior managerial personnel or other employees of a domestic company who are PRC citizens (including citizens of Hong Kong SAR, Macau SAR and Taiwan) or foreign individuals who consecutively reside in the territory of PRC for one year, who participate in the same equity incentive plan of an overseas listed company shall, through the domestic companies they serve, collectively entrust a domestic agency to handle issues like foreign exchange registration, account opening, funds transfer and remittance, and entrust an overseas institution to handle issues like an exercise of options, purchasing and sale of related stocks or equity, and funds transfer. As an overseas publicly listed company, we and our employees who have been granted stock options or any type of equity awards may be subject to the No. 7 Notice. If we or our employees who are subject to the No. 7 Notice fail to comply with these regulations, we may be subject to fines and legal sanctions, which will depend on how the SAFE interprets, applies and enforces Circular 7. See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Foreign Exchange—SAFE Regulations on Employee Share Options.”

Fluctuation in the value of the RMB may have a material adverse effect on your investment.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or United States government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

Our revenues and costs are mostly denominated in RMB, and a significant portion of our financial assets are also denominated in RMB. We rely on dividends and other fees paid to us by our subsidiaries in China. Any significant appreciation or depreciation of the RMB against the U.S. dollar may affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, our shares in U.S. dollars. For example, a further appreciation of the RMB against the U.S. dollar would make any new RMB-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into RMB for such purposes. An appreciation of the RMB against the U.S. dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our U.S. dollar-denominated financial assets into the RMB, as the RMB is our reporting currency. Conversely, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our reported earnings, and may adversely affect the price of our shares.

Certain PRC regulations could also make it more difficult for us to pursue growth through acquisitions.

Among other things, Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investor, or the M&A Rule, also established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including 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 the future, we may grow our business in part by directly acquiring complementary businesses. Complying with the requirements of the new regulations to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may prevent us from completing such transactions on a timely basis, or at all, which could affect our ability to expand our business or maintain our market share.

Risks Related to Our Ordinary Shares

We may be unable to comply with the applicable continued listing requirements of Nasdaq.

Our Class A ordinary shares are currently listed on Nasdaq. In order to maintain this listing, we must satisfy minimum financial and other continued listing requirements and standards, including a minimum closing bid price requirement of \$1.00 per share. On February 24, 2025, we received a notification from Nasdaq stating that the closing bid price of our ADSs previously representing our Class A ordinary shares had been below \$1.00 per share for 30 consecutive business days, which is below the requirement set forth in Nasdaq Listing Rule 5450(a)(1). We had been provided with a compliance period of 180 calendar days to regain compliance with the Minimum Bid Price Requirement. In order to regain compliance with the minimum bid price requirement, on May 21, 2025, we implemented a Share Consolidation, consolidating every 400 ordinary shares into one ordinary shares. On June 5, 2025, Nasdaq provided confirmation to the Company that for the last 10 consecutive business days, from May 21, 2025 to June 4, 2025, the closing bid price of the Company's shares has been at \$1.00 per share or greater. Accordingly, the Company has regained compliance with Nasdaq Listing Rule 5450(a)(1) and the matter is now closed.

However, under recent amendments to Nasdaq's continued listing standards, a company that has effected a Share Consolidation in order to regain compliance with the minimum bid price requirement is no longer eligible for an additional 180-day compliance period if it subsequently falls out of compliance with the minimum bid price requirement pursuant to Nasdaq Listing Rule 5810(c)(3)(A)(iv)). As a result, if in the future the closing bid price of our Class A ordinary shares again falls below \$1.00 per share for 30 consecutive business days, we may be subject to delisting proceedings without the benefit of an additional compliance or cure period.

There can be no assurance that we will be able to maintain compliance with the minimum bid price requirement or other applicable Nasdaq continued listing standards in the future. If our Class A ordinary shares are delisted from Nasdaq and we are unable to list our securities on another national securities exchange, trading of our Class A ordinary shares would likely occur on an over-the-counter market. In such event, liquidity for our securities could be materially reduced, price volatility could increase, and it could become more difficult for investors to sell their shares or obtain accurate market quotations, any of which could adversely affect the market price of our Class A ordinary shares and our ability to raise capital.

The PCAOB had historically been unable to inspect our auditors in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditors 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 in our annual report filed with the Securities and Exchange Commission, 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.

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 SAR, including our auditor.

Our former auditor Deloitte Touche Tohmatsu Certified Public Accountants LLP is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. This historical lack of PCAOB inspections of audit work of any auditors performed in China before 2022, including that performed by our former auditor 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 SAR from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms.

Our current auditor, Enrome LLP, is an independent registered public accounting firm with the PCAOB, and, 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. Enrome LLP is headquartered in Singapore, and the PCAOB performed an onsite inspection in April 2025; however, Enrome LLP is still awaiting the results of the inspection as of the date of this Annual Report.

Our Class A ordinary shares may be prohibited from trading in the United States under the HFCA Act in the future if the PCAOB is unable to inspect or investigate completely our auditors. The delisting of our Class A ordinary shares, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Pursuant to the HFCA Act, 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 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 the PCAOB Determinations that they were unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong SAR. The report sets forth lists identifying the registered public accounting firms headquartered in mainland China and Hong Kong SAR, respectively, that the PCAOB was unable to inspect or investigate completely, and our former auditor was on such lists. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCA Act 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 announced that it has secured complete access to inspect and investigate completely PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong SAR. The PCAOB also vacated its previous determinations issued in December 2021. Our current auditor, Enrome LLP, is an independent registered public accounting firm with the PCAOB, and, 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. Enrome LLP is headquartered in Singapore, and the PCAOB performed an onsite inspection in April 2025; however, Enrome LLP is still awaiting the results of the inspection as of the date of this Annual Report.

However, each year, the PCAOB determines whether it can inspect and investigate completely audit firms in mainland China and Hong Kong SAR, 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 SAR and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, 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 HFCA Act, 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 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. The prospect and implications of possible regulation on this subject, in addition to the prevailing requirements of the HFCA Act, are uncertain. Such uncertainty could cause the market price of our Class A ordinary shares to be materially and adversely affected, and our securities could be delisted or prohibited from being traded “over-the-counter” earlier than would be required by the HFCA Act as it currently provides. If our securities are unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase our Class A ordinary shares when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of our Class A ordinary shares. 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 trading price of our Class A ordinary shares may be volatile.

The trading price of our Class A ordinary shares has been volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of other listed companies based in China. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Chinese companies' securities after their offerings, may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our Class A ordinary shares, 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 other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. U.S. government's recent policies concerning Chinese companies listed in the U.S. may also cause great uncertainty in the listing status of companies like us and result in fluctuation in the trading price of our Class A ordinary shares. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material and adverse effect on the trading price of our Class A ordinary shares.

In addition to the above factors, the price and trading volume of our Class A ordinary shares may be highly volatile due to multiple factors, including the following:

- changes in the economic performance or market valuations of other insurance intermediaries;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- conditions in the Chinese insurance industry;
- announcements by us or our competitors of acquisitions, strategic relationships, joint ventures, capital raisings or capital commitments;
- additions to or departures of our senior management;
- fluctuations of exchange rates between the RMB and the U.S. dollar or other foreign currencies;
- potential litigation or administrative investigations;
- sales or perceived potential sales of additional ordinary shares; and
- general economic or political conditions in China and abroad.

Any of these factors may result in large and sudden changes in the volume and trading price of our Class A ordinary shares. In addition, the stock market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies and industries.

The volatility resulting from any of the above factors may affect the price at which you could sell the Class A ordinary shares.

Under our dual-class share structure with different voting rights, holders of Class B ordinary shares have complete control of the outcome of matters put to a vote of shareholders, which may limit ability of holders of our Class A ordinary shares to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares may view as beneficial.

We have adopted a dual-class share structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to 100 votes. Each Class B ordinary share is convertible into one Class A ordinary share, at the option of the holder, subject to approval by two-thirds of the Board of Directors. In no event shall Class A ordinary shares be convertible into Class B ordinary shares under any circumstances. Class B ordinary shares shall be automatically and immediately converted into an equal number of Class A ordinary shares under the following circumstances: (i) if the holder is an employee, upon the termination of their employment with the Company; (ii) if the holder is a Director, upon their resignation or removal from the Board of Directors; and (iii) if the holder is a wholly-owned company (“Owned Company”) of a Director, senior management, or an existing shareholder, upon the individual ceasing to wholly own the Owned Company. Each Class B ordinary share confers upon the holder: (a) no right to any share in any dividend or distribution paid by the Company and (b) no right to any share in the distribution of the surplus assets of the Company upon liquidation or otherwise, and no Class B ordinary share may be sold, transferred, assigned, pledged, or otherwise disposed of, or used as collateral for loans or any obligations.

As of March 31, 2026, Expansion Group Ltd beneficially owned 250 Class A ordinary shares and 5,000,000 Class B ordinary shares of the Company, in aggregate representing 4.05% of our total issued and outstanding share capital and 67.59% of our aggregate voting power. Infinew Limited beneficially owned 250 Class A ordinary shares and 1,225,000 Class B ordinary shares of the Company, in aggregate representing 0.99% of our total issued and outstanding share capital and 16.56% of our aggregate voting power. As a result of this dual-class share structure, the holders of our Class B ordinary shares have significant control over the outcome of matters put to a vote of shareholders and have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of our assets, election of directors and other significant corporate actions. The holders of Class B ordinary shares control the outcome of a shareholder vote (i) with respect to matters requiring an ordinary resolution which requires the affirmative vote of a simple majority of shareholder votes; and (ii) with respect to matters requiring a special resolution which requires the affirmative vote of no less than two-thirds of shareholder votes. The holders of Class B ordinary shares may take actions that are not in the best interest of us or our other shareholders or holders of the Class A ordinary shares. It may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our Class A ordinary shares. This concentrated control will limit the ability of the holders of our Class A ordinary shares to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares may view as beneficial.

The dual-class structure of our ordinary shares may adversely affect the trading market for our Class A ordinary shares.

S&P Dow Jones and FTSE Russell have recently announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our ordinary shares may prevent the inclusion of our Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our Class A ordinary shares. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A ordinary shares.

We are a “controlled company” as defined under the Nasdaq Stock Market corporate governance rules. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements that would otherwise provide protection to shareholders of other companies.

We are a “controlled company” as defined under the Nasdaq corporate governance rules because Expansion Group Ltd. beneficially owns more than 50% of our total voting power. For so long as we remain a controlled company, we may rely on certain exemptions from the corporate governance rules, including an exemption from the rule that a majority of our board of directors must be independent directors. As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements. Even if we cease to be a controlled company, we may still rely on exemptions available to foreign private issuers, including being able to adopt home country practices in relation to corporate governance matters. See “—As a foreign private issuer, we are exempt from certain disclosure requirements under the Exchange Act, which may afford less protection to our shareholders than they would enjoy if we were a domestic U.S. company” and “—As a 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 corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.”

We may need additional capital, and the sale of additional ordinary shares or other equity securities could result in additional dilution to our shareholders.

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for the foreseeable future. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing 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.

Substantial future sales or perceived potential sales of our ordinary shares or other equity securities in the public market could cause the price of our shares to decline.

Additional sales of our shares in the public market, or the perception that these sales could occur, could cause the market price of our shares to decline. If any existing shareholder or shareholders sell a substantial amount of ordinary shares, the market price of our shares could decline. In addition, we may issue additional ordinary shares as considerations for future acquisitions. If we do so, your ownership interests in our company would be diluted and this in turn could have an adverse effect on the price of our shares.

Our corporate actions are substantially controlled by our principal shareholders, officers and directors.

As of March 31, 2026, our principal shareholders Expansion Group Ltd, Infinew Limited and YS Management Company Limited, beneficially owned approximately 67.59%, 16.56% and 13.05% of our aggregate voting power, respectively. These principal shareholders could exert substantial influence over matters requiring approval by our shareholders, including electing directors and approving mergers or other business combination transactions, and it may not act in the best interests of other noncontrolling shareholders. This concentration of our share ownership also may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our shares. These actions may be taken even if they are opposed by our other shareholders.

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 officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult or impossible for our shareholders to bring an action against us or against them in the United States in the event that our shareholders believe that their rights have been infringed under the U.S. federal securities laws or otherwise. Even if our shareholders are successful in bringing an action of this kind, the laws of the Cayman Islands, the PRC or other relevant jurisdictions may render our shareholders unable to enforce a judgment against our assets or the assets of our directors and officers.

Since we are a Cayman Islands company, the rights of our shareholders may be more limited than those of shareholders of a company organized in the United States.

Under the laws of some jurisdictions in the United States, majority and controlling shareholders generally have certain fiduciary responsibilities to the minority shareholders. Shareholder action must be taken in good faith, and actions by controlling shareholders which are obviously unreasonable may be declared null and void. Cayman Island law protecting the interests of minority shareholders may not be as protective in all circumstances as the law protecting minority shareholders in some U.S. jurisdictions. In addition, the circumstances in which a shareholder of a Cayman Islands company may sue the company derivatively, and the procedures and defenses that may be available to the company, may result in the rights of shareholders of a Cayman Islands company being more limited than those of shareholders of a company organized in the United States.

Furthermore, our directors have the power to take certain actions without shareholder approval which would require shareholder approval under the laws of most U.S. jurisdictions. The directors of a Cayman Islands company, without shareholder approval, may implement a sale of any assets, property, part of the business, or securities of the company. Our ability to create and issue new classes or series of shares without shareholder approval could have the effect of delaying, deterring or preventing a change in control of our Company without any further action by our shareholders, including a tender offer to purchase our Class A ordinary shares at a premium over prevailing market prices.

Our articles of association contain anti-takeover provisions that could discourage a third party from acquiring us, which could limit our shareholders' opportunity to sell their shares, including Class A ordinary shares at a premium.

Our amended and restated memorandum and articles of association contain provisions which have the potential to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our Class A ordinary shares, at such time and on such terms as they may think appropriate. In the event these preferred shares have better voting rights than our Class A ordinary shares, they could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our shares may fall and the voting and other rights of the holders of our ordinary shares may be materially and adversely affected.

You may have to rely primarily on price appreciation of our Class A ordinary shares for any return on your investment.

Our board of directors has discretion as to whether to distribute dividends, subject to applicable laws. Although our board of directors has announced a policy to declare and pay dividends on a quarterly basis, the amount and form of future dividends 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, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Class A ordinary shares will likely depend primarily upon any future price appreciation of our Class A ordinary shares. There is no guarantee that our Class A ordinary shares will appreciate in value or even maintain the price at which you purchased the Class A ordinary shares. You may not realize a return on your investment in our Class A ordinary shares and you may even lose your entire investment in our Class A ordinary shares.

As a foreign private issuer, we are exempt from certain disclosure requirements under the Exchange Act, which may afford less protection to our shareholders than they would enjoy if we were a domestic U.S. company.

As a foreign private issuer, we are exempt from, among other things, the rules prescribing the furnishing and content of proxy statements under the Exchange Act. In addition, our principal shareholders are exempt from the reporting and short-swing profit and recovery provisions contained in Section 16 of the Exchange Act, and our executive officers and directors are exempt from the short-swing profit recovery provisions contained in Section 16 of the Exchange Act. We are also not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as domestic U.S. companies with securities registered under the Exchange Act although we have voluntarily filed and will continue to file periodic reports and financial statements. As a result, our shareholders may be afforded less protection than they would under the Exchange Act rules applicable to domestic U.S. companies.

As a 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 corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.

As a Cayman Islands exempted company listed on the Nasdaq, we are subject to the Nasdaq corporate governance listing standards. However, the 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 the Nasdaq corporate governance listing standards.

We are permitted to elect to rely on home country practice to be exempted from the corporate governance requirements. If we choose to follow home country practices in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited, because we are incorporated under Cayman Islands law, conduct substantially all of our operations in China and the majority of our officers reside outside the United States.

We are incorporated in the Cayman Islands, and conduct substantially all of our operations in China through our subsidiaries in China. Most of our officers reside outside the United States and some or all of the assets of those persons are located outside of the United States. The legal system in Cayman, the PRC or other relevant jurisdictions may not afford our shareholders the same level of protection as the legal system in the United States would. For instance, the Securities Laws of the PRC regulates only security issuances and trading outside of the PRC to the extent that such issuance and trading disrupts domestic markets and negatively affects the interest of domestic investors in the PRC. As such, investors in the United States may not be able to file a lawsuit under the Securities Law in the PRC. Even if you are successful in bringing an action in the PRC, shareholder claims that are common in the United States, including class action suits securities law and fraud claims, may be difficult or impossible to pursue as a matter of law or practicality in the PRC. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind outside the Cayman Islands or China, the laws of the Cayman Islands and of China may render you unable to effect service of process upon, or to enforce a judgment against our assets or the assets of our directors and officers.

The SEC, U.S. Department of Justice, or the DOJ, and other relevant regulatory authorities in the United States play vital roles in enforcing laws and regulations that protect securities investors. These U.S. authorities may face significant legal and other obstacles to obtaining information needed for investigations or litigation. Further, these U.S. authorities may have substantial difficulties in bringing and enforcing actions against non-U.S. companies and non-U.S. persons, including company directors and officers, which will further limit protections available to our shareholders. According to the Securities Laws of the PRC, without the approval of securities regulators and other actors within the Chinese government, no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators. In addition, local authorities in Cayman, the PRC or other relevant jurisdictions often are constrained in their ability to assist U.S. authorities and overseas investors more generally. There are also legal or other obstacles to seeking access to funds in a foreign country.

There is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, although a judgment obtained in the federal or state courts of the United States courts will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment: (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine, or a penalty, and (d) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and most other Western countries.

Our corporate affairs are governed by our amended and restated memorandum and articles of association and by the Companies Act (As Revised) (the “Companies Act”) and the common law of the Cayman Islands. The rights of shareholders to take legal action against our directors and us, actions by minority shareholders and the fiduciary duties of our directors to us under 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 English common law, which has persuasive, but not binding, authority 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 precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws as compared to the United States, and provides significantly less protection to investors. In addition, Cayman Islands companies may not have stood to initiate a shareholder derivative action before the federal courts of the United States.

As a result of all of the above, our investors may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

We may be a passive foreign investment company for United States federal income tax purposes, which could result in adverse United States federal income tax consequences to United States Holders of our Class A ordinary shares.

Based on the market price of our ordinary shares, the value of our assets, and the composition of our income and assets, we do not believe that we were a passive foreign investment company, or PFIC, for United States federal income tax purposes for our taxable year ended December 31, 2025, however there can be no assurance to this regard. However, we believe we were a PFIC for our taxable years ended December 31, 2024, 2023, 2022 and 2017 and prior years. In addition, we believe that it is likely that one or more of our subsidiaries were also PFICs for such years.

A non-United States corporation will be a PFIC for United States federal income tax purposes for any taxable year if, applying applicable look-through rules, either (1) at least 75% of our gross income for such year is passive income or (2) at least 50% of the value of our assets (generally determined based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income. We must make a separate determination after the close of each taxable year as to whether we were a PFIC for that year.

Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our Class A ordinary shares, our PFIC status will depend in large part on the market price of our Class A ordinary shares, which may fluctuate significantly. The determination of whether we will be a PFIC for any taxable year may also depend in part upon the value of our goodwill and other unbooked intangibles not reflected on our balance sheet (which may depend upon the market price of our Class A ordinary shares from time to time, which may fluctuate significantly) and also may be affected by how, and how quickly, we spend our liquid assets and the cash we generate from our operations and raise in any offering. If the market price of our Class A ordinary shares decreases or we increase the amount of cash, short term investments and other passive assets we hold sufficiently from current levels, we may be or become a PFIC because our liquid assets and cash (which are for this purpose considered assets that produce passive income) may then represent a greater percentage of our overall assets. In addition, the U.S. Internal Revenue Service, or the IRS, does not issue rulings with respect to PFIC status, and we cannot assure you that the IRS, or a court, will agree with any determination we make.

If we are a PFIC for any taxable year (as we believe we were for 2024, 2023, 2022 and 2017 and prior years) during which a United States Holder (as defined in “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation”) holds our Class A ordinary shares, certain adverse United States federal income tax consequences could apply to such United States Holder. See “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation—Passive Foreign Investment Company.”

Item 4. Information on the Company

A. History and Development of the Company

Our corporate origins trace to 1999 with the establishment of our initial operating entities in China, Guangzhou Nanyun Car Rental Services Co., Ltd. and Guangdong Nanfeng Automobile Association Co., Ltd. To facilitate offshore investment, we formed China United Financial Services Holdings Limited, or China United Financial Services, a British Virgin Islands company, as the offshore holding company of our PRC subsidiaries in 2001. In June 2004, CISG Holdings Ltd., or CISG Holdings was incorporated in British Virgin Islands and became our holding company through share exchanges with China United Financial Services.

In anticipation of our initial public offering, we incorporated CNinsure Inc. in the Cayman Islands in April 2007. After a series of restructuring transactions, CNinsure Inc. became the ultimate holding company of our group.

On October 31, 2007, we listed our ADSs on the Nasdaq Global Market under the symbol “CISG.” We and certain selling shareholders of our company completed the initial public offering of 13,526,773 ADSs, each representing 20 Class A ordinary shares, on November 5, 2007. On December 6, 2016, our shareholders approved the change of our company name from “CNinsure Inc.” to “Fanhua Inc.” and our ticker symbol was simultaneously changed to “FANH”. Most recently, effective on October 23, 2024, our ADSs commenced trading on Nasdaq under the ticker symbol “AIFU”. On October 31, 2024, our shareholders approved the change of our company name from “Fanhua Inc.” to “AIX Inc.” and subsequently, on April 17, 2025, our company name was changed from “AIX Inc.” to “AIFU Inc.”, to reflect our strategic positioning.

On May 20, 2025, we terminated our ADS program. All outstanding ADSs were exchanged for the underlying Class A ordinary shares, and trading of the ADSs on Nasdaq ceased. On May 21, 2026, we effected a 400-for-1 Share Consolidation on the same date. Each four hundred (400) existing ordinary shares, with a par value of US\$0.001 per share, were consolidated into one (1) new ordinary share with a par value of US\$0.40 per share. The post-Share Consolidation Class A ordinary shares commenced trading on Nasdaq on May 21, 2025 under the same ticker symbol “AIFU.”

To align our onshore structure with regulatory developments, we obtained approval in October 2012 from the then CIRC to establish an insurance sales service group company. The subsequent restructuring resulted in Fanhua Insurance Sales Service Group Company Limited, or Fanhua Group Company, our wholly-owned subsidiary in the PRC, becoming the onshore holding company of our PRC operating entities. As a result, we currently conduct our business in China primarily through Fanhua Group Company and its subsidiaries.

Operational Evolution:

We commenced operations in 1999 as an auto insurance distributor, with ancillary auto loans services. Our product offerings expanded to include other property and casualty insurance products in 2002. We commenced life insurance products distribution in 2006 and added claims adjusting services in 2008. In 2010, we established an insurance brokerage business unit to serve commercial clients, complementing our retail focus. In 2017, we divested our P&C insurance agency operations and our insurance brokerage segment to strategically focus on life insurance distribution. In late 2023, we resumed provision of insurance brokerage services to corporate clients. As part of the Company’s ongoing efforts to streamline operations and sharpen strategic focus on our core insurance agency business, we divested our online insurance distribution operations in late 2024 and divested our claims adjusting business in January 2025.

Corporate Information

Our principal executive offices are located at Room 1, Building 10, Jinzhong Guobin Hui Qinyuan 2nd Road, Lihu Community, Xili Street, Shenzhen, 518055, People’s Republic of China. Our telephone number at this address is +86-755-2267-1879. Our registered office is at the offices of Maples Corporate Services Limited, PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands.

The SEC maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC using its EDGAR system. You can also find information on our website <http://ir.aifugroup.com>. The information contained on our website is not a part of this annual report.

Recent Major Transactions

Private Placement and Warrant Offering

On July 7, 2025, we entered into a definitive share purchase agreement for a private placement and warrant offering with certain investors, pursuant to which, the Company has agreed to issue and sell to the investors, (i) an aggregate of 10,000,000 Class A ordinary shares, par value US\$0.4 per share, of the Company, at a price of \$3.156 per share (the “Share Issuance”), and (ii) a warrant to purchase up to 20,000,000 additional Class A ordinary shares of the Company. 50% of the warrant will be exercisable at US\$6.312, with the remaining 50% exercisable at US\$7.890. The Share Issuance has been completed on July 23, 2025. The gross proceeds to the Company from such Share Issuance will be used for general working capital purposes. The warrants have become exercisable on October 23, 2025 and will expire on October 23, 2030. The Share issuance has been completed on July 23, 2025. No warrant has been exercised as of the date of this annual report.

Issuance of Class B Ordinary Shares

On November 7, 2025, we entered into a share subscription agreement with Expansion Group Ltd, pursuant to which, the Company agreed to issue to Expansion Group Ltd 5,000,000 Class B ordinary shares, at a price of US\$0.4 per share, for a total consideration of US\$2,000,000. The gross proceeds to the Company from such transaction will be used for general working capital purposes. The share issuance has been completed on December 22, 2025.

Acquisition of Nova Lumina/Premium Tea Products

On December 12, 2025, we entered into a transaction agreement with Nova Lumina Limited (“Nova”), and its existing shareholders, YS Management Company Limited (“YSM”) and Ethereal Group Ltd (“Ethereal”) (collectively the “Sellers”) to acquire 100% of the equity interest of Nova from the Sellers. The total consideration consists of 102,578,839 Class A ordinary shares of the Company (the “Consideration Shares”) and a cash payment of US\$22.0 million, based on a purchase price of US\$1.0 per share of the Company (the “Transaction”). 96,526,648 Class A ordinary shares and 6,052,191 Class A ordinary shares were issued to YSM and Ethereal, respectively, with an additional cash payment of US\$22.0 million payable to Ethereal within 365 days after the closing of the Transaction. The Consideration Shares issued to YSM are subject to a lock-up period of five years from the closing date. Nova’s principal assets include a premium inventory of approximately 4,000 metric tons of tea, comprising 2,130 metric tons of dark tea raw materials and 1,870 metric tons of finished dark brick tea products. This acquisition strategically positions the Company within the high-growth health and wellness consumer sector by adding a tangible, appreciating asset base with long-term value potential. The share issuance has been completed on January 9, 2026.

Disposal of Subsidiaries

(i) In January 2025, we disposed of our 100% equity interest in Guangdong Meidiya Investment Co., Ltd. (“Meidiya”), which holds approximately 44.6% of the equity interests in Fanhua Insurance Surveyors & Loss Adjustors Co., Ltd. (“FHISLA”) and its subsidiaries, to a third party (the “Buyer”) for a total consideration of RMB30.2 million (US\$4.4 million) (the “Transaction”).

The Transaction follows a change in our control over FHISLA which is the operating entity of our claims adjusting business. We originally obtained control over FHISLA on October 26, 2015, through act-in-concert agreements. Following the mutual termination of these agreements, effective February 1, 2025, we no longer maintained control over FHISLA. Consequently, our board of directors resolved to divest our entire interest in the claims adjusting business.

The consideration for the Transaction was based on the net asset value of Meidiya following a profit distribution to Fanhua Group Company. As part of the Transaction, the Buyer also agreed to assume certain liabilities of FHISLA, up to a maximum amount of RMB43.5 million (US\$6.3 million). Accordingly, we recognized a disposal loss of approximately RMB3.2 million (US\$0.5 million) for fiscal year 2025.

(ii) In February 2025, we transferred our 100% equity interests in Shenzhen Dianlian Information Technology Co., Ltd., the operating entity of eHuzhu mutual aid platform, to our wholly-owned subsidiary Fanhua Blueplus Health Management Co., Ltd. (“Blueplus”). Subsequently, we disposed of our 100% equity interests in Blueplus for a consideration of RMB3.0 million (US\$0.4 million) based on its net asset value as of December 31, 2024.

(iii) In June 2025, we disposed of 100% equity interests in Beijing Fanlian Investment Co., Ltd., which holds approximately 15.4% equity interest in Fanhua Puyi Fund Sales Co., Ltd., to Chengdu Puyi Bohui Information Technology Co., Ltd., a wholly-owned subsidiary of Maase Inc., for a cash consideration of RMB14.3 million (US\$2.1 million). We recognized a gain of RMB5.0 million (US\$0.7 million), which was determined by the excess of the sales consideration over the net book value of the subsidiaries at the time of disposal.

B. Business Overview

Overview

We are a leading independent financial services platform powered by artificial intelligence. Founded in 1998, we specialize in delivering full-lifecycle insurance solutions and value-added services to individuals and families, with a focus on the mass-affluent and high-net-worth segments.

Through end-to-end integration across the insurance value chain, we have built an ecosystem connecting financial institutions, licensed intermediaries (including independent agencies), and third-party service providers. Our platform provides holistic support and AI-driven solutions to empower partners in enhancing operational efficiency, enabling precision client matching, and facilitating scalable growth.

By deeply integrating technologies such as artificial intelligence, big data analytics, and robotic process automation, we offer a suite of intelligent services, including smart customer engagement, risk forecasting and management, intelligent marketing and client education, as well as compliance management and data security. These capabilities enable us and our partners to expand market reach, reduce operational costs, and deliver faster, more tailored services to end customers.

Against the backdrop of China’s aging population and expanding middle class, demand for retirement planning, health insurance, and wealth management solutions is rising rapidly. To capitalize on these trends, We remain committed to strengthening our AI and data capabilities, advancing the professionalism of our advisory teams, expanding online and offline distribution channels, and deepening integration across our ecosystem to drive industry consolidation and unlock sustained value creation.

As of March 31, 2026, we, through Fanhua Group Company, controlled seven insurance intermediary companies in mainland China, including one insurance agency with national operating license, four regional agencies and two insurance brokerage firms.

AI-Driven Digital Ecosystem for Enhanced Insurance Sales and Client Engagement

We offer a suite of AI-powered digital tools that seamlessly integrate with insurance agents’ workflows, empowering them to deliver personalized, efficient services throughout the entire business process. Key digital applications include:

- *Core App for insurance distribution.* Our insurance agents primarily use “FA App”, an all-in-one insurance sales and service platform, to manage their book of insurance business on their fingertips, covering all aspects of the business process from insurance product purchase, team management, agent recruitment, customer engagement, customer service to e-learning. The platform offers substantially all of our insurance products including long-term life insurance, accident insurance, travel insurance, and standard medical insurance products. It is available in mobile application and WeChat official account versions and accessible through WeCom.

- *Insurance Digital Operating Platform.* We provide “RONS Assistant Digital Operating Platform”, or “RONS DOP”, a digital marketing platform, to our insurance agents, aiming at empowering our insurance agents in customer acquisition and relationship maintenance. Key features include artificial intelligence (“AI”) Chatbot, Digital Avatar Creator, Intelligent Recommendation System, powered by Large Language Model, AI-generated Content Algorithm and Intelligent Algorithm, which enable customer engagement in a highly efficient manner. It also provides our sales professionals with various educational content in the form of daily news, articles, posters, videos which can be circulated to potential customers through social media, aiming at enhancing customers’ insurance awareness and deepening their understanding of insurance products, and potentially facilitating insurance purchases. It also enables agents to gain better insights into customer needs through behavior tracking and automated tagging. In addition, it provides convenient access to Fanhua RONS livestreaming platform for resourceful online training courses. The platform is accessible through WeChat public account and our FA App and WeCom.
- *Customer service:* We launched “Fanhua RONS Guanjia” a customer service platform to directly connect with our customers, through which they can access various insurance services including policy inquiry, policy custody, asset custody, risk assessment, and claims settlement assistance. Service representatives will also be available to customers for exclusive services on a one-on-one basis. The platform is accessible primarily through its WeChat official account and FA App.
- *Insurance Policy Escrow:* Our Policy Escrow system offers comprehensive policy management services, including meticulous risk analysis and personalized planning. Our clients and their family members can benefit from electronic storage, online easy access and various self-service features for easy policy management including coverage review, payment schedules, and renewal reminders. Integrated AI analysis generates concise reports on insurance coverage, while our certified policy consultants provide personalized, one-on-one assistance, guiding clients through policy organization, risk analysis and optimization strategies.
- *WeCom.* Other than various office supporting solutions, our WeCom enables our agents to directly interact with their existing and potential customers in highly efficient manner, with easy access to various supportive tools including knowledge bank, FAQ scripts, and a wide variety of marketing materials.

Segment Information

As of December 31, 2025, we operated one single segment, the insurance agency segment, which mainly consists of providing agency services for distributing life insurance products and non-life insurance products on behalf of insurance companies. In January 2025, we disposed of our entire ownership interest in the operating entity of the claims adjusting segment, which consists of providing pre-underwriting survey services, claims adjusting services, disposal of residual value services, loading and unloading supervision services, and consulting services.

Insurance Agency Segment

Revenue from this segment is derived from two broad categories of insurance products: (i) life and health insurance products, and (ii) non-life insurance products (previously categorized as property and casualty insurance products), both primarily focused on meeting the insurance needs of individuals.

Life and Health Insurance Products

Our life and health insurance business accounted for 89.1% and 92.6% of our net revenues in 2024 and 2025, respectively. The life and health insurance products we distribute can be broadly classified into the categories set forth below. Due to constant product innovation by insurance companies, some of the insurance products we distribute combine features of one or more of the categories listed below:

- *Individual Whole Life Insurance.* The individual whole life insurance products we distribute provide insurance coverage for the insured person’s entire life in exchange for the periodic payment of fixed premiums over a pre-determined period, generally ranging from five to 20 years, or until the insured reaches a certain age. The face amount plus accumulated interest is paid upon the death of the insured.

- *Individual Health Insurance.* The individual health insurance products we distribute primarily consist of critical illness insurance products, which provide guaranteed benefits when the insured is diagnosed with specified serious illnesses, and medical insurance products, which provide conditional reimbursement for medical expenses during the coverage period. In return, the insured makes periodic payments of premiums over a pre-determined period.
- *Individual Annuity.* The individual annuity products we distribute generally provide annual benefit payments after the insured attains a certain age, or for a fixed time period, and provide a lump sum payment at the end of the coverage period. In addition, the beneficiary designated in the annuity contract will receive guaranteed benefits upon the death of the insured during the coverage period. In return, the purchaser of the annuity products makes periodic payments of premiums during a pre-determined accumulation period.
- *Individual Term Life Insurance.* The individual term life insurance products we distribute provide insurance coverage 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 five to 20 years. Term life insurance policies generally expire without value if the insured survives the coverage period.
- *Individual Endowment Life Insurance.* The individual endowment products we distribute generally provide insurance coverage for the insured for a specified time period and maturity benefits if the insured reaches a specified age. The individual endowment products we distribute also provide to a beneficiary designated by the insured guaranteed benefits upon the death of the insured within the coverage period. In return, the insured makes periodic payments of premiums over a pre-determined period, generally ranging from five to 25 years.
- *Participating Insurance.* The participating insurance products we distribute not only provide insurance coverage but also pay dividends generated from the profits of the insurance company providing the policy. The dividends are typically paid on an annual basis over the life of the policy. In return, the insured makes periodic payments of premiums over a pre-determined period, generally ranging from five to 25 years.

We primarily partnered with Sinatay, Fanhua RONS, Aeon, Ruizhong and AVIVA-COFCO for the distribution of life insurance products in 2025.

Non-Life Insurance Products

Our non-life insurance business accounted for 10.9% and 7.4% of our net revenues in 2024 and 2025, respectively. Our non-life insurance product in terms of net revenues contribution in 2024 was primarily internet-based insurance products including individual accident insurance, indemnity medical insurance and various lifestyle insurance distributed through Baowang (www.baoxian.com) and to a lesser extent property and casualty insurance products distributed by our insurance brokerage firm. In December 2024, Baowang was spun-off to BGM as part of the share exchange transaction with BGM.

We market and sell commercial lines of property insurance products, group life insurance products, and liability insurance products to corporate clients, through one of our brokerage firms. It also offers risk management services to enterprises in various industries and reinsurance brokerage services to insurance companies. The insurance products that our insurance brokerage firm provides can be broadly classified into the categories set forth below.

- *Commercial Property Insurance.* The commercial property insurance products we distribute include basic, comprehensive and all risk policies. Basic commercial property insurance policies generally cover damage to the insured property caused by fire, explosion and thunder and lightning. Comprehensive commercial property insurance policies generally cover damage to the insured property caused by fire, explosion and certain natural disasters. All risk commercial property insurance policies cover all causes of damage to the insured property not specifically excluded from the policies.

- **Cargo Insurance.** The cargo insurance products we distribute cover damage to or loss of goods in transit by sea, land or air.
- **Hull Insurance.** The hull insurance products we distribute cover vessels against losses, liabilities and expenses caused by natural calamities, negligence of crew members and marine accidents, as well as collision liability.
- **Liability Insurance.** The liability insurance products we distribute are primarily product liability, employer's liability, public liability and professional liability insurance products. These products generally cover losses to third parties due to the misconduct or negligence of the insured party, but exclude losses due to fraud or the willful misconduct of the insured party.
- **Construction and Erection Insurance.** The construction and erection insurance products we distribute cover property damages and personal injury losses caused by natural disasters and accidents in connection with construction and erection projects in China and abroad.
- **Extended Warranty Insurance.** The extended warranty insurance products we distribute provide coverage for expenses associated with any repair or replacement of the sold items, such as an electrical appliance or auto vehicle, after the manufacturer's warranty has expired.

We primarily partnered with Ping An Property and Casualty Insurance Company Limited, or Ping An, PICC Property and Casualty Insurance Company Limited China Pacific Property and Casualty Insurance Company Limited, Sunshine Property and Casualty Insurance Company Limited and China United Property Insurance Company Limited for the distribution of non-life insurance products in 2025.

Claims Adjusting Segment

In January 2025, we disposed of our equity interests in Fanhua Insurance Surveyors & Loss Adjustors Co., Ltd., the operating entity of our claims adjusting segment and accordingly discontinued claims adjusting business. Prior to the divestiture, we offered the following insurance claims adjusting services:

- ***Pre-underwriting Survey.*** Before an insurance policy is sold, we conducted a survey of the item to be insured to assess its current value and help our clients determine the insurable value and the amount to be insured. We also helped our clients assess the underwriting risk with respect to the item to be insured through surveys, appraisals and analysis.
- ***Claims Adjusting.*** When an accident involving the insured subject matter has occurred, we conducted an onsite survey to determine the cause of the accident and assess damage. We then determined the extent of the loss to the insured subject matter and prepare and submit a report to the insurance company summarizing our preliminary findings. Upon conclusion of the case, we prepared and submitted a detailed report to the insurance company setting forth details of the accident, cause of the loss, details of the loss, adjustment and determination of loss, an indemnity proposal and, where appropriate, a request for payment.
- ***Disposal of Residual Value.*** In the course of providing claims adjusting services, we also can appraise the residual value of the insured property and offer suggestions on the disposal of such property. Upon appointment by the insurance company, we handled the actual disposal of the insured property through auction, discounted sale, lease or other means.
- ***Loading and Unloading Supervision.*** Upon appointment by ship owners, shippers, consignees or insurance companies, we can monitored and recorded the loading and unloading processes of specific cargos.
- ***Consulting Services.*** We provided consulting services to both the insured and the insurance companies on risk assessment and management, disaster and damage prevention, investigation, and loss assessment.

Insurance + Services

In addition to insurance products, we connect with top-notch service providers to provide a range of comprehensive value-added services that cater to every stage of a customer's life.

Family Governance Services

Through our wholly-owned subsidiary Fanhua Puyi Family Office and its subsidiary, we offer certain family office consulting services to tap into the significant business potential stemming from the growing demand for comprehensive wealth management services among affluent and high net worth families. We are dedicated to fostering the long-term growth of client family assets and ensuring the intergenerational transfer of wealth, by bringing together a team of specialists across finance, trusts, law, and taxation to offer tailored advice and comprehensive services to affluent and high net worth families. Our offerings encompass a wide array of services including trust consulting services, elite education opportunities and overseas asset allocation services.

Seasonality

See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Factors Affecting Our Results of Operations—Seasonality."

Distribution and Service Network and Marketing

We have an offline distribution and service network that, as of March 31, 2026, consisted of one insurance sales and service group, five insurance agencies, and two insurance brokerage firms in mainland China, with 42,170 registered independent sales agents. Our distribution and service network in mainland China consisted of 313 sales outlets in 23 provinces.

The following table sets forth additional information concerning our distribution and service network as of March 31, 2026, broken down by provinces:

Province	Number of Sales and Service Outlets	Number of Sales Agents
Shandong	47	7,271
Hebei	62	6,509
Sichuan	39	1,772
Guangdong	19	4,561
Hunan	14	1,325
Zhejiang	7	1,470
Jiangsu	23	2,341
Anhui	21	2,702
Fujian	20	1,622
Henan	17	1,680
Liaoning	11	1,982
Inner Mongolia	1	1,294
Guangxi	10	3,321
Chongqing	4	711
Hubei	5	530
Tianjin	4	343
Shaanxi	1	658
Yunnan	2	304
Beijing	2	912
Shanxi	1	410
Shanghai	—	51
Jiangxi	2	133
Heilongjiang	1	268
Total	313	42,170

We market and sell long-term personal lines of life and health insurance products and property and casualty insurance products to customers mainly through our affiliated sales agents, most of whom are not our employees. We provide insurance brokerage services to corporate customers through both our in-house brokers and non-affiliated independent brokers.

Customers

We sell life and health insurance products including critical illness, annuity insurance, whole life insurance and term life insurance and endowment insurance. Customers for the life and health insurance products we distribute are primarily individuals under 50 years of age. To lesser extent, we also sell commercial property insurance, cargo insurance, hull insurance, liability insurance and construction and erection insurance products to institutional customers. We also sold certain non-life insurance products including individual accident insurance, homeowner insurance products, liability insurance and travel insurance primarily to individual customers and prior to the disposal of our Claims adjusting business in January 2025, we also offered claims adjusting services to insurance companies and online mutual-aid platforms. For the year ended December 31, 2025, no single individual customer who has purchased insurance products through us accounted for more than 1% of our net revenues.

Since our inception, we have served approximately 19.8 million individual customers who have purchased insurance products through us. This number includes about 3.3 million customers who have acquired at least one regular long-term life insurance policy, over 17.0 million who have purchased at least one property and casualty insurance policy.

These customers, including those from discontinued business lines, remain in our database. This presents ongoing opportunities for us to reconnect with them as their needs evolve over time. We believe that as customers progress through different life stages, their demand for insurance protection and wealth management may change, creating potential for upselling and cross-selling higher-value products, such as life insurance and wealth management products. By offering value-added services at no additional charge, we aim to cultivate these relationships and enhance customer loyalty, ultimately driving repeated purchases and referrals.

Insurance Company Partners and Others

As of March 31, 2026, we had established business relationships with 67 insurance companies in the PRC, most of which were signed at the corporate headquarter level. In the Chinese insurance market, local branches of insurance companies generally have the authority to enter into contracts in their own names with insurance intermediaries. Since 2007, we have sought to establish business relationships with insurance companies at the corporate headquarter level in order to leverage the combined sales volumes of all our subsidiaries located in different parts of China.

Competition

A number of industry players are involved in the distribution of insurance products in the PRC. We compete for customers on the basis of product offerings, customer services and reputation. Because we primarily distribute individual insurance products, our principal competitors include:

- *Professional insurance intermediaries.* The professional insurance intermediary sector in China is highly fragmented. Several insurance intermediary companies have received private equity or venture capital funding in recent years and are actively pursuing expansion. We believe that we can compete effectively with these insurance intermediary companies with our long operating history, strong brand recognition, a strong and stable team of managers, nationwide network of sales professionals enabled by digital tools, leading online platforms and diversified product offerings. With increasing consolidation expected in the insurance intermediary sector in the coming years, we expect competition within this sector to intensify.
- *Insurance companies.* The distribution of individual life insurance products in China historically has been dominated by insurance companies, which usually use both in-house sales forces and exclusive sales agents to distribute their own products. In addition, in recent years several major insurance companies have increasingly used telemarketing and the Internet to distribute insurance. We believe that we can compete effectively with insurance companies because we focus only on distribution and offer our customers a broad range of choices of insurance products underwritten by multiple insurance companies.
- *Entities that offer insurance products online.* In recent years, domestic insurance companies, Internet companies and professional insurance intermediaries have begun to engage in the Internet insurance business. However, each of their insurance e-commerce operations has its own limitations. The insurance products offered on an insurance company's website are usually confined to those under its own brand. Most Internet companies have limited experience in insurance operation with limited or no offline sales and service support. Our better brand recognition, extensive offline sales and service network which enables us to offer online and offline integrated services to customers also differentiate us from internet-based professional insurance intermediaries. We believe that we can compete effectively with these business entities because we offer customers access to a broad range of insurance products underwritten by multiple insurance companies and good after-sale services that are backed by our nation-wide service network and better user experience.
- *Other business entities.* In recent years, business entities that distribute insurance products as an ancillary business, primarily commercial banks and postal offices, have been playing an increasingly important role in the distribution of insurance products, especially life insurance products. However, the insurance products distributed by these entities are mostly confined to those related to their main lines of business, such as investment-related life insurance products. We believe that we can compete effectively with these business entities because we offer our customers a broader variety of products.

Intellectual Property

Our brand, trade names, trademarks, trade secrets and other intellectual property rights distinguish our business platform, services and products from those of our competitors and contribute to our competitive advantage in the professional insurance intermediary sector. To protect our intellectual property, we rely on a combination of trademark, copyright and trade secret laws as well as confidentiality agreements with our employees, sales agents, contractors and others. As of March 31, 2026, we had 65 registered trademarks in China, including our corporate logo. Our main website is www.aifugroup.com.

Risk Management

Proactive risk management and a strong risk culture are essential to our long-term success. As a Nasdaq-listed company, we are subject to the requirements of U.S. Sarbanes-Oxley Act (SOX) of 2002, specifically sections 302 and 404. Accordingly, we have established a comprehensive internal control and risk management structure that enables us to identify and analyze risks early and take appropriate action.

The Board of Directors is the highest decision-making body for corporate risk management and is responsible for the effectiveness of overall risk management efforts. The Audit Committee under the Board of Directors is established to fully assess the major risks faced by the Company and supervise the effectiveness of the implementation of the Company's risk management system.

We established a risk management and internal audit department which works independently from our operations and directly reports to the Audit Committee. The department holds the primary responsibility of monitoring and supervising risk management of the Company's business operation in compliance with the requirements of SOX.

- Assisting the management in identifying, measuring and managing risks in daily business activities and periodically reporting to the full board of directors, the Audit Committee and executive suite potential risks facing the Company;
- Supervising the establishment of standard operating processes by various functional departments and business units and conducting risk assessment and internal tests to carry out independent and un-biased checks and evaluation on the appropriateness, compliance and effectiveness of the Company's business operations and internal control; and
- Monitoring the implementation of improvement plans on control weakness and providing recommendations on enhancing risk management capabilities in compliance with Sarbanes-Oxley requirements.

In order to foster the awareness of compliance among all employees and establish a sustainable and effective compliance mechanism, Fanhua Group Company issued a compliance accountability policy which sets forth the responsibilities for keeping in compliance with relevant laws and regulations by staff at various levels and the accountability for non-compliance. It also puts forth the process of reporting potential risks when identified to take further actions.

The Compliance Department of the Fanhua Group Company leads the efforts to monitor and coordinate the implementation of the compliance accountability policy while our functional departments and subsidiaries holds the primary responsibility for risk control and compliance of our business operations. When a risk event occurs, functional departments or subsidiaries shall immediately report it to the Compliance Department to open a case for investigation and management. The functional departments or subsidiaries shall inspect the progress of risk events and implementation of improvement plans each month, and report progress to the Compliance Department.

Regulation

Regulations of the Insurance Industry

The insurance industry in the PRC is highly regulated. Between 1998 and March 2018, CIRC was the regulatory authority responsible for the supervision of the Chinese insurance industry. In March 2018, the CBIRC, was established as the result of the merger between CIRC and CBRC, replacing CIRC as the regulatory authority for the supervision of the Chinese insurance industry. The National Financial Regulatory Administration ("NFRA") was formed in May 2023, replacing the CBIRC to inherit the authority of CIRC. Insurance activities undertaken within the PRC are primarily governed by the Insurance Law and the related rules and regulations.

Initial Development of Regulatory Framework

The Chinese Insurance Law was enacted in 1995. The original insurance law, which we refer to as the 1995 Insurance Law, provided the initial framework for regulating the domestic insurance industry. Among the steps taken under the 1995 Insurance Law were the following:

- Licensing of insurance companies and insurance intermediaries, such as agencies and brokerages. The 1995 Insurance Law established requirements for minimum registered capital levels, form of organization, qualification of senior management and adequacy of the information systems for insurance companies and insurance agencies and brokerages.

- Separation of property and casualty insurance businesses and life insurance businesses. The 1995 Insurance Law classified insurance between property, casualty, liability and credit insurance businesses, on the one hand, and life, accident and health insurance businesses on the other, and prohibited insurance companies from engaging in both types of businesses.
- Regulation of market conduct by participants. The 1995 Insurance Law prohibited fraudulent and other unlawful conduct by insurance companies, agencies and brokerages.
- Substantive regulation of insurance products. The 1995 Insurance Law gave insurance regulators the authority to approve the basic policy terms and premium rates for major insurance products.
- Financial condition and performance of insurance companies. The 1995 Insurance Law established reserve and solvency standards for insurance companies, imposed restrictions on investment powers and established mandatory reinsurance requirements, and put in place a reporting regime to facilitate monitoring by insurance regulators.
- Supervisory and enforcement powers of the principal regulatory authority. The principal regulatory authority, then the PBOC, was given broad powers under the 1995 Insurance Law to regulate the insurance industry.

Establishment of the CIRC and 2002 Amendments to the Insurance Law

China's insurance regulatory regime was further strengthened with the establishment of the CIRC in 1998. The CIRC was given the mandate to implement reform in the insurance industry, minimize insolvency risk for Chinese insurers and promote the development of the insurance market.

The 1995 Insurance Law was amended in 2002 and the amended insurance law, which we refer to as the 2002 Insurance Law, became effective on January 1, 2003. The major amendments to the 1995 Insurance Law include:

- Authorizing the CIRC to be the insurance supervisory and regulatory body nationwide. The 2002 Insurance Law expressly grants the CIRC the authority to supervise and administer the insurance industry nationwide.
- Expanding the permitted scope of business of property and casualty insurers. Under the 2002 Insurance Law, property and casualty insurance companies may engage in the short-term health insurance and accident insurance businesses upon the CIRC's approval.
- Providing additional guidelines for the relationship between insurance companies and insurance agents. The 2002 Insurance Law requires an insurance company to enter into an agent agreement with each insurance agent that will act as an agent for that insurance company. The agent agreement sets forth the rights and obligations of the parties to the agreement as well as other matters pursuant to law. An insurance company is responsible for the acts of its agents when the acts are within the scope authorized by the insurance company.
- Relaxing restrictions on the use of funds by insurance companies. Under the 2002 Insurance Law, an insurance company may use its funds to make equity investments in insurance-related enterprises, such as asset management companies.
- Allowing greater freedom for insurance companies to develop insurance products. The 2002 Insurance Law allowed insurance companies to set their own policy terms and premium rates, subject to the approval of, or a filing with, the CIRC.

2009 Amendments to the Insurance Law

The 2002 Insurance Law was amended again in 2009 and the amended insurance law, which we refer to as the 2009 Insurance Law, became effective on October 1, 2009. The major amendments to the 2009 Insurance Law include:

- Strengthening protection of the insured's interests. The 2009 Insurance Law added a variety of clauses such as incontestable clause, abstained and estoppel clause, common disaster clause and amending immunity clause, claims-settlement prescription clause, reasons for claims rejection and contract modification clause.

- Strengthening supervision on the qualification of the shareholders of the insurance companies and setting forth specific qualification requirements for the major shareholders, directors, supervisors and senior managers of insurance companies.
- Expanding the business scope of insurers and further relaxing restriction on the use of fund by insurers.
- Strengthening supervision on solvency of insurers with stricter measures.
- Tightening regulations governing the administration of insurance intermediary companies, especially those relating to behaviors of insurance agents.

According to the 2009 Insurance Law, the minimum registered capital required to establish an insurance agency or insurance broker as a company must comply with the PRC Company Law. The registered capital or the capital contribution of insurance agencies or insurance brokers must be paid-up capital in cash. The 2009 Insurance Law also sets forth some specific qualification requirements for insurance agency and broker practitioners. The senior managers of insurance agencies or insurance brokers must meet specific qualification requirements, and their appointments are subject to approval of the CIRC. Personnel of an insurance agency or insurance broker engaging in the sales of insurance products must meet the qualification requirements set by the CIRC and obtain a qualification certificate issued by the CIRC. Under the 2009 Insurance Law, the parties to an insurance transaction may engage insurance adjusting firms or other independent appraisal firms that are established in accordance with applicable laws, or persons who possess the requisite professional expertise, to conduct assessment and adjustment of the insured subject matters. Additionally, the 2009 Insurance Law specifies additional legal obligations for insurance agencies and brokerages.

2014 Amendments to the Insurance Law

The 2002 Insurance Law was amended again in 2014 and the amended insurance law, which we refer to as the 2014 Insurance Law, became effective on August 31, 2014. The major amendments of the 2014 Insurance Law include:

- Relaxing restrictions on actuaries. The 2014 Insurance Law no longer requires Insurance companies shall employ actuaries recognized by the insurance regulatory authority under the State Council. However, an insurance company shall also engage professionals, and establish an actuarial reporting system and a compliance reporting system as before.

2015 Amendments to the Insurance Law

The 2014 Insurance Law was amended again in 2015 and the amended insurance law, which we refer to as the 2015 Insurance Law, became effective on April 24, 2015. The major amendments of the 2015 Insurance Law include:

- Eliminating the requirement for an insurance agent or broker to obtain a qualification certificate issued by the CIRC before providing any insurance agency or brokerage services.
- Relaxing the requirement for the establishment or other significant corporate events of an insurance agency or brokerage firm. For example, an insurance agency or brokerage firm is allowed to apply for a business permit from the CIRC and a business license from the local AIC simultaneously under the 2015 Insurance Law, while an insurance agency or brokerage firm had to apply for and receive a business permit issued by the CIRC before it could apply for a business license from and register with the relevant local AIC under the 2014 Insurance Law. Prior approval by the CIRC is no longer required for the divestiture or mergers of insurance agencies or brokerage firms, the change of their organizational form, or the establishment or winding-up of a branch by an insurance agency or brokerage firm.

The CIRC, the CBIRC and the NFRA

The NFRA or each of its predecessors has extensive authority to supervise insurance companies and insurance intermediaries operating in the PRC, including the power to:

- promulgate regulations applicable to the Chinese insurance industry;
- investigate insurance companies and insurance intermediaries;
- establish investment regulations;
- approve policy terms and premium rates for certain insurance products;
- set the standards for measuring the financial soundness of insurance companies and insurance intermediaries;
- require insurance companies and insurance intermediaries to submit reports concerning their business operations and condition of assets;
- order the suspension of all or part of an insurance company or an insurance intermediary's business;
- approve the establishment, change and dissolution of an insurance company, an insurance intermediary or their branches;
- review and approve the appointment of senior managers of an insurance company, an insurance intermediary or their branches; and
- punish insurance companies or intermediaries for improper behaviors or misconducts.

Regulation of Insurance Agents

The principal regulation governing insurance agents is the Provisions on the Supervision and Administration of Insurance Agents, or the PSAIA, issued by the CBIRC on November 12, 2020 and effective on January 1, 2021, replacing the Provision on the Supervision and Administration of Professional Insurance Agencies issued by the CIRC on September 25, 2009 and amended on April 7, 2013, the Measures on the Supervision and Administration of Insurance Salespersons issued on January 6, 2013 and the Interim Measures on the Administration of Ancillary-Business Insurance Agency issued on August 4, 2000.

The term of "insurance agent" refers to an entity or an individual entrusted by insurance companies to handle insurance business by and within the authorization of, and which collects commissions from insurance companies, and includes a professional insurance agency, ancillary-business insurance agency and individual insurance sales agent which refers to a captive insurance agent of an insurance company.

The practitioner of an insurance agency refers to an individual engaged in the sales of insurance products or loss assessment and claims settlement services for a professional insurance agency or ancillary-business insurance agency.

To engage in insurance agency business, a professional insurance agency shall obtain an insurance agency business permit issued by the CBIRC, after obtaining a business license, and satisfy the requirements prescribed by the PSAIA or other relevant regulations on shareholder and management qualification, capital contribution, articles of association, corporate governance and internal control procedures with viable business model and sound business and financial information system. An insurance agency may take any of the following forms: (i) a limited liability company; or (ii) a joint stock limited company. The name of a professional insurance agency shall contain the words "insurance agency".

The minimum registered capital for establishing a nationwide professional insurance agency is RMB50 million and that for a regional professional insurance agency is RMB20 million. The registered capital of a professional insurance agency must be paid-in monetary capital. To operate outside of its registration place, a nationwide professional insurance agency shall set up local provincial branches first before setting up additional sub-branches and sales offices.

Professional insurance agencies shall, within 5 days from the date of occurrence of any of the following circumstances, report to the CBIRC through the supervision information system and make public disclosure: (i) change of name, domicile or business address; (ii) change of shareholders, registered capital or the form of organization; (iii) change of name or capital contribution of a shareholder; (iv) amendments to the articles of association; (v) equity investment in, or establishment of offshore insurance institutions or non-operating institutions; (vi) division, merger, dissolution, or termination of insurance agency business activities of branches; (vii) change of the principal person-in-charge of a sub-branch; (viii) administrative punishment, civil punishment or pending investigation of suspected illegal crime; or (ix) other reportable events prescribed by the insurance regulatory body under the State Council.

A professional insurance agency may engage in all or part of the following businesses: (i) selling insurance products on behalf of insurance companies; (ii) collecting insurance premium on behalf of insurance companies; (iii) insurance-related loss survey and claims settlement on behalf of insurance companies; or (iv) other relevant businesses stipulated by the insurance regulatory body under the State Council. Insurance agents shall not engage in insurance agency business beyond the business scope and business area of the insurance companies for which they act as agents.

A professional insurance agency and its sales practitioners and individual insurance agents are not allowed to sell non-insurance financial products, except for non-insurance financial products approved by relevant financial regulatory authorities provided that all necessary qualification requirements are being met.

A professional insurance agency shall, within 20 days upon obtaining business permits, procure professional liability insurance or make contributions to security deposits. Minimum compensation for each accident under the one-year professional liability insurance policy shall be no less than RMB1 million, and accumulative compensation under the one-year insurance policy shall be no less than RMB10 million and the total core business revenue of the professional insurance agency company in the previous year. If a professional agency intends to pay deposit, the deposit shall be paid at 5% of its registered capital and when it increases its registered capital, the amount of the deposit shall be increased proportionately.

The senior managers of a professional insurance agency must meet specific qualification requirements in educational background and relevant industry working experience set forth in the PSAIA.

An insurance agent shall perform sales practicing register with the CRIBC's Insurance Intermediaries Regulatory Information System for its individual insurance agent or sales practitioner. Each individual insurance agent or sales practitioner of an insurance agency can only be allowed to register with one institution.

Specific information disclosure requirements are also provided in the PSAIA. For example, it is required that a professional insurance agency or its branches shall place its business license and copies of permit in a prominent position in its domicile or business site. Insurance agents shall make full disclosure of all relevant information of insurance products to policyholders and make a clear representation of the clauses in the insurance contract including liability, liability reduction or exemption, cancellation and other expense deductions, cash value, cooling-off period and etc.

Regulation of Insurance Brokerages

The principal regulation governing insurance brokerages is the Provisions on the Supervision and Administration of Insurance Brokers, or the POSAIB, promulgated by the CIRC on February 1, 2018 and effective May 1, 2018, replacing the Provisions on the Supervision of Insurance Brokerages issued on September 25, 2009, as amended on April 27, 2013, and the Measures on the Supervision and Administration of Insurance Brokers and Insurance Claims Adjustors issued by the CIRC on January 6, 2013.

The term of "insurance broker" refers to an entity which, representing the interests of insurance applicants, acts as an intermediary between insurance applicants and insurance companies for entering into insurance contracts, and collects commissions for the provision of such brokering services. The term of "insurance brokerage practitioner" refers to a person affiliated with an insurance broker who drafts insurance application proposals or handles the insurance application formalities for insurance applicants or the insured or assists insurance applicants or the insured in claiming compensation or who provides clients with disaster or loss prevention or risk assessment or management consulting services or engages in reinsurance brokerage, among others.

To engage in insurance brokerage business within the territory of the PRC, an insurance brokerage shall satisfy the requirements prescribed by the CIRC and obtain an insurance brokerage business permit issued by the CIRC, after obtaining a business license. An insurance broker may take any of the following forms: (i) a limited liability company; or (ii) a joint stock limited company.

The minimum registered capital of an insurance brokerage company whose business area is not limited to the province in which it is registered is RMB50 million while the minimum registered capital of an insurance brokerage company whose business area is limited to its place of registration is RMB10 million.

The name of an insurance broker shall include the words “insurance broker/brokerage.” An insurance broker must register the information of its affiliated insurance brokerage practitioners with the IISIS. One person can only be registered with the IISIS through one insurance broker.

An insurance broker may conduct the following insurance brokering businesses:

- making insurance proposals, selecting insurance companies and handling the insurance application procedures for the insurance applicants;
- assisting the insured or the beneficiary to claim compensation;
- reinsurance brokering business;
- providing consulting services to clients with respect to disaster and damage prevention, risk assessment and risk management; and
- other business activities approved by the CIRC.

An insurance broker shall submit a written report to the CIRC through the IISIS and make public disclosure within five days from the date of occurrence of any of the following matters: (i) change of name, domicile or business premises; (ii) change of shareholders, registered capital or form of organization; (iii) change of names of shareholders or capital contributions; (iv) amendment to the articles of association; (v) equity investment, establishment of offshore insurance-related entities or non-operational organizations; (vi) division, merger and dissolution or termination of insurance brokering business activities of its branches; (vii) change of the primary person in charge of its branches other than provincial branches; (viii) being a subject of administrative or criminal penalties, or under investigation for suspected involvement in any violation of law or a crime; and (x) other reportable events prescribed by the CIRC.

Insurance broker and its practitioners are not allowed to sell non-insurance financial products, except for those products approved by relevant financial regulatory institutions and the insurance broker and its practitioners shall obtain relevant qualifications in order to sell non-insurance related financial products that meets regulatory requirements.

Personnel of an insurance broker and its branches who engage in any of the insurance brokering businesses described above must comply with the qualification requirements prescribed by the CIRC. The senior managers of an insurance broker must meet specific qualification requirements set forth in the POSAIB.

Regulation of Insurance Claims Adjusting Firms

The principal regulation governing insurance adjusting firms is the Provisions on the Supervision and Administration of Insurance Claims Adjustors, or the POSAICA, issued by the CIRC on February 1, 2018 and effective on May 1, 2018, replacing the Provisions on the Supervision of Insurance Claims Adjusting Firms effective on October 1, 2009, as amended on September 29, 2013 and 2015, and the Regulation of Insurance Brokers and Insurance Adjustors effective on July 1, 2013.

According to the POSAICA, the term “insurance adjustment” refers to the assessment, survey, authentication, loss estimation and relevant risk assessment of the insured subject matters or the insurance incidents conducted by an appraisal firm and its professional appraisers upon the entrustment of the parties concerned. The term “insurance adjusting firm” refers to an entity and any of its branches which engages in the aforementioned businesses.

The term “insurance adjustment practitioner” refers to a person retained by an insurance claims adjusting firm to conduct the following activities on behalf of an entruster: i) inspecting, appraising the value of and assessing the risks of the subject matter before and after it is insured; ii) surveying, inspecting, estimating the loss of, adjusting and disposing of the residual value of the insured subject matter after a loss has been incurred; and iii) risk management consulting.

Insurance adjustment practitioners include claims adjustors and assessment practitioners with claims adjustment knowledge and practical experience. A claims adjustor refers to an individual who has passed the qualification examination for the insurance claims adjustors organized by the CIRC.

An insurance claims adjusting firm must meet the requirements prescribed by the China Asset Appraisal Law and applicable regulations issued by the CIRC and must file its business records with the CIRC and its local offices.

According to the regulation, an insurance adjusting firm should take the form of a company or a partnership in accordance with applicable law and retains claims adjustment practitioners to engage in insurance claims adjusting businesses. A claims adjusting firm in the form of a partnership must have at least two claims adjustors and two-thirds of its partners should be claims adjustors who have at least three years’ working experience in claims adjustment and have no record of administrative penalties in relation to claims adjustment activities in the past three years. A claims adjusting firm in the form of a company must have at least eight claims adjustors and two shareholders among which at least two-thirds are claims adjustors who have at least three years’ working experience in claims adjustment and have no record of administrative penalties in relations to claims adjustment activities in the past three years.

The establishment of an insurance claims adjusting firm only requires the application for a business license from and registration with the AIC, instead of both applying for business license and obtaining approval by the CIRC as previously required.

A claims adjusting firm may include a nationwide claims adjusting firm and regional claims adjusting firm. A nationwide claims adjusting firm can conduct business within the territory of the PRC and can establish branches in provinces other than its place of registration while a regional one can only conduct business and establish branches in the province where it is registered. A claims adjusting firm in the form of a company must file its business record with the CIRC if it is a nationwide claims adjusting firm or file with the local offices of the CIRC in the region where it is registered if it is a regional claims adjusting firm. A partnership firm must file its business record with the CIRC.

An insurance claims adjusting firm must meet certain requirements in order to engage in claims adjustment business which include, among others, i) its shareholders or its partners must meet the requirements mentioned above and its capital contribution must be self-owned, actual and lawful and must not be non-self-owned capital in various forms such as bank loan; and ii) it must have adequate working capital to support its day-to-day operation and risk undertaking in accordance with its business development plan. A nationwide entity must have at least RMB2 million working capital while a regional one must have at least RMB1 million.

An insurance adjusting firm may engage in the following businesses:

Upon approval of the CIRC, an insurance adjusting firm may engage in the following businesses:

- inspecting, appraising the value of and assessing the risks of the subject matter before and after it is insured;
- surveying, inspecting, estimating the loss of, adjusting and disposing of the insured subject matter after loss has been incurred;
- risk management consulting; and
- other business activities approved by the CIRC.

The name of an insurance adjusting firm must contain the words “insurance adjusting” and must avoid duplicating names of existing insurance claims adjusting firms. In any of the following situations, an insurance adjusting firm shall submit a written report to the CIRC when it within five days from the date the resolution for change has been passed: (i) change of name, domicile or business premises; (ii) change of shareholders or partners; (iii) change of registered capital or form of organization; (iv) change of names of shareholders or partners or capital contributions; (v) amendment to the articles of association or the partnership agreement; (vi) equity investment, establishment of offshore insurance related entities or non-operational organization; (vii) division, merger and dissolution or termination of insurance claims adjustment business of its branches; (viii) change of chairperson of its board of directors, executive directors or senior management; (ix) being a subject of administrative or criminal penalties, or under investigation for suspected involvement in a crime; and (x) other reportable events specified by the CIRC.

Personnel of an insurance adjusting firm or its branches engaged in any of the insurance adjusting businesses described above must comply with the qualification requirements prescribed by the CIRC. The senior managers of an insurance adjusting firm must meet specific qualification requirements set forth in the POSAICA.

An insurance claims adjustment practitioner must join an insurance claims adjusting firm in order to conduct insurance claims adjustment activities. The insurance claims adjusting firm to which he or she belongs must register his or her information with the CIRC’s Insurance Intermediary Supervision Information System or IISIS. One person can only conduct insurance adjustment activities for one insurance claims adjusting firm and can only be registered with the IISIS through one insurance claims adjusting firm.

At least two insurance claims adjustment practitioners must be appointed to undertake each case of insurance claims adjustment businesses and the claims adjustment report shall be signed by at least two insurance claims adjustment practitioners engaged in the claims adjustment activities and chopped by the claims adjusting firm to which he or she belongs.

Regulation of Insurance Intermediary Service Group Companies

The principal regulation governing insurance intermediary groups is the Provisional Measures for Supervision and Administration of the Insurance Intermediary Service Group Companies (for Trial Implementation) issued by the CIRC on September 22, 2011 with immediate effect. According to the regulation, the term “insurance intermediary service group company” refers to a professional insurance intermediary company that is established in accordance with applicable laws and regulations and with the approval of the CIRC that exercises sole or shared control of, or is able to exert major influence over, at least two subsidiaries that are professional insurance intermediary companies primarily engaged in the insurance intermediary business.

An insurance intermediary service group company must have:

- a registered capital of at least RMB100 million;
- no record of material violation by investors of applicable laws and regulations in the previous three years;
- at least five subsidiaries, among which at least two are professional insurance intermediary companies which contribute at least 50% of the total revenues of the group;
- chairperson (Executive director) and the senior management with qualifications stipulated by the CIRC;
- perfect governance structure, sound organization, effective risk management and internal control management system;
- business premises and office equipment which are suitable for the development of the businesses; and
- other conditions stipulated by laws, administrative regulations and the CIRC.

The name of an insurance intermediary service group must contain the words “Group” or “Holding.” Its principal business must be equity investment, management and provision of supporting services. An insurance intermediary service group company shall, submit a written report to the CIRC and its local counterparts at the place of registration within five working days after the date of occurrence of the following: (i) changing its registered name or address; (ii) changing its registered capital; (iii) changing its equity structure by more than 5% or shareholders holding more than 5% of shares; (iv) changing its articles of association; (v) establishing, acquiring, merging or closing its subsidiary; (vi) engaging in related party transactions between member companies; (vii) disincorporating; (viii) significantly changing its business scope; or (ix) making a major strategic investment, suffering a significant investment loss or experiencing other material events or emergencies that affect or may affect the business management, financial status or risk control of the group. Senior managers of an insurance intermediary service group company must meet specific qualification requirements and appointment of the senior managers of an insurance intermediary service group company is subject to review and approval by the CIRC.

Regulation of Insurance Sales Behavior Management

On September 29, 2023, the NFRA issued the Measures for the Supervision of Insurance Sales Behavior (hereinafter referred to as the “Sales Measures”), effective from March 1, 2024.

According to the Sales Measures, only the following categories of individuals are eligible to sell insurance:

- *Insurance Companies*: Employees engaged in insurance sales, individual insurance agents, and individuals under other forms of employment managed as sales personnel.
- *Insurance Agencies*: Individuals engaged in insurance agency services.
- *Insurance Brokers*: Individuals engaged in insurance brokerage services.

The Sales Measures categorize insurance sales activities into three stages - pre-sale, mid-sale, and after-sale behaviors - and regulate them accordingly.

Management of Insurance Pre-sale Behaviors

The NFRA requires (i) prohibition of cross-regional business expansion beyond authorized business scope, regional boundaries, and institutional authorization; (ii) alignment of data with regulatory requirements; (iii) establishment of a tiered management mechanism for insurance sales practitioners based on their qualifications, sales abilities, integrity and ethics level; (iv) classification of life insurance products by product types, complexity, risk level and affordability; (v) pre-sales product suitability assessment on the policyholders; (vi) restrictions on the pre-sales promotion of insurance, including the requirement for insurance institutions to conduct pre-approval and authorization for the dissemination of insurance sales promotional information by insurance sales practitioners; and (vii) Prohibition of Speculative Sales.

Management of Insurance Mid-sale Behaviors

The NFRA requires (i) consultative sales of insurance products to the insured based on their needs, risk and premium affordability, historical purchase records, etc. (ii) restriction on compulsory bundled-sales and default selection of insurance products via information systems or webpages to enter into insurance contracts with the insured; (iii) retrospective management of insurance sales process for insurance product sales activities through methods such as audio recording, video recording, sales page management, and recording operational traces; and (iv) funds management mechanism mandates strict oversight, adherence to regulations, and prohibits unethical practices by insurance personnel to ensure the integrity and proper handling of funds in the insurance sector.

Management of Insurance After-sale Behaviors

The NFRA requires (i) notification of salesperson departure or (ii) agency cooperation termination to the insured within 30 days, and (iii) protection of policyholders’ interest following the departure of insurance salespersons or the termination of cooperation.

Content Related to Insurance Industry in the Closer Economic Partnership Arrangements

Under CEPA Supplement IV signed in June and July 2007 and CEPA Supplement VIII signed in December 2011, local insurance agencies in Hong Kong SAR and Macau SAR are allowed to set up wholly-owned insurance agency companies and conduct insurance intermediary businesses in Guangdong Province (including Shenzhen) on a pilot basis if they fulfill the following criteria:

- The applicant must have operated an insurance brokerage businesses in Hong Kong SAR and Macau SAR for over 10 years;

- The applicant's average annual revenue of insurance brokerage business for the past three years before application must not be less than HKD500,000 and the total assets as at the end of the year before application must not be less than HKD500,000;
- Within three years before application, there has been no serious misconduct or record of disciplinary action; and
- The applicant must have set up a representative office in mainland China for over one year

Regulations on Internet Insurance

The principal regulation governing the operation of internet insurance business is the Measures for the Supervision of the Internet Insurance Business, or the Measures, promulgated on December 7, 2020 and effective on February 1, 2021, replacing the Interim Measures for the Supervision of the Internet Insurance Business, or the Interim Measures, issued on July 22, 2015 and effective on October 1, 2015.

According to the Measures, the term of "internet insurance business" refers to the business of concluding insurance contracts and providing insurance services by insurance institutions with internet technologies. Insurance institutions refer to insurance companies and insurance intermediaries which include insurance agents (except individual insurance agents), insurance brokerage firms and insurance claims adjusting firms. Insurance agents (except individual insurance agents) refer to professional insurance agencies, bancassurance-related ancillary insurance agencies and internet companies that have obtained licenses for engaging in insurance agency business in accordance with applicable laws and regulations. Non-insurance institutions are not allowed to conduct internet insurance business, including but not limited to, providing insurance product consultancy services, providing insurance product comparison, price quotation and price comparison services, designing insurance plans for the insureds and handling insurance application formalities on behalf of the insureds and collecting premiums by proxy.

A self-operated internet platform refers to an internet platform established by insurance institutions for conducting insurance business, by which insurance institutions can operate business independently and have full access to the data on the platform. The internet insurance business of an insurance institution shall be operated and managed by its headquarter with standardized and centralized business platform, business procedures and management system.

To carry out internet insurance business, an insurance institution shall meet the following requirements, among others: (i) making ICP filing in the case of operating a mobile application or website; (ii) maintaining independent information management system and core business system to support its internet insurance business operation; (iii) equipped with a comprehensive working mechanism for network security monitoring, information alert, emergency management, and cybersecurity protection measures for border protection, intrusion detection, data protection and disaster recovery; (iv) equipped with certified Safety Level-III Computer Information System for a self-operated online platform that can facilitate insurance sales and application and no lower than Safety level-II Computer Information System for self-operated online platforms without insurance sales and application functions; (v) having designated department and personnel for managing the internet insurance business; (vi) maintaining sound management system and operating procedures; (vii) having a sound Internet insurance business management system and operating rules; (viii) when an insurance company carries out Internet insurance sales, it shall comply with the relevant regulations of the CBIRC on solvency, supervision and evaluation of consumer rights and interests protection, etc.; (ix) professional insurance intermediaries shall be national institutions, and their business areas shall not be limited to the provinces (autonomous regions, municipalities directly under the Central Government, cities separately listed on the State plan) where the head office's business license is registered, and comply with the relevant provisions of the CBIRC on the classified supervision of insurance professional intermediary institutions; (x) other conditions prescribed by the Bancassurance Regulatory Commission.

Insurance institutions shall carefully evaluate their own risk management and control capacity and customer service capacity, and rationally determine and choose insurance products and the scope of sales activities suitable for internet operations.

Insurance institutions engaging in internet insurance business shall establish official website and set up internet insurance column for information disclosure.

The Measures also specifies requirements on disclosure of information such as information regarding insurance products sold on the internet, the qualification of the insurance institutions operating the internet insurance business, contact methods for local support and compliant provides guidelines for the operations of the insurance institutions that engage in internet insurance business.

Regulation on Internet Life Insurance

The Notice on Further Regulation of Matters Relating to the Internet Life Insurance Business of Insurance Institutions, or the Notice, was issued on October 12, 2021, effective immediately. According to the Notice, internet life insurance business refers to the business activities of insurance companies to launch and sell internet life insurance products, conclude insurance contracts and provide insurance services by setting up self-operated network platforms or entrusting insurance intermediaries on their self-operated network platforms.

Insurance companies that meet relevant requirements of this Notice can conduct internet life insurance business without branches nationwide. If an insurance company entrusts an insurance intermediary to carry out internet life insurance business, the insurance intermediary should be a national institution. Where internet and offline distributions are both involved in a life insurance business, internet life insurance products shall not be sold, and the business area shall not be extended to areas without branches.

In order to carry out internet life insurance business, insurers (excluding internet insurance companies) shall meet the following conditions: (i) the comprehensive solvency ratio shall reach 120% and the core solvency ratio shall be no less than 75% for four consecutive quarters; (ii) the comprehensive risk rating shall be Class B or above for four consecutive quarters; (iii) the liability reserve adequacy ratio shall be higher than 100% for four consecutive quarters; (iv) the corporate governance level shall be C (qualified) or above; and (v) other conditions stipulated by the CBIRC.

Internet life insurance products are limited to accident insurance, health insurance (excluding long-term care insurance), term life insurance, life insurance with a coverage period of more than 10 years (excluding term life insurance), annuity insurance with a coverage period of more than 10 years, and other life insurance products stipulated by the CBIRC. Internet life insurance products that do not meet the requirements shall not be sold online, and their sales webpages shall not be publicly displayed on the internet or directly linked to from other webpages.

An insurance company applying for approval or distributing a newly approved life insurance with a payment period of more than 10 years (excluding term life insurance) and annuity insurance products with a coverage period of more than 10 years must meet the following conditions: (i) the comprehensive solvency ratio shall exceed 150% and the core solvency ratio shall be no less than 100% for four consecutive quarters; (ii) the comprehensive solvency margin shall exceed RMB3 billion for four consecutive quarters; (iii) the comprehensive risk rating shall be above Class A for four consecutive quarters (or six quarters within two years); (iv) no major administrative penalty imposed on the internet insurance business in the previous year; (v) the corporate governance level shall be B (good) or above; and (vi) other conditions stipulated by the CBIRC.

Insurance intermediaries selling life insurance with a payment period of more than 10 years (excluding term life insurance) and annuity insurance products with a coverage period of more than 10 years shall meet the following conditions: (i) experience in internet life insurance business for more than three years; (ii) complete sales management, policy management and customer service systems, as well as a safe, efficient and real-time internet payment and settlement system and process; (iii) no major administrative penalty imposed on the internet insurance business in the previous year; and (iv) other conditions stipulated by the CBIRC.

Regulations on Foreign Exchange

Foreign Currency Exchange

Foreign exchange regulation in China is primarily governed by the following rules:

- Foreign Currency Administration Rules (1996), as amended pursuant to the Decision on Revising the Foreign Currency Administration Rules promulgated by the State Council on January 14, 1997 and the Foreign Currency Administration Rules promulgated by the State Council on August 5, 2008; and
- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange.

Under the Foreign Currency Administration Rules, the RMB is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of RMB for capital account items, such as direct investment, loan, security investment and repatriation of investment, however, is still subject to the approval of the SAFE.

Under the Administration Rules of the Settlement, Sale and Payment of Foreign Exchange, foreign-invested enterprises may only buy, sell or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, which include approvals by the Ministry of Commerce, the SAFE and the State Development and Reform Commission.

Foreign Exchange Registration of Offshore Investment by PRC Residents

Pursuant to the SAFE Circular 37, issued on July 4, 2014, prior to making contribution to a SPC with legitimate holdings of domestic or overseas assets or interests, a PRC resident (including PRC institutions and resident individuals) shall apply to the relevant Foreign Exchange Bureau for foreign exchange registration of overseas investment. A PRC resident who makes contribution with legitimate holdings of domestic assets or interests shall apply for registration to the SAFE at its place of registration or the Foreign Exchange Bureau at the locus of the assets or interests of the relevant PRC enterprise. A PRC resident who makes contribution with legitimate holdings of overseas assets or interests shall apply for registration to the SAFE at its place of registration or household register. Where a registered overseas SPC experiences changes of its PRC resident individual shareholder, its name, operating period or other basic information, or experiences changes of material matters, such as the increase or reduction of contribution by the PRC resident individual, the transfer or replacement of equity, or merger or division, the PRC resident shall promptly change the foreign exchange registration of overseas investment with the Foreign Exchange Bureau concerned. Under SAFE Circular 37, failure to comply with the registration procedures set forth above may result in the penalties, including imposition of restrictions on a PRC subsidiary's foreign exchange activities and its ability to distribute dividends to the SPV. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to the establishment of offshore special purpose companies by PRC residents and employee stock options granted by overseas-listed companies may increase our administrative burden, restrict our overseas and cross-border investment activity, or otherwise adversely affect us. If our shareholders who are PRC residents, or our PRC employees who are granted or exercise stock options, fail to make any required registrations or filings under such regulations, we may be unable to distribute profits and may become subject to liability under PRC laws. We may also face regulatory uncertainties that could restrict our ability to adopt additional equity compensation plans for our directors and employees and other parties under PRC law."

SAFE Regulations on Employee Share Options

On December 25, 2006, the PBOC promulgated the "Measures for the Administration of Individual Foreign Exchange," and on January 5, 2007, the SAFE further promulgated the implementation rules on those measures. Both became effective on February 1, 2007. According to the implementation rules, PRC citizens who are granted shares or share options by a company listed on an overseas stock market according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or any other qualified PRC agent, to register with the SAFE and to complete certain other procedures related to the share option or other share incentive plan. Foreign exchange income received from the sale of shares or dividends distributed by the overseas listed company may be remitted into a foreign currency account of such PRC citizen or be exchanged into Renminbi. Our PRC citizen employees who have been granted share options are subject to the Individual Foreign Exchange Rules.

On March 28, 2007, SAFE promulgated the Operating Rules for Administration of Foreign Exchange in Domestic Individuals' Participation in Employee Stock Ownership Plans and Stock Option plans of Companies Listed Abroad, or the Operating Rules. Stock Option Rule. On February 15, 2012, SAFE promulgated the No. 7 Notice, which supersedes the Stock Option Rule in its entirety and immediately became effective upon circulation. According to the No. 7 Notice, domestic individuals, which include any directors, supervisors, senior managerial personnel or other employees of a domestic company who are Chinese citizens (including citizens of Hong Kong SAR, Macau SAR and Taiwan) or foreign individuals who consecutively reside in the territory of PRC for one year, who participate in the same equity incentive plan of an overseas listed company shall, through the domestic companies they serve, collectively entrust a domestic agency to handle issues such as foreign exchange registration, account opening, funds transfer and remittance, and entrust an overseas institution to handle issues such as exercise of options, purchasing and sale of related stocks or equity, and funds transfer. Where a domestic agency needs to remit funds out of China as required for individuals' participation in an equity incentive plan, the domestic agency shall apply with the local office of the SAFE for a foreign exchange payment quota on a yearly basis. A domestic agency shall open a domestic special foreign exchange account in the bank. After repatriation of foreign currency income earned by individuals from participation in an equity incentive plan, the domestic agency shall request the bank to transfer the funds from its special foreign currency account to respective personal foreign currency deposit accounts. In the case of any significant change to the equity incentive plan of a company listed abroad (such as amendment to any major terms of the original plan, addition of a new plan, or other changes to the original plan due to merger, acquisition or reorganization of the overseas listed company or the domestic company or other major events), the domestic agency or the overseas trustee, the domestic agency shall, within three months of the occurrence of such changes, go through procedures for change of foreign exchange registration with the local office of the SAFE. The SAFE and its branches shall supervise, administer and inspect foreign exchange operations related to individuals' participation in equity incentive plans of companies listed abroad, and may take regulatory measures and impose administrative sanctions on individuals, domestic companies, domestic agencies and banks violating the provisions of the No. 7 Notice.

We and our employees who have been granted applicable equity awards shall be subject to the No. 7 Notice. If we fail to comply with the No. 7 Notice, we and/or our employees who are subject to the No. 7 Notice may face sanctions imposed by foreign exchange authority or any other PRC government authorities.

Foreign Investment Security Review Measures

On December 19, 2020, the NDRC and MOFCOM promulgated the *Foreign Investment Security Review Measures*, which took effect on January 18, 2021. Under the Foreign Investment Security Review Measures, investments in military, national defense-related areas or in locations in proximity to military facilities, or investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, IT, internet products and services, financial services and technology sectors, are required to be approved by designated governmental authorities in advance. Although the term "investment through other means" is not clearly defined under the Foreign Investment Security Review Measures, we cannot rule out the possibility that control through contractual arrangement may be regarded as a form of actual control and therefore require approval from the competent governmental authority. As the Foreign Investment Security Review Measures were recently promulgated, there are great uncertainties with respect to its interpretation and implementation. Accordingly, there are substantial uncertainties as to whether our VIE structure may be deemed as a method of foreign investment in the future.

Regulation on Information Security

The Standing Committee of the National People's Congress promulgated the *Cybersecurity Law of the PRC*, or the Cybersecurity Law, which became effective on June 1, 2017, to protect cyberspace security and order. Pursuant to the Cybersecurity Law, any individual or organization using the network must comply with the constitution and the applicable laws, follow the public order and respect social moralities, and must not endanger cybersecurity, or engage in activities by making use of the network that endanger the national security, honor and interests; incite subversion of state power; overthrow the socialist system; incite secession, undermining national unity, terrorism and extremism promotion, ethnic hatred and discrimination; spread violence and disseminate pornographic information, fabricating and spreading false information that disturbs economic and social order; or infringe on the fame, privacy, intellectual property and other legitimate rights and interests of others. The Cybersecurity Law sets forth various security protection obligations for network operators, which are defined as "owners and administrators of networks and network service providers," including, among others, complying with a series of requirements of tiered cyber protection systems; verifying users' real identity; localizing the personal information and important data gathered and produced by key information infrastructure operators during operations within the PRC; and providing assistance and support to government authorities where necessary for protecting national security and investigating crimes.

On December 28, 2021, the Cyberspace Administration of China, or the CAC, the NDRC, the MIIT, and several other administrations jointly promulgated the Cybersecurity Review Measures, which took effect on February 15, 2022. The Cybersecurity Review Measures replaces its previous version promulgated on April 13, 2020. According to the Cybersecurity Review Measures, (i) when the purchase of network products and services by a critical information infrastructures operator or the data processing activities conducted by a network platform operator affect or may affect national security, a cybersecurity review shall be conducted pursuant to the Cybersecurity Review Measures. The aforesaid operators shall file for a cybersecurity review with Cybersecurity Review Office under the CAC if their behavior affects or may affect national security; (ii) an application for cybersecurity review shall be made by an issuer who is a network platform operator holding personal information of more than one million users before such issuer applies to list its securities on a foreign stock exchange; and (iii) the relevant PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security. Cybersecurity reviews focus on assessing the following national security risks factors associated with relevant objects or circumstances: (i) the risk of illegal control, interference or destruction of critical information infrastructure, arising from the purchase and utilization of network products and services; (ii) the harm on the business continuity of critical information infrastructure incurring from a disruption of network products and services supply; (iii) the safety, openness, transparency, diversity of sources of network products and services; the reliability of suppliers; and the risk of supply disruption due to political, diplomatic, trade and other reasons; (iv) the level of compliance with the PRC laws, administrative regulations and ministry rules of the suppliers of network products and services; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or illegally exited the country; (vi) the risk of critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, or maliciously used by foreign governments and the network information security risk in relation to listing abroad; and (vii) other factors that may harm critical information infrastructure, cyber security and/or data security.

The Administrative Provisions on the Account Information of Internet Users, which was promulgated by the CAC on June 27, 2022 and became effective on August 1, 2022, sets out guidelines on the administration of the account information of internet users. Internet-based information service providers shall perform their responsibilities as the administrative subjects of the account information of internet users, have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems.

On July 7, 2022, the CAC promulgated the Data Outbound Transfer Security Assessment Measures, or the Security Assessment Measures, which became effective on September 1, 2022. The Security Assessment Measures provide that, among others, data processors shall apply to competent authorities for security assessment when (i) the data processors transferring important data abroad; (ii) a CIIO and personal information processor that has processed personal information of more than one million people, transferring personal information abroad; (iii) a data processor who has provided personal information of one hundred thousand individuals or sensitive personal information of ten thousands individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the previous year; and (iv) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC.

To comply with these laws and regulations, we have adopted security policies and measures to strengthen our defense against security threats and protect our cyber system and customer information, thereby ensuring security and continuity of our services. We also provide regular training to ensure that our employees understand that information security is everyone's responsibility.

Regulation on Internet Privacy

Pursuant to the Administrative Provisions on Mobile Internet Applications Information Services, effective on August 1, 2016 and amended on June 14, 2022 and effective on August 1, 2022, owners or operators of mobile applications that provide information services shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information content administrator responsibilities and carry out certain duties, including to authenticate the real identity information of users, establish and complete information content inspection and management mechanisms, perform the data security protection obligations and regulate personal information processing activities. On May 8, 2017, the Supreme People’s Court and the Supreme People’s Procuratorate released the Interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information, which clarifies several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by Article 253A of the *Criminal Law of the People’s Republic of China*, including “citizen’s personal information,” “provision” and “unlawful acquisition of citizens’ personal information.” Also, it specifies the standards for determining the “serious circumstances” and “particularly serious circumstances” of this crime.

On June 10, 2021, the *Data Security Law* was promulgated by the Standing Committee of the National People’s Congress and became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including a hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On August 20, 2021, the *Personal Information Protection Law* was promulgated by the Standing Committee of the National People’s Congress and became effective on November 1, 2021. The Personal Information Protection Law provides for various requirements on personal information protection, including the legal basis for data collection and processing, requirements on data localization and cross-border data transfer, requirements for consent of personal data collection and processing, and requirements on processing sensitive personal information. The Personal Information Protection Law also provides that the customers shall be entitled to opt out of the information recommendation or commercial marketing to individuals conducted by means of automated decision-making, or to be provided simultaneously with options not specific to individuals’ characteristics.

To comply with these laws and regulations, we collect and use personal information and data from our customers with their prior consent, and have established information security systems to protect customers’ privacy. There are uncertainties with respect to the interpretation and implementation of these data security laws and regulations, so our data-related measures may be subject to additional compliance requirements and regulatory burdens, and we may be required to make further adjustments to our business practices to comply with the interpretation and implementation of such laws.

Regulations on Dividend Distribution

Before January 1, 2020, the principal regulations governing dividend distributions of wholly foreign-owned companies include:

- Wholly Foreign-Owned Enterprise Law (1986), as amended pursuant to the Decision of the Standing Committee of the National People’s Congress on Revising the Wholly Foreign-Owned Enterprise Law promulgated on October 31, 2000 and The Decision of the Standing Committee of the National People’s Congress on Revising the “Law of the People’s Republic of China on Foreign-invested Enterprises” which promulgated on September 3, 2016 and took effect on October 1, 2016; and
- Wholly Foreign-Owned Enterprise Law Implementing Rules (1990), as amended pursuant to the Decision of the State Council on Amending the Rules for the Implementation of the Law on Foreign-Owned Enterprises promulgated by the State Council on April 12, 2001 and the Decision of the State Council on Amending the Rules for the Implementation of the Law of the People’s Republic of China on Foreign-capital Enterprises which took effect as of the promulgation date of March 1, 2014.

Under these regulations, wholly foreign-owned companies in the PRC may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards. In addition, these wholly foreign-owned companies are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds, until the accumulative amount of such fund reaches 50% of its registered capital. These reserve funds are not distributable as cash dividends.

With the Foreign Investment Law becoming effective on January 1, 2020, 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 are no longer applicable. The Foreign Investment Law and its implementation rule, named as Implementing Regulations of the Foreign Investment Law of the People's Republic of China, or the Implementing Regulations, does not specify the rules of dividend distribution of wholly foreign-owned companies, however, article 31 of the Foreign Investment Law states that the organizational form, organizational structure and their activities of a foreign-invested enterprise shall be governed by the provisions of the PRC Company Law, PRC Partnership Enterprise Law and other relevant laws, article 46 of the Implementing Regulations states that after the organizational forms, organizational structures, etc. of existing Foreign-invested Enterprises have been adjusted pursuant to the law, existing parties to Sino-foreign equity or cooperative joint ventures may continue to handle relevant matters according to the method of equity or interest transfer, the method of income distribution, the method of surplus assets distribution, etc. agreed in the relevant contracts. Therefore, relevant PRC laws such as PRC Company Law may apply to the dividend distribution of Foreign-owned companies, and the methods of dividend distribution stated in the current articles of association of the foreign-owned companies may still be applicable.

Regulation on Overseas Listing

On August 8, 2006, six PRC regulatory agencies, namely, the PRC Ministry of Commerce, the State Assets Supervision and Administration Commission, the SAT, the State Administration for Industry and Commerce, the CSRC and the SAFE, jointly adopted the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. The M&A Rules purports, among other things, to require offshore SPVs, formed for overseas listing purposes and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by SPVs seeking CSRC approval of their overseas listings.

On February 17, 2023, the CSRC released the New Overseas Listing Rules and five supporting guidelines, which came into effect on March 31, 2023. According to the New Overseas Listing Rules, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) the total assets, net assets, revenues or profits of the domestic operating entity of the issuer in the most recent accounting year account for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) the senior managers in charge of business operation and management of the issuer are mostly Chinese citizens or have domicile in China, and its main places of business are located in China or main business activities are conducted in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity, which shall, as the filing entity, fulfil the due filing and reporting obligations with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

Simultaneously, the CSRC issued the Notice on the Administrative Arrangements for the Filing of Overseas Offering and Listing by Domestic Companies, which, among others, clarifies that the domestic companies that have already been listed overseas on or before the effective date of the New Overseas Listing Rules (i.e., March 31, 2023) shall be deemed as existing issuers, or the Existing Issuers. Existing Issuers are not required to complete the filling procedures, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved.

According to the New Overseas Listing Rules, an overseas listed company shall file with the CSRC within three business days after the completion of its subsequent securities offering on the same market, and an overseas listed company shall file with the CSRC within three business days after its application of offering and listing on a different market. If an overseas listed company purchases PRC domestic assets through a single or multiple acquisitions, share swaps, shares transfers or other means, and such purchase constitutes direct or indirect listing of PRC domestic assets, a filing with the CSRC is also required. In addition, an overseas listed company is required to report to the CSRC the occurrence of any of the following material events within three business days after the occurrence and announcement thereof: (i) a change of control of the listed company; (ii) the investigation, sanction or other measures undertaken by any foreign securities regulatory agencies or relevant competent authorities in respect of the listed company; (iii) a change of listing status or transfer of listing segment; and (iv) the voluntary or mandatory delisting of the listed company. If an issuer's main business undergoes material change and is therefore beyond the scope of business stated in the filing, such issuer shall submit to the CSRC an *ad hoc* report and relevant legal opinion issued by a domestic law firm within three business days after occurrence of the change.

Our PRC legal counsel, Hai Run Law Firm, has advised us that, should we seek to (i) offer or list subsequent securities on U.S. stock exchanges, (ii) offer or list securities on other overseas stock exchange, or (iii) purchase PRC domestic assets through a single or multiple acquisitions, share swaps, shares transfers or other means, and such purchase constitutes direct or indirect listing of PRC domestic assets, we are required to file with the CSRC within three business days after the completion of securities offering. However, our PRC legal counsel has further advised us that there are substantial uncertainties as to how the M&A Rules and Overseas Listing Trial Measures will be interpreted or implemented in the context of an overseas offering, and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules and Overseas Listing Trial Measures.

On February 24, 2023, the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises was promulgated, or the Provision on Confidentiality, which became effective on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise publicly discloses or provides documents and materials involving state secrets and working secrets of state organs, or Relevant Documents and Materials, to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses Relevant Documents and Materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. Where a domestic enterprises provides accounting archives or copies of such archives to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities, it shall complete the corresponding procedures pursuant to relevant rules of the State. The working materials formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and outbound transfers of such materials shall go through approval procedures in accordance with relevant rules of the State.

At the time of our initial public offering in October 2007, while the application of the M&A Rule remained unclear, our then PRC legal counsel at the time, Commerce & Finance Law Offices, had advised us that, based on their understanding of the then PRC laws and regulations as well as the procedures announced on September 21, 2006:

- the CSRC had jurisdiction over our initial public offering;
- the CSRC had not issued any definitive rule or interpretation concerning whether offerings like our initial public offering are subject to the M&A Rule; and
- despite the above, given that we had completed our inbound investment before September 8, 2006, the effective date of the M&A Rule, an application was not required under the M&A Rule to be submitted to the CSRC for its approval of the listing and trading of our shares on the Nasdaq Global Market, unless we are clearly required to do so by subsequent rules of the CSRC.

Based on the advice of our then PRC legal counsel, Commerce & Finance Law Offices, we did not seek CSRC's approval for our initial public offering. Any requirement to obtain prior CSRC approval and a failure to obtain this approval, if required, could have a material adverse effect on our business, operating results, reputation and trading price of our shares.

Regulations on Tax

PRC Enterprise Income Tax

The PRC EIT is calculated based on the taxable income determined under the PRC accounting standards and regulations, as well as the EIT law. On March 16, 2007, the National People's Congress of China enacted the EIT Law, a new EIT law which became effective on January 1, 2008, which was subsequently amended on March 16, 2007, February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council promulgated the Implementation Rules which also became effective on January 1, 2008. On December 26, 2007, the State Council issued the Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the EIT Law, or the Transition Preferential Policy Circular, which became effective simultaneously with the EIT Law. The EIT Law imposes a uniform EIT rate of 25% on all domestic enterprises and foreign-invested enterprises unless they qualify under certain exceptions. Under the EIT Law, as further clarified by the Implementation Rules, the Transition Preferential Policy Circular and other related regulations, enterprises that were established and already enjoyed preferential tax treatments before March 16, 2007 will continue to enjoy them in the following manners: (i) in the case of preferential tax rates, for a five-year period starting from January 1, 2008, during which the tax rate will gradually increase to 25%; or (ii) in the case of preferential tax exemption or reduction for a specified term, until the expiration of such term. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make a profit, its term for preferential treatment will be deemed to start from 2008. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC Enterprise Income Tax Law may increase the enterprise income tax rate applicable to some of our PRC subsidiaries which could have a material adverse effect on our result of operations."

Under the New Income Tax law, enterprises are classified as either resident or non-resident. A resident enterprise refers to one that is incorporated under the PRC law or under the law of a jurisdiction outside the PRC with its “de facto management organization” located within the PRC. Non-resident enterprise refers to one that is incorporated under the law of a jurisdiction outside the PRC with its “de facto management organization” located also outside the PRC, but which has either set up institutions or establishments in the PRC or has income originating from the PRC without setting up any institution or establishment in the PRC. Under the New Enterprise Income Tax, Implementation Regulation, or the New EIT Implementation Regulations, “de facto management organization” is defined as the organization of an enterprise through which substantial and comprehensive management and control over the business, operations, personnel, accounting and properties of the enterprise are exercised. Under the New Income Tax Law and the New EIT Implementation Regulation, a resident enterprise’s global net income will be subject to a 25% EIT rate. On April 22, 2009, the State Administration of Taxation, or the SAT, issued 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. In addition, the SAT issued a bulletin on July 27, 2011 providing more guidance on the implementation of Circular 82 and clarifying matters such as resident status determination. Due to the present uncertainties resulting from the limited PRC tax guidance on this issue and because substantially all of our operations and all of our senior management are located within China, we may be considered a PRC resident enterprise for EIT purposes, in which case: (i) we would be subject to the PRC EIT at the rate of 25% on our worldwide income; and (ii) dividends income received by us from our PRC subsidiaries, however, would be exempt from the PRC withholding tax since such income is exempted under the EIT Law for a PRC resident enterprise recipient. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our global income or the dividends we receive from our PRC subsidiaries may be subject to PRC tax under the EIT Law, which could have a material adverse effect on our results of operations.”

PRC Business Tax and VAT

Taxpayers providing taxable services in China are required to pay a business tax at a normal tax rate of 5% of their revenues, unless otherwise provided. According to the Announcement on the VAT Reform Pilot Program of the Transportation and Selected Modern Service Sectors issued by the SAT in July 2012, the transportation and some selected modern service sectors, including research and development and technical services, information technology services, cultural creative services, logistics support services, tangible personal property leasing services, and assurance and consulting service sectors, should pay value-added tax instead of business tax based on a predetermined timetable (hereinafter referred to as the “VAT Reform”), effective September 1, 2012 for entities in Beijing and November 1, 2012 for entities in Guangdong. The VAT Reform expanded nation-wide from August 1, 2013.

In March 2016, during the fourth session of the 12th National People’s Congress, it was announced that the VAT reform will be fully rolled out and extended to all industries including construction, real estate, financial services and lifestyle services. Subsequently, the SAT and Ministry of Finance jointly issued a Notice on Preparing for the Full Implementation of the VAT Reform (Cai Shui [2016] No. 36). Accordingly, we started to pay value-added tax instead of business tax from May 1, 2016.

Dividend Withholding Tax

Under the PRC tax laws effective prior to January 1, 2008, dividends paid to foreign investors by foreign-invested enterprises are exempt from PRC withholding tax. Pursuant to the EIT Law and the Implementation Rules, dividends generated after January 1, 2008 and distributed to us by our PRC subsidiaries through our BVI subsidiary are subject to a 10% withholding tax, provided that we are determined by the relevant PRC tax authorities to be a “non-resident enterprise” under the EIT Law. Pursuant to the Avoidance of Double Taxation Arrangement, which became effective on January 1, 2007, which was subsequently amended on January 30, 2008, May 27, 2010, April 1, 2015 and July 19, 2019, dividends from our PRC subsidiaries paid to us through our Hong Kong SAR wholly-owned subsidiary CNinsure Holdings Ltd. are subject to a withholding tax at a rate of 5%. However, as described above, we may be considered a PRC resident enterprise for EIT purposes, in which case dividends received by us from our PRC subsidiary would be exempt from the PRC withholding tax because such income is exempted under the EIT Law for a PRC resident enterprise recipient. In July 2018, CNinsure Holdings Ltd. was determined by Hong Kong SAR Taxation Bureau to be a Hong Kong SAR resident enterprise and completed the application and filing process for enjoying the tax treaty in PRC Taxation Bureau therefore we have applied 5% withholding tax rate for the dividends paid by our PRC subsidiaries since then. As there remains uncertainty regarding the interpretation and implementation of the EIT Law and the Implementation Rules, it is uncertain whether any dividends to be distributed by us, if we are deemed a PRC resident enterprise, to our non-PRC shareholders would be subject to any PRC withholding tax. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our global income or the dividends we receive from our PRC subsidiaries may be subject to PRC tax under the EIT Law, which could have a material adverse effect on our results of operations.”

C. Organizational Structure

Corporate Structure

We are a Cayman Islands holding company primarily operating in China through our PRC subsidiaries, including Zhonglian Enterprise, and Xinlian Information, and their subsidiaries.

we currently conduct our insurance agency business in mainland China primarily through our wholly-owned subsidiary Fanhua Group Company and its subsidiaries. As of March 31, 2026, we, through Fanhua Group Company, have controlling equity ownership in one insurance sales services company with a national operating license, four regional insurance agencies and two insurance brokerage firms.

Fanhua Group Company and its direct and indirect subsidiaries hold the licenses and permits necessary to conduct our insurance intermediary business and internet insurance distribution business in China.

The following diagram illustrates the corporate structure of us, including the names, places of incorporation and the proportion of ownership interests in our significant subsidiaries and their respective subsidiaries as of March 31, 2026:

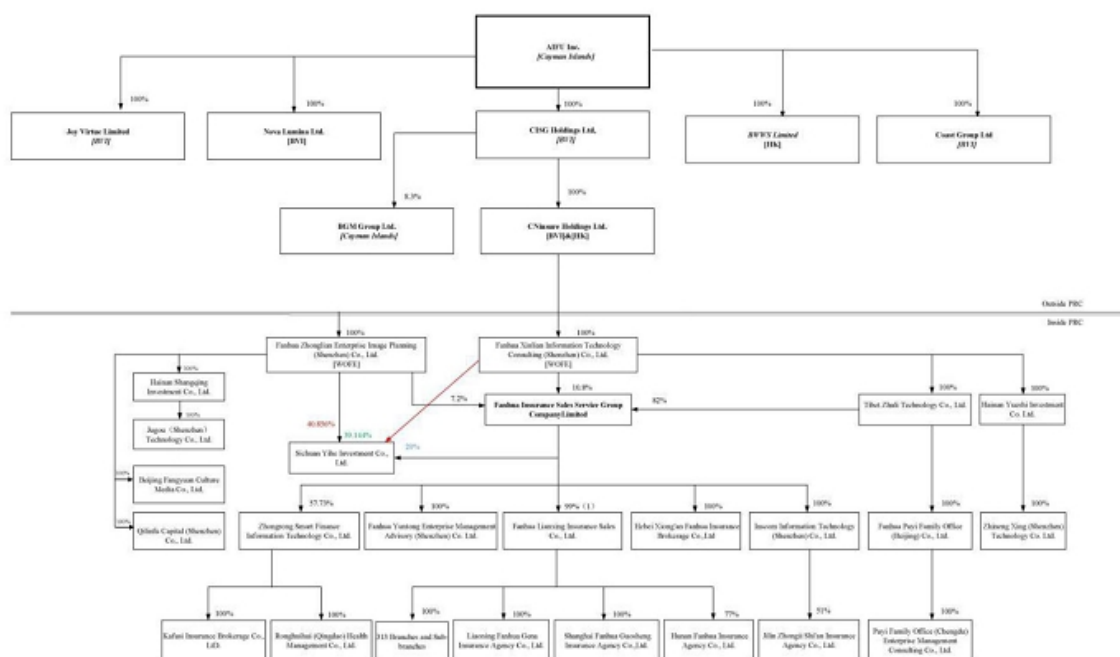


图 1.1 : 截至 2026 年 3 月 31 日的股权结构

The diagram above omits the names of subsidiaries that are immaterial individually and in the aggregate. For a complete list of our subsidiaries as of March 31, 2026, see Exhibit 8.1 to this annual report.

Prior to December 27, 2024, due to restriction on foreign ownership and investment in certain internet-based businesses, we operated these internet-based business in China through the former consolidated VIEs, namely, Xinbao Investment and Fanhua RONS Technologies, and their subsidiaries and relied on contractual arrangements among (x) our wholly-owned PRC subsidiaries Fanhua Group Company and Fanlian Investment, (y) the former consolidated VIEs and (z) the individual nominee shareholders of the former consolidated VIEs to control the business operations of the former consolidated VIEs and their subsidiaries.

Because of our historical contractual arrangements with Xinbao Investment, Fanhua RONS Technologies and their subsidiaries and their individual nominee shareholders, we were the primary beneficiary of Xinbao Investment and Fanhua RONS Technologies and their subsidiaries and we consolidated them into our consolidated financial statements until December 2024.

In December 2024, as part of the share exchange transaction with BGM, our beneficial ownership in Xinbao Investment and Fanhua RONS Technologies was transferred to BGM in exchange of Class A ordinary shares of BGM. These contractual arrangements were subsequently terminated. As a result, Xinbao Investment and Fanhua RONS Technologies have been deconsolidated from our consolidated financial statements from December 31, 2024. As of the date of this annual report, our operations in China are conducted by our PRC subsidiaries and we do not have any VIE structure.

In the opinion of Hai Run Law Firm, our PRC legal counsel:

- both the direct and indirect controlling equity ownership structures of our subsidiaries and our former consolidated VIEs in China did not violate the existing PRC laws and regulations
- the historical contractual arrangements among our PRC subsidiaries, Xinbao Investment, Fanhua RONS Technologies, their subsidiaries, and their individual shareholders governed by PRC law were valid, binding and enforceable, and did not result in any violation of PRC laws or regulations then and currently in effect; and
- the business operations of our PRC subsidiaries and our former consolidated VIEs complied in all material respects with existing PRC laws and regulations.

We have been advised by our PRC legal counsel, however, that there are uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the interpretation and application of current and future PRC laws and regulations. It is uncertain whether any new PRC laws or regulations relating to VIE structures will be adopted or if adopted, what they would provide and whether they would be applied retroactively. We have been further advised by our PRC legal counsel that if the PRC government were to find that the historical contractual agreements establishing the structure for operating our online operations did not comply with PRC government restrictions on foreign investment in the internet industry, we could be subject to severe penalties including fines. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—AIFU Inc. is a Cayman Islands holding company primarily operating in China through its subsidiaries. It historically also operated a small part of its business through Contractual Arrangements with Xinbao Investment and Fanhua RONS Technologies until December 27, 2024. If the PRC government retrospectively determines that the historical contractual arrangements with the former VIEs structure did not comply with the regulations of mainland China, or if these regulations change or are interpreted differently in the future, our shares may decline in value or become worthless if we are deemed to be unable to assert our contractual control rights over the assets of the former VIEs.”

D. Property, Plants and Equipment

Our headquarter is located in Guangzhou, China, where we leased approximately 2,099 square meters of office space as of December 31, 2025. Office space leased by our subsidiaries, including certain space used and paid by sales teams, was approximately 38,532 square meters as of December 31, 2025. In 2025, our total rental expenses were RMB23.5 million (US\$3.4 million).

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in this annual report. This discussion and analysis contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3. Key Information—D. Risk Factors” or in other parts of this annual report. For discussion of 2024 items and year-over-year comparisons between 2024 and 2023 that are not included in this annual report on Form 20-F, refer to “Item 5. Operating and Financial Review and Prospects” found in our Form 20-F for the year ended December 31, 2024, that was filed with the Securities and Exchange Commission on April 25, 2025.

A. Operating Results

Factors Affecting Our Results of Operations

Our business is affected by various factors within the broader economic and regulatory landscape, both in China and in other jurisdictions where we operate. These include but are not limited to:

1. General economic conditions in China: The overall economic trajectory of China plays a pivotal role in shaping our operations, impacting market dynamics and consumer behavior;
2. Per Capita Disposable Income: The increase in per capita disposable income reflects evolving consumer spending patterns and influences demand for insurance and financial products;
3. Regulatory Changes: Regulatory shifts in China and other relevant jurisdictions significantly impact our business strategies, operations, and compliance requirements;
4. Industry-wide premium growth: We derive our revenue primarily from commissions and fees paid by insurance companies, typically calculated as a percentage of premiums paid by our customers to the insurance companies. Accordingly, industry-wide premium growth will have a positive impact on us. Any downturn in the Chinese insurance industry, whether caused by a general slowdown of the PRC economy or otherwise, may adversely affect our financial condition and results of operations;
5. Rising Insurance Awareness and Demand: The growing awareness of insurance and increasing demand for insurance products present opportunities for expansion and innovation in our service offerings; and
6. Competitive Environment: The competitive landscape in China poses challenges and opportunities, driving us to continuously enhance our technological capabilities and service differentiation to maintain our market position and achieve sustained growth.

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

- business relationship with important insurance company partners;
- premium rate levels and commission and fee rates;
- the quality and productivity of our sales force;
- successful implementation of our professionalization, digitalization and open platform strategy;
- commission rates for individual sales agents;
- product and service mix; and
- seasonality.

Business relationship with important insurance company partners

We derive significant revenue from our important insurance company partners. Among these top five of our insurance company partners, Sinatay accounted for 13.5% of our total net revenues excluding estimated renewal commissions in 2025. As a result, any significant changes to our business relationship with the important insurance company partners could have a material impact on our revenue and profit.

Premium rate levels and commission and fee rates

Because the commissions and fees we receive from insurance companies for the distribution of insurance products are generally calculated as a percentage of premiums paid by our customers to the insurance companies, our revenue and results of operations are affected by premium rate levels and commission and fee rates. Premium rate levels and commission and fee rates can change based on the prevailing economic conditions, competitive and regulatory landscape, interest rate environment and other factors that affect insurance companies. These other factors include the ability of insurance companies to place new business, underwriting and non-underwriting profits of insurance companies, consumer demand for insurance products, the availability of comparable products from other insurance companies at a lower cost, and the tax deductibility of commissions and fees. In general, we can negotiate for better rates as an incentive for generating a larger volume of business, although such arrangements remain subject to insurers' pricing and expense policies.

In recent years, amid a prolonged decline in interest rates for banking and fixed-income products, China's insurance regulators have implemented a series of measures affecting life insurance product pricing and insurance distribution expenses. These measures include adjustments to pricing interest rate mechanisms for life insurance products and requirements that actual distribution expenses, including commissions paid to insurance agencies and brokers, align with filed expense structures and prescribed expense limits. As a result, insurance companies have reduced pricing interest rate caps for certain life insurance products and lowered commission rates across various distribution channels.

These regulatory-driven changes have already led to a significant decline in our commission income and have adversely affected our results of operations. Lower pricing interest rate caps may reduce the attractiveness of certain insurance products and affect sales volumes, while commission caps directly limit the commission rates payable to us regardless of sales performance. Although we have taken measures to mitigate the impact of these changes, including adjusting our business mix and improving operational efficiency, there can be no assurance that such measures will fully offset the adverse effects.

If regulatory authorities further tighten pricing mechanisms or impose additional reductions on commission or fee rates, our revenues, profitability and cash flows could be further adversely affected.

The quality and productivity of our sales force

The quality and productivity of our sales agents significantly impact our financial results. A substantial portion of our insurance sales comes from individual agents, with top performers driving the majority of sales. Recruiting and retaining these high-performing agents, especially Million-Dollar-Roundtable members, is crucial for our growth. Failing to retain these essential personnel could adversely affect our business. As competition for skilled sales agents intensifies, we may need to offer higher compensation, increasing our operating costs and reducing profitability. Training new agents and advisors adds to our expenses, further impacting profitability.

We aim to build a platform to enhance sales agent's skills and productivity through training and technology implementation, along with investments in advanced tools and platforms, which are expected to yield positive results. This strategy requires continuous investment in personnel and systems. We expect these initiatives to drive growth, but inadequate execution could negatively affect our financial performance.

Successful Implementation of our Growth Strategies

Our financial performance is directly affected by our execution of a refined strategic focus. During the fiscal year, we took decisive actions to sharpen our approach:

- We strengthened our core insurance distribution by continuing to develop our high-caliber insurance advisor teams and evolving our digital platform to enhance agent productivity.
- In December 2024, we disposed of our online insurance distribution platform Baowang and in January 2025 we disposed of our claims adjusting business. Furthermore, we made the decision to terminate the open platform services initiative, which had not generated meaningful revenue, due to a challenging regulatory environment.

These exits allow management to focus entirely on our core operations and allowed for a more efficient allocation of resources. Our ability to grow is now dependent on the successful management of this streamlined operations model.

Commission rates for individual sales agents

A large component of our operating costs is commissions paid to our individual sales agents. In order to retain sales agents, we must pay commissions at a level comparable to the commissions paid by our competitors. Intensified competition for productive sales agents within the Chinese insurance industry and rising salaries in China may lead to a significant increase in commission rates which could have a negative impact on our results of operations.

Product and service mix

Our business mix has undergone significant change in the past two years. In December 2024, we disposed of our online insurance distribution platform Baowang which previously contributed to a large majority of our non-life insurance business and in January 2025, we disposed of the entirety of our equity interest in FHISLA, the operating entity of the claims adjusting business segment and ceased offering claims adjusting services. Accordingly, the results of the claims adjusting segment are presented as discontinued operations and all prior periods have been restated. Our revenue, net profit, profit margins and other aspects of our results of operations are affected by the level of success we experience in the remaining businesses we operate:

Insurance Agency Segment

The insurance agency segment, which has been our largest segment, provides a broad range of life and health and non-life insurance products to individual customers.

Most individual life and health insurance policies we distribute require periodic payment of premiums, typically annually, during a pre-determined payment period, generally ranging from three to 25 years. For each of such policies that we distribute, insurance companies will pay us a first-year commission and fee based on a percentage of the first-year premiums, and subsequent commissions and fees based on smaller percentages of the renewal premiums paid by the insured throughout the renewal term of the policy. Therefore, once we distribute a life and health insurance policy with a periodic payment schedule, it can bring us a steady flow of commission and fee revenue throughout the renewal term as long as the insured fulfills his or her premium payment commitment and continuously renews the policy.

Because of the recurring nature of commissions derived from long term life and health insurance business, and the higher gross margin of our life insurance business than that of our property and casualty insurance business, we intend to continue our focus on distributing more long-term life and health insurance products, which we believe will have a positive impact on our revenue and gross margin in the long term.

The non-life insurance policies we distribute primarily consist of individual accident insurance, indemnity medical insurance, travel insurance, homeowner insurance and commercial property insurance, liability insurance, cargo insurance, construction and erection insurance that we offer through our insurance brokerage firm. These non-life insurance policies we distribute are typically for a one-year term, with a single premium payable at the beginning of the term. As a result, the insured has to purchase new policies through us every year. Accordingly, we receive a single commission or fee for each non-life insurance policy we distribute. The gross margin derived from our non-life insurance business is typically lower than that of our life insurance business. We expect revenues from our non-life business as a percentage of our total net revenues to remain stable as we will continue to offer non-life insurance products to our clients in partnership with Baowang despite the disposal of Xinbao Investment, the parent company of the operating entity of Baoxian.com in December 2024.

Claims Adjusting Segment (Discontinued since January 2025)

The fees we received for our claims adjusting services were calculated based on the types of insurance products involved. For services provided in connection with property and casualty insurance (other than marine cargo insurance and automobile insurance), our fees were calculated as a percentage of the recovered amount from insurance companies plus travel expenses. For services provided in connection with marine cargo insurance, our fees were charged primarily on an hourly basis and, in some cases, as a percentage of the amount recovered from insurance companies. For services provided in connection with auto insurance, individual accident insurance and health insurance, our fees were generally fixed and the amounts collected were based on the types of services provided. In some cases, our fees were charged based on the number of claims adjusters involved in providing the services. We paid our in-house claims adjusters a base salary plus a commission calculated based on a small percentage of the service fees we received from insurance companies or the insured. The operating margin of our claims adjusting segment were generally lower than those of our insurance agency segment although its gross margin was relatively higher. This segment was disposed of in January 2025 and its results are presented as discontinued operations for all periods presented in this report.

Seasonality

Our quarterly results of operations are affected by seasonal variations caused by business mix, insurance companies' business practices and consumer demand. For life insurance business, much of the jumpstart sales activities of life insurance companies occur during the first quarter of a year, while business activities slow down in the fourth quarter of a year as life insurance companies focus on the preparation for the jumpstart sales season of the coming year by preparing to launch new products, making marketing plans and organizing training. During the jumpstart sales season, life insurance companies will offer incentives that are more attractive to insurance intermediaries and sales agents to boost sales. Accordingly, our commission and fee revenue derived from life insurance business is generally the highest in the first quarter of a year and the lowest in the fourth quarter of a year.

We undertake regular evaluations of multiple operational metrics to analyze our business, assess performance, detect trends, develop financial projections, and guide strategic decision-making. The principal operational metrics we analyze are outlined in the table below:

Key Components of Our Results of Operations

As of December 31, 2024, we operated two segments: (1) the insurance agency segment, which mainly consisted of providing agency services for distributing life insurance products and non-life insurance products on behalf of insurance companies, and (2) the claims adjusting segment, which consists of providing pre-underwriting survey services, claims adjusting services, disposal of residual value services, loading and unloading supervision services, and consulting services. As of December 31, 2025, as a result of the divestiture of the claims adjusting business, we have one remaining operating segment and the claims adjusting segment has been categorized as a discontinued operation.

Operating segments are defined as components of an enterprise about which separate financial information is available and evaluated regularly by our chief operating decision maker in deciding how to allocate resources and in assessing performance.

Net Revenues

Our revenues are net of PRC tax surcharges and value-added tax incurred. In 2024 and 2025, we generated net revenues of RMB1,331.8 million and RMB556.6 million (US\$79.6 million), respectively. We derive net revenues from the following sources:

- *Insurance agency segment*: commissions paid by insurance companies for the distribution of (i) life and health insurance products, and (ii) non-life products and commissions and advisory fees for (i) insurance and reinsurance brokerage services primarily paid by the insurance companies, and (ii) risk management consulting services primarily paid by the insureds.

The following table sets forth our total net revenues earned from each of our reporting segments, both in absolute amounts and as percentages of total net revenues, for the periods indicated:

	Year Ended December 31,				
	2024		2025		
	RMB	%	RMB	US\$	%
	(in thousands except percentages)				
Agency	1,331,778	100.0	556,567	79,588	100.0
Life insurance business	1,186,462	89.1	515,557	73,724	92.6
Non-life insurance business (previously categorized as P&C insurance business)	145,316	10.9	41,010	5,864	7.4
Total net revenues	1,331,778	100.0	556,567	79,588	100.0

Insurance agency segment primarily covers distribution of life and health insurance products and non-life insurance products to individuals and to a lesser extent commercial line of property insurance products to corporate clients.

Net revenues generated from distribution of long-term life and health insurance products have become our primary source of revenue. We began distributing individual life and health insurance products in 2006. Net revenues generated from distribution of life and health insurance products decreased from 2024 to 2025. The decrease was primarily attributable to i) the prolonged weakness in consumer confidence, with households remaining cautious on discretionary spending, which exerted broad-based pressure on insurance demand; and ii) the earlier implementation of the “alignment of reported and actual expenses” policy in the insurance agency/broker channel since the late March 2024, which led to a significant reduction in commission levels. In contrast, insurers’ tied-agent channels only began to implement the policy gradually from April 2025, creating an asymmetric timeline that temporarily intensified competitive pressure on the agency/broker channel and (iii) the decrease in renewal commission income as a result of the decreased average portfolio based renewal commission rate, and to a lesser extent, due to changes in product mix. We expect our life insurance business to continue to represent a high percentage of our total net revenues in the next several years. We believe this growth will be driven by a number of factors including demand for traditional life and health insurance products as a result of the aging population and the Chinese consumers’ increasing awareness of the benefits of insurance as well as improved productivity of our sales professionals as the Company focuses more resources on recruiting, retaining and training elite sales agents.

Net revenues generated from distribution of non-life products decreased from 2024 to 2025 in absolute amounts of our net revenues, due to the divestiture of Baowang (www.baoxian.com), an online insurance distribution platform, in December 2024, which eliminated the revenue contribution previously generated by Baowang. We expect our net revenues derived from distribution of non-life products to remain stable in the following years.

The commissions and fees we receive from the distribution of insurance products are based on a percentage of the premiums paid by the insured. Commission and fee rates generally depend on the type of insurance products, the particular insurance company and the region in which the insurance products are sold. We typically receive payment of the commissions and fees from insurance companies for insurance products on a monthly basis. Some of the fees are paid to us annually or semi-annually in the form of additional performance bonuses after we achieve specified premium volume or policy renewal goals as agreed upon between the insurance companies and us.

Operating Costs and Expenses

Our operating costs and expenses primarily consist of costs incurred in connection with the distribution of insurance products, selling expenses and general and administrative expenses. The following table sets forth the components of our operating costs and expenses, both in absolute amounts and as percentages of our net revenues, for the periods indicated.

	Year Ended December 31,				
	2024		2025		
	RMB	%	RMB	US\$	%
	(in thousands except percentages)				
Total net revenues	1,331,778	100.0	556,567	79,588	100.0
Operating costs	(799,781)	(60.1)	(282,300)	(40,369)	(50.7)
Selling expenses	(104,294)	(7.8)	(60,655)	(8,674)	(10.9)
General and administrative expenses	(470,700)	(35.3)	(252,669)	(36,131)	(45.4)
Impairment loss	(404,121)	(30.3)	—	—	—
Total operating costs and expenses	(1,778,896)	(133.5)	(595,624)	(85,174)	(107.0)

Operating Costs

We incur costs primarily in connection with the distributions of insurance products and the provision of insurance brokerage. Our operating costs decreased from 2024 to 2025, which was in line with the decrease in revenue during the same period. We rely mainly on our registered sales agents to distribute insurance products. Operating costs incurred as a percentage of net revenues decreased from 2024 to 2025, primarily due to the higher proportion of revenue contributed by the renewal life insurance business which typically has higher gross margin than new business, offset by the decrease in higher-margin volume-based commission from new life insurance business. We anticipate that our operating costs as a percentage of our total net revenues to stable in the coming years.

Selling Expenses

Our selling expenses primarily consist of:

- salaries and employment benefits for employees who work in back office below the provincial management level;
- office rental, telecommunications and office supply expenses incurred in connection with sales activities; and
- advertising and marketing expenses.

Selling expenses in 2025 were RMB60.7 million (US\$8.7 million), representing a decrease of 41.8% from RMB104.3 million in 2024. The decrease was due to: i) expenses savings from personnel optimization and decreased number of sales outlets; ii) the reversal of RMB9.8 million (US\$1.4 million) of share-based compensation expenses previously recognized, as the performance conditions attached to the options granted to MDRT agents were not satisfied. We expect that our selling expenses will be in line with the sales volume of new policies in the coming year.

General and Administrative Expenses

Our general and administrative expenses principally comprise:

- salaries and benefits for our administrative staff;
- share-based compensation expenses for managerial and administrative staff;
- research and development expenses in relation to our mobile and online programs;
- professional fees paid for valuation, market research, legal and auditing services;
- bad debt expenses for credit loss;
- compliance-related expenses, including expenses for professional services;
- depreciations and amortizations;
- office rental expenses;
- travel and telecommunications expenses;
- entertainment expenses;
- office supply expenses for our administrative staff; and
- foreign exchange loss.

General and administrative expenses were RMB252.7 million (US\$36.1 million) for 2025, representing a decrease of 46.3% from RMB470.7 million in 2024. The decrease was mainly due to cost savings from personnel optimization and decrease in the number of branches in 2025. We expect that our general and administrative expenses will decrease in absolute amount as a result of our cost-savings initiatives.

Share-based compensation expenses

On August 12, 2022, our board of directors adopted a new share incentive plan under which we have reserved 161,143,768 ordinary shares for issuance (equivalent to approximately 402,860 Class A ordinary shares giving effect to the Share Consolidation at a ratio of 400-for-1 on May 21, 2025), which was approximately 15% of our outstanding ordinary shares as of June 30, 2022. On February 20, 2024, our board of directors adopted another share incentive plan under which we have reserved 113,423,618 ordinary shares for issuance (equivalent to approximately 283,560 Class A ordinary shares giving effect to the Share Consolidation), which was approximately 10% of our outstanding ordinary shares as of December 31, 2023 (“2024 Share Incentive Plan”). Under the two share incentive plans, our board of directors has approved the grant of options to purchase an aggregate of 41,718,000 ordinary shares (equivalent to approximately 104,295 Class A ordinary shares giving effect to the Share Consolidation) and the grant of 640,260 restricted share units, with each restricted share unit representing one post-consolidation Class A ordinary share giving effect to our ADR facility termination and Share Consolidation. See Item 6. Directors, Senior Management and Employees — B. Compensation — Share Incentives” for more information of the share incentive plans and option grants.

Accordingly, we recognized share-based compensation expenses of RMB38.6 million and RMB17.0 million (US\$2.4 million) of December 31, 2024 and 2025, respectively. See “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentives.”

Impairment

Impairment loss reflected the expected adverse impact of the overall economic uncertainties in China, growth slowdown within the Chinese insurance market and our strategic business transition on our earnings in the next two to three years. We perform annual impairment analysis, and for the years ended December 31, 2023, 2024, and 2025 impairment losses on goodwill and intangible asset were nil, RMB404.1 million and nil, respectively.

Discussion of Certain Balance Sheet Items

The following table sets forth certain selected consolidated balance sheets data as of December 31, 2024 and 2025.

	As of December 31		
	2024	2025	
	RMB	RMB	US\$
	(in thousands)		
Selected Consolidated Balance Sheets Data			
ASSETS:			
Securities available for sale, at fair value	563,436	2,450	350
Equity securities, at fair value	—	2,746	393
Other receivables, net	708,623	288,339	41,232
Other current assets, net	23,402	14,809	2,118
Contract assets, net of allowances	260,368	182,453	26,090
Contract assets - non-current, net of allowances	693,638	565,418	80,854
Accounts receivable, net of allowances	95,138	65,533	9,371
Assets related to discontinued operation	277,226	—	—
Investments in affiliates	1,004,683	—	—
Total assets	4,151,014	1,528,098	218,516
LIABILITIES AND EQUITY:			
Short-term loans	134,976	56,000	8,008
Accrued commissions	128,314	90,076	12,881
Accrued commissions – non-current	387,540	316,419	45,247
Total liabilities	1,520,559	1,056,962	151,144
Total equity	2,630,455	471,136	67,372
Total liabilities and equity	4,151,014	1,528,098	218,516

Securities available for sale, at fair value

Securities available for sale, at fair value mainly consist of bank financial products, trust products and asset management plans. As compared with the balance as of December 31, 2024, securities available for sale, at fair value as of December 31, 2025 decreased by RMB561.0 million, primarily due to the recognition of impairment loss in respect of investments that have reached maturity but for which principal and interest have not been repaid.

Equity securities, at fair value

Equity securities, at fair value primarily consist of equity investments in certain companies, over which the Group exercises neither significant influence nor control. Such equity securities are measured at fair value based on quoted prices in active markets where fair value is readily determinable, and changes in fair value are recognized in profit or loss. As compared with the balance as of December 31, 2024, equity securities as of December 31, 2025 increased by RMB2.7 million,

Other receivable, net

Other receivable mainly represented advances to staffs or entrepreneurial agents for daily business operations, rental deposits and advances to third parties. As compared with the balance as of December 31, 2024, other receivables as of December 31, 2025 decreased by RMB420.3 million, mainly representing the recognition of provision on credit loss of RMB 1,530.6 million for other receivables, offset by (i) an increase of consideration receivable of RMB50.6 million in connection with the divestiture of subsidiaries; and (ii) an increase of receivable of RMB766.0 million from third-party investment firms as we transferred 53,466,331 Class A ordinary shares of BGM to third-party investment firms in May 2025. The share transfer consideration shall be settled in two equal installments within two years.

Other current assets, net

Other current assets represent prepayment to third parties. As compared with the balance as of December 31, 2024, other current assets as of December 31, 2025 decreased by RMB8.6 million, mainly due to the divestiture of equity investment in Cheche Technology Inc. (“Cheche”) which amounted to RMB13.7 million and nil as of December 31, 2024 and 2025, respectively.

Contract assets, net of allowances

Contract assets consist of (i) amount derived from estimated renewal commissions and (ii) initial commissions earned in relation to policies that are still in the hesitation period as of December 31, 2024 and 2025. The Company presents contract assets to be reclassified to accounts receivable within the next twelve months and after the next twelve months as current contract assets and non-current contract assets separately in the consolidated balance sheets as of December 31, 2024 and 2025, respectively. As compared with the balance as of December 31, 2024, the total balance of contract assets including both current and non-current portion as of December 31, 2025 decreased by RMB206.1 million, mainly due to the significant decrease in sales of new policies in 2025.

Investments in Affiliates

Investment in affiliates represents equity investments with significant influence by the right to nominate one board member in the investees. As of December 31, 2025, the Company had no investment in affiliates due to disposal of BGM’s shares in a private-negotiated transaction in May 2025.

Short-term loan

Short-term loan represented borrowings made by the Company’s subsidiaries from financial institutions in mainland China and were due within one year. The balance of short term loan as of December 31, 2025 decreased by RMB79.0 million as compared with the balance as of December 31, 2024, mainly due to decreased bank loan from a commercial bank in China in 2025 which bears an interest rate of 3.5% per annum.

Accrued commissions

Accrued commissions represented costs related to estimated renewal commissions. The Company presented estimated renewal commission costs to be paid within the next twelve months and after the next twelve months as current accrued commissions and non-current accrued commissions separately in the consolidated balance sheets as of December 31, 2024 and 2025, respectively. As of December 31, 2025, the balances of current and non-current accrued commissions collectively decreased by RMB109.4 million, as compared with the balances as of December 31, 2024. The decrease was mainly due to a comprehensive impact of decreased estimated renewal commission cost for new policies sold during 2025 and cumulative catch-up adjustments to estimated variable commissions accrued as a result of declining constraint percentage applied on an ongoing basis.

Taxation

We and each of our subsidiaries file separate income tax returns.

The Cayman Islands, the British Virgin Islands and Hong Kong SAR

Under the current laws of the Cayman Islands and the British Virgin Islands, we and our subsidiaries incorporated in the British Virgin Islands are not subject to income or capital gains taxes. In addition, dividend payments are not subject to withholding tax in those jurisdictions.

On March 21, 2018, the Hong Kong SAR Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first 2 million Hong Kong SAR Dollar of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

The provision for current income taxes of the subsidiaries operating in Hong Kong SAR has been calculated by applying the current rate of taxation of 8.25% for the years ended December 31, 2024 and 2025. Payment of dividends is not subject to withholding tax in Hong Kong SAR.

PRC

EIT

According to the PRC Enterprise Income Tax Law, which became effective on January 1, 2008 and was subsequently amended on March 16, 2007, February 24, 2017 and December 29, 2018, as further clarified by subsequent tax regulations implementing the EIT law, foreign invested enterprises and domestic enterprises are subject to enterprise income tax, or EIT, at a uniform rate of 25%.

Pursuant to the Circular on Issues Regarding Tax-related Preferential Policies for Further Implementation of Western Development Strategy jointly issued by the State Ministry of Finance, General Administration of Customs, and SAT, enterprises located in the western China regions that fall into the encouraged industries are entitled to 15% EIT preferential tax treatment from January 1, 2011 to December 31, 2020. The preferential tax treatment is extended to December 31, 2030, pursuant to No. 23 Announcement Concerning the Extension of the EIT Policies for Enterprises Located in Western China issued by the Ministry of Finance on April 23, 2020. Our wholly-owned subsidiary, Fanhua Lianxing Insurance Sales Co., Ltd. (“Lianxing”), which is the holding vehicle of our life insurance operations, enjoyed 15% EIT tax rate instead of a unified 25% from September 1, 2018 to December 31, 2024. Commencing on January 1, 2025, due to adjustments to the Catalogue of Encouraged Industries for the Large-Scale Development of the Western Region, Lianxing is no longer eligible for the 15% preferential income tax rate applicable under the western development tax incentive policy and shall be taxed at a rate of 25%.

Pursuant to the Circular on Inclusive Tax Relief Policies for Small Low-Profit Enterprises (“SLPEs”), or Circular [2019] No. 13, jointly issued by the State Ministry of Finance and State Administration for Taxation in January 2019, an SLPE is entitled to a preferential tax rate of 20% with a 75% reduction on its annual taxable income for the portion not exceeding RMB1 million and a 50% reduction for the portion between RMB1 million to RMB3 million. Further to the Circular [2019] No. 13, Announcement on Preferential Tax Policies for SLPEs and Individually-owned Businesses was jointly issued by the State Ministry of Finance and State Administration for Taxation in April 2021, which provides SLPEs an 12.5% reduction on annual taxable income for the portion not exceeding RMB1 million. Pursuant to the Circular on Inclusive Tax Relief Policies for Small Low-Profit Enterprises (“SLPEs”), or Circular [2022] No. 13, jointly issued by the State Ministry of Finance and State Administration for Taxation in March 2022, an SLPE is entitled to a preferential tax rate of 20% with a 75% reduction on its annual taxable income for the portion between RMB1 million to RMB3 million. Pursuant to the Circular on Inclusive Tax Relief Policies for Small Low-Profit Enterprises (“SLPEs”), or Circular [2023] No. 12, jointly issued by the State Ministry of Finance and State Administration for Taxation in August 2023, an SLPE is entitled to a preferential tax rate of 20% with a 75% reduction on its annual taxable income and the preferential tax treatment is extended to December 31, 2027.

Accordingly, Shenzhen Baowang E-commerce Co., Ltd., the wholly-owned subsidiary of one of our former VIEs, both of which have been transferred to BGM in December 2024, enjoyed a preferential tax rate of 20% with a 75% reduction on their annual taxable income from January 1, 2019 to December 31, 2023. Shenzhen Fanhua Training Co., Ltd. a subsidiary of our claims adjusting segment which was discontinued in January 2025 following the disposal, enjoy a preferential tax rate of 20% with 75% on their annual taxable income from January 1, 2019 to December 31, 2020, an 87.5% reduction on their annual taxable income from January 1, 2021 to December 31, 2022 and a 75% reduction on their annual taxable income for the fiscal year of 2023.

Business Tax and VAT

In March 2016, during the fourth session of the 12th National People's Congress, it was announced that the VAT reform will be fully rolled out and extended to all industries including construction, real estate, financial services and lifestyle services. Subsequently, the State Administration of Taxation and Ministry of Finance jointly issued a Notice on Preparing for the Full Implementation of the VAT Reform (Cai Shui [2016] No. 36). Accordingly, revenues from our services are subject to value-added tax instead of business tax starting from May 1, 2016.

PRC Urban Maintenance and Construction Tax and Education Surcharge

Any entity, foreign-invested or purely domestic, or individual that is subject to consumption tax, VAT and business tax is also required to pay PRC urban maintenance and construction tax. The rates of urban maintenance and construction tax are 7%, 5% or 1% of the amount of consumption tax, VAT and business tax actually paid depending on where the taxpayer is located. All entities and individuals who pay consumption tax, VAT and business tax are also required to pay education surcharge at a rate of 3%, and local education surcharges at a rate of 2%, of the amount of VAT, business tax and consumption tax actually paid.

Results of Operations

The following table sets forth our net revenues, operating costs and expenses and income from operations by reportable segments for the periods indicated.

	2024 to 2025		2025	
	2024	Percentage Change	RMB	US\$
	RMB	%		
(in thousands except percentages)				
Consolidated Statement of Income Data				
Net revenues:				
Agency	1,331,778	(58.2)	556,567	79,588
Life insurance business	1,186,462	(56.5)	515,557	73,724
Non-life insurance business	145,316	(71.8)	41,010	5,864
Total net revenues	1,331,778	(58.2)	556,567	79,588
Operating costs and expenses:				
Agency	(1,619,793)	(67.6)	(524,971)	(75,070)
Other	(159,103)	(55.6)	(70,653)	(10,104)
Total operating costs and expenses	(1,778,896)	(66.5)	(595,624)	(85,174)
Income from operations				
Insurance agency	(288,015)	(111.0)	31,596	4,518
Other	(159,103)	(55.6)	(70,653)	(10,104)
Loss from operations	(447,118)	(91.3)	(39,057)	(5,586)
Other income, net:				
Loss from fair value change	(78,499)	(68.2)	(24,976)	(3,572)
Investment income related to the realized gain on short-term investments	42,288	(6.6)	39,483	5,646
Interest income, net	15,092	100.2	30,207	4,320
Financial cost	(3,315)	11.9	(3,710)	(531)
Gains (Losses) from the disposal of subsidiaries	897,306	N/A	(116,605)	(16,674)
Provision for credit losses	(47,147)	3,209.1	(1,560,128)	(223,094)
Impairment loss on financial assets	—	N/A	(610,631)	(87,319)
Others, net	22,701	(46.4)	12,171	1,740
Income from operations before income taxes and share of income and impairment of affiliates, net	401,308	(666.5)	(2,273,246)	(325,070)
Income tax expenses	(91,954)	(95.6)	(4,020)	(575)
Share of loss and impairment of affiliates, net	(5,052)	100.0	—	—
Net income (loss) from continuing operations	304,302	(848.4)	(2,277,266)	(325,645)
Net income from discontinued operations, net of tax	5,172	(37.5)	3,230	462
Net income (loss)	309,474	(834.8)	(2,274,036)	(325,183)
Less: Net income (loss) attributable to the noncontrolling interests	(145,486)	(100.9)	1,350	193
Net income (loss) attributable to the Company's shareholders	454,960	(600.1)	(2,275,386)	(325,376)

We are currently operating under one single reporting operating segment: insurance agency.

Year ended December 31, 2025 Compared to Year Ended December 31, 2024

Net Revenues

Our total net revenues decreased by 58.2% from RMB1,331.8 million in 2024 to RMB556.6 million (US\$79.6 million) in 2025.

Net revenues from insurance agency segment

Net revenues from our insurance agency segment consist of net revenues derived from our life insurance business and non-life insurance business.

- Net revenues from our insurance agency segment decreased by 58.2% from RMB1,331.8 million in 2024 to RMB556.6 million (US\$79.6 million) in 2025.
- Net revenues from life insurance agency business consist of first year commissions, renewal commissions collected and renewal commissions recognized related to variable consideration estimates. Net revenues for the life insurance business decreased by 56.5% from RMB1,186.5 million in 2024 to RMB515.6 million (US\$73.7 million) in 2025. The decreased was mainly due to i) the prolonged weakness in consumer confidence, with households remaining cautious on discretionary spending, which exerted broad-based pressure on insurance demand; ii) the adverse impact of the implementation of the “alignment of reported and actual expenses” policy in the insurance agency/broker channel since late March 2024, which led to a significant reduction in commission levels. In contrast, insurers’ tied-agent channels only began to implement the policy gradually from April 2025, creating an asymmetric timeline that temporarily intensified competitive pressure on the agency/broker channel; and (iii) the decrease in renewal commission income as a result of the decreased average portfolio- based renewal commission rate, and to a lesser extent, due to changes in product mix.

In 2025, total life insurance GWP decreased by 7.6% year-over-year to RMB14,396.7 million, of which FYP decreased by 45.0% year-over-year to RMB986.2 million while renewal premiums decreased by 2.6% year-over-year to RMB13,410.5 million. Net revenues generated from our life insurance business accounted for 92.6% of our total net revenues in 2025.

Revenues for the non-life insurance business were mainly derived from commissions generated for internet-based insurance products, including medical insurance, accident insurance, travel insurance and homeowner insurance products and to a lesser extent from commissions and services fees from the provision of insurance brokerage services for commercial line of insurance products. Net revenues generated from the non-life insurance business accounted for 7.4% of our total net revenues in 2025.

Operating Costs and Expenses

Operating costs and expenses decreased by 66.5% from RMB1,778.9 million in 2024 to RMB595.6 million (US\$85.2 million) for 2025.

- Operating costs and expenses for our insurance agency segment decreased by 67.6% from RMB1,619.8 million in 2024 to RMB525.0 million (US\$75.1 million) in 2025, mainly due to (i) the decrease in commissions paid to sales agents which was largely in line with the decline in net revenues and (ii) significant cost savings through a series of measures to enhance operational efficiency, including optimizing workforce, strategically consolidating underperforming sales outlets, and renegotiating rental agreements.

- Other operating costs and expenses decreased from RMB159.1 million in 2024 to RMB70.7 million (US\$10.1 million) in 2025.

Income/Loss from Operations

As a result of the foregoing factors, we recorded an operating loss of RMB39.1 million (US\$5.6 million) for 2025, as compared to an operating loss of RMB447.1 million for 2024.

- Our agency insurance segment recorded an operating income of RMB31.6 million (US\$4.5 million) for 2025, as compared to an operating loss of RMB288.0 million in 2024. The operation income in 2025 was mainly driven by substantial cost savings achieved through a series of initiatives to enhance operational efficiency, while the operating loss in 2024 included an impairment loss of RMB404.1 million recognized on goodwill and intangible assets mainly arising from the acquisitions in 2024.
- Other loss from operations represented operating loss incurred by the headquarters, which was not allocated to each business segment. Operating loss incurred by the headquarters decreased by 55.6% from RMB159.1 million in 2024 to RMB70.7 million (US\$10.1 million) in 2025, mainly due to cost savings.

Other Income/Loss

Loss from fair value change. Loss from fair value change was RMB25.0 million (US\$3.6 million) in 2025, as compared with RMB78.5 million in 2024. Loss from fair value change in 2025 primarily represented i) an unrealized loss of RMB17.6 million (US\$2.5 million) representing a change in the fair value of the contingent consideration in regard to business combinations in the first quarter of 2023; and ii) an unrealized loss of RMB6.9 million (US\$1.0 million) representing a change in the fair value of investment in BGM .

Investment income related to the realized gain on short-term investments. Investment income recorded a decrease of 6.6% from RMB42.3 million to RMB39.5 million (US\$5.6 million) in 2025. The decrease reflects the periodic fluctuation in yields from short-term investments in financial products as it is recognized when the investment matures or is disposed of.

Interest income. Interest income increased by 100.2% from RMB15.1 million in 2024 to RMB30.2 million (US\$4.3 million) in 2025, primarily due to additional term loans of RMB418.3 million drawn down between May 2024 and August 2024, which remained outstanding as of December 31, 2025.

Losses from the disposal of subsidiaries. Losses from the disposal of subsidiaries for the year 2025 were RMB116.6 million(US\$16.7 million), which mainly represented loss from disposal of Beijing Fanlian Investment Co., Ltd., Fanhua Blueplus Health Management Co., Ltd. and Shenzhen Dianlian Information Technology Co., Ltd. in 2025.

Provision for credit losses. Provision for credit losses was RM1,560.1 million (US\$223.1million), as compared with RMB47.1 million in 2024. Provision for credit losses in 2025 mainly represented (i) loss from impairment of other receivables of RMB759.2 million representing allowance for credit loss in related to loans provided to third parties; and (ii) RMB766.0 million loss from disposal of BGM's shares.

Impairment loss on financial assets. Impairment loss on financial assets was RMB610.6 million (US\$87.3million), as compared with nil in 2024. Impairment loss on financial assets in 2025 mainly represented impairment loss of debt securities.

Other income. Other income was RMB12.2 million (US\$1.7 million) in 2025, as compared with RMB22.7 million in 2024.

Income Tax Expense

Our income tax expense decreased by 95.6% from RMB92.0 million in 2024 to RMB4.0 million (US\$0.6million) in 2025, mainly due to decrease in operating income. The effective tax rate for 2025 was negative 0.2% compared with 22.9% in 2024.

Net Income/Loss from continuing operations

The net loss from continuing operations was RMB2,277.3 million (US\$325.7 million) in 2025, as compared with net income from continuing operations of RMB304.3 million in 2024.

Net income from discontinued operations

The net income from discontinued operations decreased by 37.5% from RMB5.2 million in 2024 to RMB3.2 million (US\$0.5 million) in 2025.

Net Income/Loss Attributable to the Non-controlling Interests

The net income attributable to the non-controlling interests was RMB1.4 million (US\$0.2 million) in 2025, as compared to the net loss attributable to the non-controlling interests of RMB145.5 million in 2024.

Net Income/Loss Attributable to the Company's Shareholders

As a result of the foregoing factors, our net loss attributable to our shareholders was RMB2,275.4 million (US\$325.4 million) in 2025 as compared with net income attributable to our shareholders of RMB455.0 million in 2024.

Foreign Currency

We have foreign currency bank deposits which are primarily denominated in U.S. dollars. The exchange rate between U.S. dollar and RMB has declined from an average of RMB8.2264 per U.S. dollar in July 2005 to RMB7.0432 per U.S. dollar in December 2025. The fluctuation of the exchange rate between the RMB and U.S. dollar and HK dollar resulted in a foreign currency translation gain of RMB0.6 million (US\$0.1 million) in 2025, when we translated our financial assets from U.S. dollar and HK dollar into RMB. We have not hedged exposures to exchange fluctuations using any hedging instruments. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Fluctuation in the value of the RMB may have a material adverse effect on your investment.” and “Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign Exchange Risk.”

B. Liquidity and Capital Resources

Cash Flows and Working Capital

Our principal sources of liquidity have been cash generated from our operating activities. As of December 31, 2025, we had RMB31.1 million (US\$4.4 million) in cash and cash equivalents, and RMB5.2 million (US\$0.7 million) in short-term investments. Our cash and cash equivalents consist of cash on hand and bank deposits and our short-term investments consisting of short-term, highly liquid investments that are readily convertible to known amounts of cash, and have an insignificant risk of changes in value related to changes in interest rates. Our principal uses of cash have been to fund maintenance of digital platforms, working capital requirements, automobiles and office equipment purchases, office renovation and rental deposits.

We expect to require cash to fund our ongoing business needs, including recruitment and training of a professional sales force, and acquisitions which we expect to fund primarily in stock payment and cash to a lesser degree.

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or borrow from lending institutions. Financing may be unavailable in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our earnings per share. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

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

	Year Ended December 31,		
	2024	2025	
	RMB	RMB	US\$
	(in thousands)		
Net cash generated from (used in) operating activities	142,852	(16,273)	(2,327)
Net cash used in investing activities	(436,590)	(111,382)	(15,927)
Net cash used in financing activities	(64,389)	(71,604)	(10,239)
Net decrease in cash and cash equivalents and restricted cash	(358,127)	(199,259)	(28,493)
Cash and cash equivalents and restricted cash at the beginning of the year	602,004	245,744	35,141
Cash and cash equivalents and restricted cash at the end of the year	245,744	50,256	7,187

Operating Activities

Net cash used in operating activities for the fiscal year ended December 31, 2025 was RMB16.3 million (US\$2.3 million). This reflected the net loss of RMB2,274.0 million (US\$325.2 million), (i) depreciation expense of RMB5.3 million (US\$0.8 million); (ii) non-cash operating lease expense and loss on termination of operating lease of RMB27.3 million (US\$3.9 million); (iii) allowance for credit losses and impairment losses on financial assets of RMB2,172.1 million (US\$310.6 million), (iv) share-based compensation expenses of RMB17.0 million (US\$2.4 million); (v) interest accrued for other receivables and loan receivables of RMB31.2 million (US\$4.5 million), (vi) loss on disposal of subsidiaries of RMB113.4 million (US\$16.2 million), (vii) derecognition of contingent consideration of RMB17.6 million (US\$2.5 million); (xii) fair value change of other current assets of RMB7.3 million (US\$1.1 million) and (ix) loss on disposal of investment in an associate of RMB4.3 million (US\$0.6 million). The significant changes in such non-cash and non-operating items were primarily due to allowance for credit losses on financial assets, non-cash operating lease, share-based compensation expenses, loss on disposal of subsidiaries, offset by the derecognition of contingent consideration. Operating cash flows were affected by a net negative change of RMB48.4 million (US\$6.9 million) in our operating assets and liabilities, primarily from the effects of (i) a decrease of accounts receivables and contract assets of RMB212.4 million (US\$30.4million) and (ii) an increase of other payables and accrued expenses of RMB115.5 million (US\$16.5 million), (iii) an increase of other non-current assets of RMB31.4 million(US\$4.5 million), offset by (i) an increase of other receivables and current assets of RMB211.5 million (US\$30.2 million), (ii) a decrease of RMB138.6 million (US\$19.8 million) in accounts payable and accrued commissions, (iii) a decrease of RMB27.3 million (US\$3.9 million) in lease liability and (iv) a decrease of RMB33.4 million (US\$4.8 million) in other current liabilities.

Net cash generated from operating activities for the fiscal year ended December 31, 2024 was RMB142.9 million. This reflected the net income of RMB309.5 million, as adjusted for non-cash and non-operating items, primarily including (i) depreciation of expense of RMB12.5 million; (ii) amortization of intangible assets of RMB16.8 million; (iii) non-cash operating lease expense of RMB59.9 million; (iv) provision for allowance for credit losses on financial assets of RMB43.7 million, (v) share-based compensation expenses of RMB38.6 million; (vi) impairment loss on goodwill and intangible assets of RMB404.1 million, reflecting the expected adverse impact of the overall economic uncertainties in China, growth slowdown within the Chinese insurance market and our strategic business transition on our earnings in the next two to three years; (vii) change in fair value of equity investments of RMB82.6 million and (viii) net gain on disposal of RONS Technology and its subsidiaries in 2024 amounted RMB897.3 million. The significant changes in such non-cash and non-operating items were primarily due to amortization of intangible assets and impairment loss on goodwill and intangible assets due to the acquisitions in 2023, offset by the significant disposal gain from RONS Technology and its subsidiaries. Operating cash flows were negatively affected by a RMB32.6 million net change in our operating assets and liabilities, primarily from the effects of (i) an increase of other receivables of RMB272.4 million, (ii) a decrease of RMB135.7 million in accounts payable, and (iii) a decrease of RMB55.7 million in lease liability; offsetting by (i) an increase of other payables and accrued expenses of RMB310.5 million, and (ii) a decrease of RMB116.9 million in contract assets.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2025 was RMB111.4 million (US\$15.9 million), primarily attributable to cash used to purchase short-term investment products of RMB49.9 million (US\$7.1 million), cash lent to a related party of RMB15.5 million (US\$2.2 million), purchase of property, plant and equipment of RMB3.3 million (US\$0.5 million) and disposal of subsidiaries, net of cash disposed of RMB143.2 million (US\$20.5 million), offset by proceeds from the disposal of short-term investments of RMB84.7 million (US\$12.1 million) that matured, proceeds from disposal of property and equipment of RMB13.7 million (US\$2.0 million) and repayment of loan receivables from a related party of RMB1.7 million (US\$0.3 million).

Net cash used in investing activities for the year ended December 31, 2024 was RMB436.6 million, primarily attributable to cash used to purchase short-term investment products of RMB1,847.5 million, cash lent to third parties of RMB824.8 million, purchase of property, plant and equipment of RMB8.5 million and disposal of subsidiaries, net of cash disposed of RMB50.4 million, offset by proceeds from the disposal of short-term investments of RMB2,150.4 million that matured and repayment of loan receivables from a third party of RMB141.0 million.

Financing Activities

Net cash used in financing activities was RMB71.6 million (US\$10.2 million) for the year ended December 31, 2025, attributable to proceeds from bank borrowings of RMB74.0 million (US\$10.6 million) and proceeds from ordinary shares issuance of RMB7.3 million (US\$1.0 million) partially offset by repayment of bank and other borrowings of RMB153.0 million (US\$21.9 million).

Net cash used in financing activities was RMB64.4 million for the year ended December 31, 2024, attributable to proceeds from bank borrowings of RMB135.0 million, partially offset by repayment of bank and other borrowings of RMB164.3 million, dividend distributed to noncontrolling interest of RMB29.5 million and repurchase of ordinary shares from open market of RMB5.7 million.

Material cash requirements

Our material cash requirements as of December 31, 2025 and any subsequent interim period primarily include our capital expenditures, operating lease obligations and tax liabilities.

We incurred capital expenditures of RMB13.0 million, RMB8.5 million and RMB3.3 million (US\$0.5 million) for the years ended December 31, 2023, 2024 and 2025, respectively. Our capital expenditures have been used primarily on leasehold improvement, purchase of office equipment and maintenance of our technological infrastructure. We estimate that our cash commitments including our cash requirements may increase in the following two or three years as we pursue selective acquisitions of quality assets in combination of stock payments and cash to diversify our revenue streams and we increase investments to enhance the professional skills of our existing sales force through training and digital empowerment, maintain our IT infrastructure and digital platforms. We anticipate funding our future capital expenditures primarily with net cash flows from financing and operating activities.

Our operating lease obligations consist of undiscounted minimum lease payment included in the measurement of operating lease liabilities under the lease agreements for our office premises. Our leasing expense was RMB71.5 million, RMB62.4 million and RMB23.5 million (US\$3.4 million) in 2023, 2024 and 2025, respectively. The majority of our operating lease commitments are related to our office lease agreements in China.

We had uncertain tax liabilities of RMB25.7 million (US\$3.7 million) for 2025. As we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authority, such liabilities are excluded from the contractual obligations discussed above. Other than the contractual obligations and commercial commitments discussed above, we did not have any other material long-term debt obligations, operating lease obligations, purchase obligations or other material long-term liabilities as of December 31, 2025.

As of December 31, 2024 and 2025, total outstanding balance of short-term loans amounted to RMB135.0 million and RMB56.0 million (US\$8.0 million), respectively, which consisted of RMB denominated borrowings made by the Company's subsidiaries from financial institutions in mainland China and were repayable within one year.

Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us. As a result, as of December 31, 2025, we did not have any off-balance sheet arrangements that had or were reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Holding Company Structure

We are a holding company with no material operations of our own. We conduct our operations primarily in China through our subsidiaries in China. As a result, our ability to pay dividends and to finance any debt we may incur depends upon dividends paid by our subsidiaries. If our subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. Our wholly-owned subsidiaries 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 former consolidated VIEs in China is required to set aside at least 10% of its after-tax profits as reported in the PRC statutory financial statements each year, if any, to fund a statutory reserve until such reserve reach 50% of its registered capital, and before the Foreign Investment Law becomes effective on January 1, 2020, our wholly-owned subsidiaries had to set aside a portion of its after-tax profits to fund the employee welfare fund at the discretion of its board. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation of the companies. Furthermore, the EIT Law that took effect on January 1, 2008 has eliminated the exemption of EIT on dividends derived by foreign investors from foreign-invested enterprises and imposes on foreign-invested enterprises an obligation to withhold tax on dividends distributed by such foreign-invested enterprises. As of December 31, 2025, our restricted net asset was RMB1,244,719 million (US\$178.0 million). This amount is composed of the registered equity of our PRC subsidiaries and the statutory reserves described above. Our ability to pay dividends primarily depends upon dividends paid by our subsidiaries. As of December 31, 2025, we had aggregate undistributed earnings of approximately RMB1,036.6 million (US\$148.2 million) that were available for distribution. These undistributed earnings are considered to be indefinitely reinvested, and will be subject to PRC dividend withholding taxes upon distribution.

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

See "Item 4. Information on the Company—B. Business Overview—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 from January 1, 2025 to December 31, 2025 that are reasonably likely to have a material adverse 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 Policies and Estimates

We prepare financial statements in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities and the disclosure of our contingent assets and liabilities at the end of each fiscal period, as well as the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable. This forms our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting the application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. The following descriptions of critical accounting estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this annual report. For further information, see Note 2 to our consolidated financial statements in this annual report.

Revenue Recognition

Revenue is recognized when control of promised goods or services is transferred to our customers in an amount of consideration to which an entity expects to be entitled to in exchange for those goods or services.

We derive agency revenue by serving as a sales agent to distribute various life insurance and P&C insurance products on behalf of the insurance companies by which we are entitled to receive initial commission from the insurance companies based on the premium paid by the policyholders for the related insurance policy sold. For life insurance agency, we are also entitled to subsequent renewal commission and compensation, and renewal performance bonus (collectively referred to as “renewal commissions”) which represent variable considerations and are contingent on future renewals of initial policies or we achieve our performance target as such life insurance products are long-term products.

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. Starting from January 1, 2021, we believe that we have already accumulated sufficient historical data and experiences at a confidence level that through which we can utilize to make a reasonable estimate of variable considerations of the portfolio of contracts. The estimated renewal commissions are contingent on future renewals of initial policies or achievement of certain performance targets. 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.

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

- **Determining portfolio of contracts:** We set up portfolios segregated by renewal term of the underlying policies which we refer to as a “batch” under the expected value method, by grouping long-term life insurance policies into batches of policies with various renewal terms.
- **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.
- **Estimating variability for each variable renewal consideration:** For each of the variable renewal commissions, there is only one underlying variability (i.e., the renewal rates for each of the subsequent years of the policy period which is contingent on policyholders’ renewal). Given the payment term for each of the renewal commissions is different, we thus separately estimate the future renewal rates of batches of policies based on accumulated historical renewal information.
- **Considering constraints on estimates:** In estimating the variable consideration, we evaluated the following factors that could increase the likelihood or magnitude of a reversal:
 - we have limited history of selling our current life insurance products and co-operating with our current customers, such that our confidence for making a reasonable estimate of future renewal(s) of long-term life insurance policies is limited;
 - the occurrence of renewal is outside our control and the estimate of renewal rates is complex and requires significant judgment;
 - the estimate of variable consideration associated with policy renewals has a broad range of possible consideration amounts; and
 - 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. Accordingly, the constraint applied to existing business’s total estimated renewal commissions we expect to receive for all sold long-term life insurance products decreased from 42% as of December 31, 2024 to 39% as of December 31, 2025. Considering the difference in historical product matrix and portfolio of renewal data, we apply different constraints in estimating the renewal commission revenues to its existing business and the newly acquired entities. Accordingly, the constraints applied to the total estimated renewal commissions of two entities acquired in 2023 that we expect to receive for all sold long-term life insurance products decreased from 5% and 23%, respectively, as of December 31, 2024 to 5% and 14%, respectively, as of December 31, 2025.

- **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.

Business Combinations

Business combinations are recorded using the acquisition method of accounting. We allocate the purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, expected cash flows and discount rates.

Management’s estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. We use various techniques to determine fair value in such instances, including the income approach. Significant estimates used in determining fair value include, but are not limited to, cash flow projections, discount rate and useful lives. Allocation of purchase consideration to identifiable assets and liabilities affects our amortization expense, as acquired finite-lived intangible assets are amortized over the useful life, whereas any indefinite lived intangible assets, including goodwill, are not amortized. Changes in these estimates and assumptions could materially affect the determination of the asset’s fair value. See Note 3 of the Notes to the Consolidated Financial Statements for information regarding business combination.

Recent Accounting Pronouncements

See Item 18 of Part III, “Financial Statements—Note 2—Summary of Significant Accounting Policies—(ac) Recently accounting pronouncements issued not yet adopted” and “Financial Statements—Note 2—Summary of Significant Accounting Policies— Recently accounting pronouncements issued not yet adopted.”

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.

Directors and Executive Officers	Age	Position/Title
Mingxiu Luan	39	Chief Executive Officer and Vice-Chairperson of the Board of Directors
Huaguang Huang	44	Chief Financial Officer
Kunlin Li	30	Independent Director of the Board of Directors
Changfu Li	41	Independent Director of the Board of Directors
Jianyun Ye	38	Independent Director of the Board of Directors

Ms. Mingxiu Luan has been our Chief Executive Officer and Vice Chairperson since April 2025. She served as the Chief Financial Officer of TIAN RUIXIANG Holdings Ltd. from March 2019 to August 2024, and of Zhejiang Tianruixiang Insurance Broker Co. Ltd. from May 2016 to August 2024. Between March 2015 and April 2016, Ms. Luan served as the financial director of Mingruibotong (Beijing) Investment Management Co., Ltd., responsible for the day-to-day financial management. From May 2014 to November 2014, Ms. Luan served as the deputy director of finance department of Beijing CN live Culture Media Co., Ltd. From November 2009 to April 2014, she worked as a senior audit manager in Shandong branch of WUYIGE Certified Public Accounting LLP. Ms. Luan holds a bachelor’s degree in accounting from Shandong University of Finance and Economics and is a certified public accountant in China.

Mr. Huaguang Huang has been our chief financial officer since January 2025. From June 2022 to January 2025, Mr. Huang served as the Finance Manager at Shenzhen Hiao Electronic Technology Co., Ltd, where he has built a financial empowerment distribution system. From September 2019 to March 2022, he was the Finance Director at Jimi IoT, where he advanced the informatization of production, sales, and research as well as IPO internal control compliance. From 2015 to 2019, he was the Finance Director at Zhonglan Interconnection Technology, where he established a business-finance integration platform and completed multiple rounds of financing. From November 2010 to February 2015, he was the Deputy Finance Director at Hanpu Electronic Technology Development, where he promoted a lean management accounting system. From September 2003 to July 2010, he was the Finance Manager at Shenzhen Jiaqiao Communications, where he participated in the entire process from private placement to IPO. Mr. Huang holds the title of Intermediate Accountant and bachelor’s degree in Accounting from Jiangsu University of Science and Technology.

Mr. Kunlin Li has been our independent director since December 2025. Mr. Li has over six years of professional experience in accounting and finance. He has served as the Finance Manager at Beijing Yingu Pusi Investment Management Co., Ltd. since 2019. In this role, Mr. Li has been responsible for the comprehensive financial operations and oversight of the company’s managed private equity funds. Mr. Li earned his bachelor’s degree in finance from Nankai University Binhai College in 2019.

Mr. Changfu Li has been our independent director since September 2024. Mr. Changfu Li has over a decade of experience in senior management, with a focus on strategic operations and cost management across various industries. Mr. Li has served as a consulting advisor at Beijing Shanying Legal Consulting Co., Ltd since November 2023. Prior to this, he served as a procurement supervisor at Shanghai Sanqing Industrial Development Co., Ltd. in June 2010, where he managed procurement operations and contributed to sales strategy planning. And later he was promoted to Vice President of Administration and Purchasing Manager at the company's Guangzhou branch in March 2020. Before that, from 2006 to 2010, Mr. Li held the position of procurement associate at Zhejiang Shalangi Craft Co., Ltd. Mr. Li earned his bachelor's degree in International Economics and Trade from Yanbian University in 2006.

Mr. Jianyun Ye has been our independent director since January 2025. Mr. Ye has served as the General Manager of the Product and Marketing Department at Shenzhen Qianhai Caihou Fund Sales Co., Ltd. since August 2018. In this role, he is responsible for the distribution of financial products, customer acquisition and maintenance, and product analysis and review. Before this role, Jianyun Ye worked as a financial advisor at Shenzhen Zhongke Innovation Financial Holdings Group Co., Ltd. as a team leader at a direct branch of Shenzhen Jinan Wealth Management Co., Ltd. and as a partner at Shenzhen Ronghui Tianxia Asset Management Co., Ltd. During these positions, he accumulated extensive capabilities in high-net-worth client development, team management, private fund incubation, and relationship maintenance with partner institutions. Jianyun Ye began his career at Guosen Securities, where he served as a client manager and gained experience in securities market analysis, customer service, and channel development. Mr. Ye holds securities and fund professional qualification certificates and graduated from the University of Wales with a Master's degree in Business Administration and obtained a Bachelor's degree with Honors in Computer Science from the University of Greenwich.

Employment Agreements

Each of our executive officers has entered into an employment agreement with us. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the employee, including but not limited to a conviction or plea of guilty to a felony, negligence or dishonesty to our detriment, failure to perform the agreed-to duties after a reasonable opportunity to cure the failure and failure to achieve the performance measures specified in the employment agreement. An executive officer may terminate his employment at any time with one-month prior written notice if there is a material reduction in his authority, duties and responsibilities or in his annual salary before the next annual salary review. Furthermore, we may terminate an executive officer's employment at any time without cause upon two-month advance written notice. In the event of a termination without cause by us, we will provide the executive officer a lump-sum severance payment in the amount of RMB0.5 million, unless otherwise specifically required by applicable law.

Each executive officer has agreed to hold, both during and after the employment agreement expires or is earlier terminated, in strict confidence and not to use, except as required in the performance of his duties in connection with the employment, any confidential information, trade secrets and know-how of our company or the confidential information of any third-party, including our subsidiaries, received by us. In addition, each executive officer has agreed to be bound by non-competition restrictions set forth in his employment agreement. Specifically, each executive officer has agreed not to, while employed by us and for one year following the termination or expiration of the employment agreement, (i) approach our clients, customers or contacts or other persons or entities introduced to the executive officer for the purpose of doing business with such person or entities, and will not interfere with the business relationship between us and such persons and/or entities; (ii) assume employment with or provide services as a director for any of our competitors, or engage, whether as principal, partner or otherwise, in any business which is in direct or indirect competition with our business; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us at the date of the executive officer's termination, or in the year preceding such termination.

B. Compensation

In 2025, the aggregate cash compensation, including reimbursement of expenses, to our executive officers which include executive directors was approximately RMB1.0 million (US\$0.2 million), and the aggregate cash compensation to our non-executive directors was approximately RMB0.6 million (US\$0.1 million). We did not set aside or accrue any amounts to provide pension, retirement or similar benefits for our executive officers and directors except for statutory social security payment.

Share Incentives

2007 Share Incentive Plan

In order to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to employees, directors and consultants and promote the success of our business, a share incentive plan was adopted by our board of directors and shareholders in 2007, as amended and restated in December 2008. We have reserved 136,874,658 ordinary shares for issuance under our 2007 Share Incentive Plan, which was approximately 15% of our outstanding ordinary shares at the time we authorized the number of ordinary shares reserved for issuance. The 2007 Share Incentive Plan expired upon the tenth anniversary of the shareholder approval of the 2007 Share Incentive Plan.

All of the options under 2007 Share Incentive Plan had been exercised or forfeited.

2022 Share Incentive Plan

On August 12, 2022, our board of directors adopted a share incentive plan under which we have reserved 161,143,768 ordinary shares (equivalent to approximately 402,860 Class A ordinary shares giving effect to the 400-for-1 Share Consolidation effected on May 21, 20205) for issuance, which was approximately 15% of our outstanding ordinary shares as of June 30, 2022 (“2022 Share Incentive Plan”).

Simultaneously, our board of directors approved the grant of options to purchase an aggregate of 4,000,000 ordinary shares (equivalent to 10,000 of our Class A ordinary shares giving effect to the Share Consolidation) to former independent directors pursuant to the 2022 Share Incentive Plan (the “2022 Option 1”). The exercise price of these options is US\$0.2305 per ordinary share or US\$92.2 per post-Share Consolidation Class A ordinary share. The options are scheduled to vest over a four-year period starting from August 31, 2023, subject to their continued service with us. Upon resignation of these independent directors in January 2024 and in September 2024, respectively, options to purchase 9,967 post-Share Consolidation Class A ordinary shares under AIFU 2022 Option 1 were immediately exercisable and vested. Upon resignation of one independent director in January 2025, options to purchase 33 post-Share Consolidation Class A ordinary shares were forfeited.

On February 6, 2023, our board of directors approved the grant options to purchase an aggregate of 13,680,000 ordinary shares (equivalent to 34,200 of our Class A ordinary shares giving effect to the Share Consolidation) to certain top agents who have met the requirements for Million Dollar Round Table Membership, pursuant to the 2022 Share Incentive Plan (the “2022 Option 2”). The exercise price of these options is US\$20.0 per post-split Class A ordinary share. The options were scheduled to vest over a two-year period starting from March 31, 2024, subject to the achievement of certain key performance indicators by the option holders and their continued service with us. As of March 31, 2026, options to purchase 525 Class A ordinary shares related to 2022 Option 2 were vested and all of the remaining options were forfeited due to underperformance of the option holders.

On August 16, 2023, our board of directors approved the grant of restricted share units of 536,990 RSUs (“RSUs 1”) to a former executive officer. Each RSU represented a right to receive one ADS, with each ADS representing 20 ordinary shares of AIFU. Giving effect to the subsequent ADR facility termination whereby every ADS were exchanged for 20 of our Class A ordinary shares and the Share Consolidation, this grant was adjusted to 26,850 RSUs, with each RSU representing a right to receive one post-Share Consolidation Class A ordinary share. The RSUs were scheduled to vest over a five-year period starting from June 30, 2024, subject to his continued service with us. On July 15, 2024, our board of directors approved the grant of an additional RSUs of 268,200 RSUs (“RSUs 2”) to the same officer. Each RSU similarly represented a right to receive one ADS. This grant of 268,200 RSUs (representing 5,364,000 Class A ordinary shares) was adjusted to 13,410 RSUs following the ADR facility termination and Share Consolidation, with each RSU representing one post-Share Consolidation Class A ordinary share. Upon resignation of this former executive officer in September 2024, RUSs representing 40,000 post-Share Consolidation Class A ordinary shares were immediately vested and the remaining RSUs were forfeited.

2023 Share Incentive Plan

On February 20, 2024, our board of directors adopted a share incentive plan under which we have reserved 113,423,618 Class A ordinary shares (equivalent to 283,560 of our Class A ordinary shares giving effect to the Share Consolidation) for issuance, which was approximately 10% of our outstanding ordinary shares as of December 31, 2023 (“2023 Share Incentive Plan”).

Pursuant to 2022 Share Incentive Plan and 2023 Share Incentive Plan, option grants and restricted share unit grants were approved by our board of directors as follows:

On April 16, 2024, share options were granted to certain “MDRT” Agents to purchase an aggregate of 18,088,000 ordinary shares (equivalent to 45,220 of our Class A ordinary shares giving effect to the Share Consolidation) with an exercise price of US\$0.11809 per ordinary share or US\$47.236 per post-Share Consolidation Class A ordinary share (“2024 Option 1”). The options were scheduled to vest over a two-year period starting from the date of grant, with each of the 50% to be vested on March 31, 2025 and March 31, 2026, respectively, subject to the achievement of certain key performance indicators by the option holders and their continued service with us. As of March 31, 2026, all of the 2024 Option 1 were forfeited due to underperformance of the option holders.

On June 25, 2024, share options were granted to certain sales team leaders to purchase an aggregate of 4,930,000 Class A ordinary shares (equivalent to 12,325 of our Class A ordinary shares giving effect to the Share Consolidation), (“2024 Option 2”). The exercise price of these options is US\$0.05 per class A ordinary share or US\$20 per post-Share Consolidation Class A ordinary share. The options were scheduled to vest over a two-year period starting from March 31, 2025, subject to the achievement of certain key performance indicators by the option holders and their continued service with us. As of March 31, 2026, all of the 2024 Option 2 were forfeited due to underperformance of the option holders.

On various dates from April 16, 2024, share options were granted to certain new agents to purchase an aggregate of 3,400,000 Class A ordinary shares (equivalent to 8,500 Class A ordinary shares giving effect to the Share Consolidation) (“2024 Option 3”). The exercise price of these options is US\$0.05 per class A ordinary share or US\$20.0 per post-Share Consolidation Class A ordinary share. The options are scheduled to vest over a two-year period beginning on the grant date, with 50% vesting on March 31, 2025, and the remaining 50% vesting on March 31, 2026, subject to the achievement of certain key performance indicators by the option holders and their continued service with us. As of March 31, 2026, all of the 2024 Option 3 were forfeited due to underperformance of the option holders.

On November 18, 2024, our board of directors approved the grant of 1,000,000 RSUs to a former director. Each RSU represented a right to receive one ADS, with each ADS representing 20 of our Class A ordinary shares. Giving effect to the subsequent ADR facility termination and Share Consolidation, the grant was adjusted to 50,000 RSUs (“RSUs”), with each RSU representing a right to receive one post-Share Consolidation Class A ordinary share. The RSUs were scheduled to vest over a three-year period starting from the date of grant, with 30% vesting on each of the first and second anniversaries in 2025 and 2026 and the remaining 40% vesting on the third anniversary in 2027, subject to her continued service with us. As of March 31, 2026, 15,000 RUSs have been vested and the remaining RUSs were forfeited upon resignation of such director.

On February 14, 2025, our board of directors approved a severance compensation package for certain former officers and employees, which included a grant of 10,000,000 restricted share units (“RSUs 4”). Each RSU represented the right to receive one ADS and was fully vested on March 1, 2025. Subsequently, following our termination of the ADR facility and the Share Consolidation, the 10,000,000 vested RSUs were adjusted to 500,000 RSUs, with each RSU representing the right to receive one post-split Class A ordinary share.

On April 29, 2025, our board of directors approved a severance compensation package for a former executive officer, which included a grant of 1,000,000 restricted share units (“RSUs 5”). Each RSU represented the right to receive one ADS. The RSUs were fully vested upon grant. Subsequently, following the termination of the ADR facility and the Share Consolidation, the 1,000,000 vested RSUs were adjusted to 50,000 RSUs, with each RSU representing the right to receive one post-split Class A ordinary share.

The following paragraphs describe the principal terms of the 2022 Share Incentive Plan and 2023 Share Incentive Plan as currently in effect.

Types of Awards.

The types of awards we may grant under our 2022 Share Incentive Plan and 2023 Share Incentive Plan include the following:

- options to purchase our ordinary shares;

- restricted shares, which represent non-transferable ordinary shares, that may be subject to forfeiture, restrictions on transferability and other restrictions; and
- restricted share units, which represent the right to receive our ordinary shares at a specified date in the future, which may be subject to forfeiture.

Eligibility. We may grant awards to employees, directors and consultants of our company or any of our related entities, which include our subsidiaries or any entities in which we hold a substantial ownership interest. However, we may grant options that are intended to qualify as incentive share options, or ISOs, only to our employees and employees of our majority-owned subsidiaries.

Plan Administration. The compensation committee of our board of directors, or a committee designated by the compensation committee, will administer the 2022 and 2023 Share Incentive Plans. However, awards made to our independent directors must be approved by the entire board of directors. The compensation committee or the full board of directors, as appropriate, will determine the individuals who will receive grants, the types of awards to be granted and terms and conditions of each award grant, including any vesting or forfeiture restrictions.

Award Agreement. Awards granted under our 2022 and 2023 Share Incentive Plans will be evidenced by an award agreement that will set forth the terms, conditions and limitations for each award. In addition, in the case of options, the award agreement may also specify whether the option constitutes an ISO or a non-qualifying share option.

Acceleration of Awards upon Corporate Transactions. The outstanding awards will accelerate upon occurrence of a change-of-control corporate transaction where the successor entity does not assume our outstanding awards under the 2022 and 2023 Share Incentive Plans. In such event, each outstanding award will become fully vested and immediately exercisable, and the transfer restrictions on the awards will be released and any forfeiture provisions will terminate immediately before the date of the change-of-control transaction. If the successor entity assumes our outstanding awards and later terminates the grantee's service without cause within 12 months of the change-of-control transaction, the outstanding awards will automatically become fully vested and exercisable.

Exercise Price and Term of Awards. The exercise price per share subject to an option will be determined by the plan administrator and set forth in the award agreement which may be a fixed or variable price related to the fair market value of our ordinary shares; *provided, however*, that no options may be granted to an individual subject to taxation in the United States at less than the fair market value on the date of grant. To the extent not prohibited by applicable laws or any exchange rule, a downward adjustment of the exercise prices of any outstanding options may be made in the absolute discretion of the plan administrator and will be effective without the approval of our shareholders or the approval of the affected participants. If we grant an ISO to an employee who, at the time of that grant, owns shares representing more than 10% of the voting power of all classes of our share capital, the exercise price cannot be less than 110% of the fair market value of our ordinary shares on the date of that grant. The term of each award will be stated in the award agreement. The term of an award shall not exceed 10 years from the date of the grant, except that five years is maximum term of an ISO granted to an employee who holds more than 10% of the voting power of our share capital.

Amendment and Termination. Our board of directors may at any time amend, suspend or terminate the 2022 and 2024 Share Incentive Plans. Amendments to the 2022 and 2023 Share Incentive Plans are subject to shareholder approval to the extent required by law, or stock exchange rules or regulations. Additionally, shareholder approval will be specifically required to increase the number of shares available for issuance under the 2022 and 2023 Share Incentive Plan or to extend the term of an option beyond ten years. Unless terminated earlier, the 2022 and 2023 Share Incentive Plan will expire and no further awards may be granted after the tenth anniversary of the shareholder approval of the 2022 and 2023 Share Incentive Plan.

As of March 31, 2026, options to purchase 9,967 Class A ordinary shares of the Company were outstanding.

C. Board Practices

Board of Directors

Our board of directors consists of four directors. Under our currently effective amended and restated memorandum and articles of association, a director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested. The directors may exercise all the powers of our company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our company or of any third-party. The directors may receive such remuneration as our board of directors may determine from time to time. There is no age limit requirement for directors.

The Board conducts self-assessment of its performance annually in compliance with corporate governance requirements, which encompasses the directors' involvement in business operations, the effectiveness of board oversight, board composition, board culture, management of major issues, and processes of board operation.

In compliance with Rule 5605 of the Nasdaq Listing Rules, a majority of our directors and all of the committee members of our board of directors are independent directors. During 2025, our board of directors met in person or passed resolutions by unanimous written consent 22 times. In addition, our independent directors held executive sessions without the presence of non-independent directors or members of management twice during 2025. We have no specific policy with respect to director attendance at our annual general meetings of shareholders.

Committees of the Board of Directors

We have established three committees under the board of directors: the audit committee, the compensation committee and the corporate governance and nominating committee and the financial reporting and disclosure committee and have adopted a charter for each of the committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Kunlin Li (chairman), Jianyun Ye and Changfu Li, all of whom satisfy the "independence" requirements of Rule 5605 of the Nasdaq Listing Rules and Rule 10A-3 under the Securities Exchange Act of 1934. 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:

- selecting 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;
- reviewing and approving all proposed related-party transactions;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- overseeing the implementation of the Company's Cybersecurity Policy and reviewing and approving the relevant disclosure
- meeting separately and periodically with management, the independent auditors and the internal auditor; and
- reporting regularly to the full board of directors.

In 2025, our audit committee held meetings or passed resolutions by unanimous written consent six times.

Compensation Committee. Our compensation committee consists of Changfu Li (chairman), Kunlin Li and Jianyun Ye, all of whom satisfy the “independence” requirements of Rule 5605 of the Nasdaq Listing Rules. Our compensation committee assists the board of directors in reviewing and approving the compensation structure of our directors and executive officers, including all forms of compensation to be provided 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 recommending to the board with respect to the total compensation package for our chief executive officer;
- approving and overseeing the total compensation package for our executives other than the chief executive officer;
- reviewing and making recommendations to the board with respect to the compensation of our directors; and
- reviewing periodically and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

In 2025, our compensation committee held meetings or passed resolutions by unanimous written consent twice.

Corporate Governance and Nominating Committee. Our corporate governance and nominating committee consists of Jianyun Ye (chairman), Kunlin Li and Changfu Li, all of whom satisfy the “independence” requirements of Rule 5605 of the Nasdaq Listing Rules. The corporate governance and nominating committee assists our board of directors in identifying individuals qualified to become our directors and in determining the composition of the board and its committees. The corporate governance and nominating committee is responsible for, among other things:

- identifying and recommending to the board nominees for election or re-election to the board, or for appointment to fill any vacancy;
- reviewing annually with the board the current composition of the board in light of the characteristics of independence, skills, experience and availability of service to us;
- identifying and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as the corporate governance and nominating committee itself;
- advising the board periodically with respect 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 corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

In 2025, our corporate governance and nominating committee held meetings or passed resolutions by unanimous written consent three times.

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. Our directors also owe a duty to our company to act with skill and care. 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. In fulfilling their duty of care to us, our directors must ensure compliance with our amended and restated memorandum and articles of association as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In certain limited circumstances, it may be possible for our shareholders to bring a derivative action on behalf of our company if a duty owed by our directors to our company is breached.

Terms of Directors and Executive Officers

All directors hold office until their successors have been duly elected and qualified. Outside of certain specified circumstances, including resigning, becoming bankrupt or being of unsound mind or being absent from board meetings without special leave of absence for six consecutive months and the board of directors resolves that his office be vacated, a director may only be removed by a special resolution of the shareholders. Officers are elected by and serve at the discretion of the board of directors. We do not have contracts in place with any of our directors providing for benefits upon termination of employment. For the period during which the directors and executives have served in the office, please see “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management.”

D. Employees

Employees, Sales Agents and Training

We had 4,707 and 594 employees as of December 31, 2024 and 2025, respectively. The number of employees in 2024 included 3,230 employees of our discontinued claims adjusting operations. We consider our relations with our employees to be good. The following table sets forth the number of our employees by function as of December 31, 2025:

	Number of Employees	% of Total
Management	169	28.0
Administrative staff	360	59.7
Financial and accounting staff	72	11.9
Information technology staff	2	0.3
Total	603	100.0

The following table sets forth the number of our employees by age as of December 31, 2025:

	Persons	% of Total
< 30 years old	24	4.1
30-50 years old	523	86.5
> 50 years old	56	9.4
Total	603	100.0

As of December 31, 2024 and 2025, we had 58,398 and 42,170 registered sales agents, respectively. We have contractual relationships with these sales agents. We primarily distribute life insurance policies with a periodic premium payment schedule. For the sale of each of such life insurance policy, we pay the sales agent who has generated the sale periodic commissions based on a percentage of the commissions and fees we receive from the insurance companies for the sale and renewal of that policy, generally up to the first five years of the premium payment period, and retain all commissions and fees we continue to receive from insurance companies for the rest of the premium payment period. For the sale of each life insurance policy with a single premium payment schedule or non-life policy, we pay the sales agent who has generated the sale a single commission based on a percentage of the commission and fee we receive from insurance companies for the sale of that policy.

For our traditional sales force, our life insurance sales agents are typically organized into sales teams with a multilevel hierarchy. A life insurance sales agent not only receives a commission for the insurance policies that he or she sells, but also a commission for insurance policies sold by agents under his or her management.

Our sales agents, in-house sales representatives are valuable to us and are instrumental in helping us build and maintain long-term relationships with our customers. Therefore, we place a strong emphasis on training our sales force. We provide training to both new sales agents and existing sales agents, on a monthly or quarterly basis, both offline and online. For new sales agents, we offer orientation courses that are designed to familiarize them with corporate culture, insurance products, and sales skills. For the existing sales agents, we offer on-the-job training courses that aim to enhance their sales skills and knowledge of various insurance products and develop skills to build and manage their own sales teams. Online training courses are also available on FA App and RONS Livestreaming Platform, which enable sales agents to attend the courses anytime anywhere. We have also established an open-source lecturer platform which allows insurance veterans to upload self-developed courses and viewable on fee basis. As part of our efforts to professionalize our sales force, we will allocate more resources to enhance training. With the data insight gained through digital technologies, agents will be categorized into different levels based on various criteria including their qualification, capabilities and productivity and targeted training courses will be provided to help improve their professional skills and productivity.

We need employees well-equipped with professional knowledge to support our frontline sales agents and provide our clients with best quality of services. To maximize their performance and professional growth, we provide ample training opportunities through our well-established training platform e-learning system and “Insurance Academy” available through FA App. Various courses were delivered by a large team of internal lecturers which include the Group’s senior management, department heads and senior employees with deep experience in various areas of our operations and external courses to acquaint them with our business and unleash their potential. To maintain training standards, we evaluate our lecturers and present awards for outstanding performance on an annual basis.

E. Share Ownership

We currently do not have specific stock ownership requirements for our CEO and other members of our management. The following table sets forth information with respect to the beneficial ownership of our shares, as of this annual report, by:

- each of our current directors and executive officers; and
- each person known to us to own beneficially more than 5% of our shares.

As of March 31, 2026, there were 123,514,110 ordinary shares outstanding, comprising of 117,289,110 Class A ordinary shares and 6,225,000 Class B ordinary shares. Beneficial ownership is determined in accordance with the rules and regulations of the SEC.

	Class A Ordinary Shares	Class B Ordinary Shares	% of Beneficially Ownership (of total Class A Ordinary Shares and Class B Ordinary Shares) ⁽¹⁾	% of Aggregate Voting Power
Directors and Executive Officers**:				
Mingxiu Luan	0	0	0.00%	0.00%
Huaguang Huang	0	0	0.00%	0.00%
Kunlin Li	0	0	0.00%	0.00%
Changfu Li	0	0	0.00%	0.00%
Jianyun Ye	0	0	0.00%	0.00%
All Directors and Executive Officers as a Group	0	0	0.00%	0.00%
Principal Shareholders:				
Expansion Group Ltd ⁽²⁾	250	5,000,000	4.05%	67.59%
Ileana Zhao ⁽³⁾	3,100,250	5,000,000	6.56%	68.01%
Infinew Limited ⁽⁴⁾	250	1,225,000	0.99%	16.56%
Katherine Wang ⁽⁴⁾	250	1,225,000	0.99%	16.56%
YS Management Company Limited ⁽⁵⁾	96,526,648	0	78.15%	13.05%
Yif Liu ⁽⁵⁾	96,526,648	0	78.15%	13.05%

† Except for our independent directors, the business address of our directors and executive officers is c/o Room 1, Building 10, Jinzhong Guobin Hui Qinyuan 2nd Road, Lihu Community, Xili Street, Shenzhen, 518055, People's Republic of China.

- (1) Percentage of beneficial ownership of each director and executive officer and principal shareholder is based on 123,514,110 ordinary shares outstanding, comprising of 117,289,110 Class A ordinary shares and 6,225,000 Class B ordinary shares as of March 31, 2026. The Class B ordinary shares are treated as converted into Class A ordinary shares only for the purpose of calculating the percentage ownership. Percentage of aggregate voting power is calculated by dividing the voting power beneficially owned by each director and executive officer and principal shareholder by the voting power of all of our Class A ordinary shares and Class B ordinary shares as a single class. Each Class A ordinary share is entitled to one (1) vote while each Class B ordinary share is entitled to one hundred (100) votes on any and all matters submitted for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law.
- (2) Represents 250 Class A ordinary shares of the Company and 5,000,000 Class B ordinary shares of the Company directly held by Expansion Group Ltd. The principle registered address of Expansion Group Ltd. is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.
- (3) Represents (i) 250 Class A ordinary shares of the Company and 5,000,000 Class B ordinary shares of the Company directly held by Expansion Group Ltd; and (ii) 3,100,000 Class A ordinary shares of the Company directly held by Vanguard First Limited. Both Expansion Group Ltd and Vanguard First Limited are 100% owned by Ileana Zhao. Consequently, Ileana Zhao may be deemed to beneficially own the Ordinary Shares held by Expansion Group Ltd and Vanguard First Limited. The principle registered address of Vanguard First Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
- (4) Represents 250 Class A ordinary shares of the Company and 1,225,000 Class B ordinary shares of the Company directly held by Infinew Limited. Infinew Limited is wholly-owned by Katherine Wang. The principal business and office address of Infinew Limited is Room 5031, 5/F, Yau Lee Center, No. 45 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong SAR.
- (5) Represents 96,526,648 Class A ordinary shares of the Company directly held by YS Management Company Limited. YS Management Company Limited is 100% owned by Yif Liu. Consequently, Yif Liu may be deemed to beneficially own the Ordinary Shares held by YS Management Company Limited. The principle registered address of YS Management Company Limited is Room 1604, 16/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

As of March 31, 2026, 3,211,303 Class A ordinary shares were held by one record holder in the United States, representing approximately 2.60% of our total outstanding shares. The record holder is Cede & Co., the nominee of the Depository Trust Company. The number of beneficial owners of our Class A ordinary shares in the United States is likely much larger than the number of record holders of our ordinary shares in the United States.

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

Please refer to “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related Party Transactions

Transactions with Maase Inc. (formerly known as Highest Performance Holdings Limited and Puyi Inc.)

(i) On December 28, 2020, we entered into a framework strategic partnership agreement, or the Agreement, with Puyi Enterprise Management Advisory Co., Ltd., or Puyi Enterprise, an affiliate of Maase Inc. (“Maase”). Maase was formerly our controlled shareholder until December 2025 Pursuant to the Agreement, both parties, on the basis of full compliance with relevant regulatory and legal requirements, will share customer and channel resources and explore collaboration opportunities on the provision of value-added asset management services to Chinese households, by leveraging both parties’ respective strength in insurance and financial services. In order to diversify our services and product offerings, we provided referral services of publicly-raised and privately-raised fund products provided by Maase’s business partners. When our clients have needs for fund products, we referred Maase’s financial advisors to them and Maase’s financial advisors will be responsible for providing product information and handling purchasing procedures. In 2023, we incurred RMB0.5 million referral service fee from Maase and the balance of account receivable as of December 31, 2023 was nil. In 2024, we incurred RMB0.9 million referral service fee from Maase and the balance of account receivable as of December 31, 2024 was RMB0.2 million. In 2025, we incurred RMB0.4 referral service fee from Maase and the balance of account receivable as of December 31, 2025 was nil.

(ii) During 2025, the Company provided a loan of RMB15.5 million to Maas, of which RMB1.7 million had been repaid and the outstanding receivables was RMB13.7 million as at December 31, 2025.

(iii) In June 2025, we disposed of 100% equity interests in Beijing Fanlian Investment Co., Ltd. to Chengdu Puyi Bohui Information Technology Co., Ltd., for a cash consideration of RMB14.3 million.

Employment Agreements

See “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Employment Agreements” for a description of the employment agreements we have entered into with our senior executive officers.

Share Options

Please refer to “Item 6. Directors, Senior Management and Employees—B. Compensation.”

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 and Regulatory Proceedings

We are currently not a party to any material litigation or legal proceeding that may have a material adverse impact on our business or operations. However, we are and may continue to be subject to various claims and legal actions arising in the ordinary course of business. In addition, the CBIRC may make inquiries and conduct examinations concerning our compliance with PRC laws and regulations from time to time. These administrative proceedings were not material to us. While we cannot predict the outcome of any pending or future examination, we do not believe that any pending legal matter will have a material adverse effect on our business, financial condition or results of operations. However, we cannot assure you that any future regulatory proceeding will not have an adverse outcome, which could have a material adverse effect on our operating results or cash flows.

Dividend Policy

We have no plan to declare and pay cash dividends 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. Our board of directors has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium account, and provided always that in no circumstances may a dividend be paid unless, immediately following the date on which it is to be paid, our company will be able to pay its debts as they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. The timing, amount and form of 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, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors.

On February 28, 2017, our board of directors approved a cash dividend policy, which provided for an annual cash dividend to shareholders of no less than 30% of our net income attributable to shareholders in the previous fiscal year. On April 20, 2017, our board of directors declared an annual cash dividend of US\$0.006 per ordinary share, or US\$0.12 per ADS, payable on or around May 18, 2017 to shareholders of record on May 8, 2017.

On September 18, 2017, our board of directors modified the dividend policy to adopt a quarterly payment schedule in lieu of an annual dividend, with the dividend payout ratio of no less than 50% of net operating income attributable to the Company's shareholders instead of no less than 30% under the annual dividend policy previously announced on April 20, 2017. The following table summarizes the quarterly dividend payments since the announcement of the quarterly dividend policy.

Declaration Date	Quarterly Dividend (Per Ordinary Share) (US\$)	Quarterly Dividend (Per ADS) (US\$)	Record Date	Payable Date
November 20, 2017	0.01	0.20	December 8, 2017	December 22, 2017
March 9, 2018	0.01	0.20	March 26, 2018	April 10, 2018
May 12, 2018	0.0125	0.25	June 4, 2018	June 11, 2018
August 18, 2018	0.0125	0.25	September 5, 2018	September 19, 2018
November 17, 2018	0.0125	0.25	December 5, 2018	December 20, 2018
March 18, 2019	0.0125	0.25	March 21, 2019	April 3, 2019
May 22, 2019	0.0150	0.30	June 6, 2019	June 20, 2019
August 20, 2019	0.0150	0.30	September 4, 2019	September 19, 2019
November 20, 2019	0.0150	0.30	December 5, 2019	December 19, 2019
March 18, 2020	0.0150	0.30	April 2, 2020	April 16, 2020
May 26, 2020	0.0125	0.25	June 10, 2020	June 24, 2020
August 24, 2020	0.0125	0.25	September 8, 2020	September 22, 2020
November 24, 2020	0.0125	0.25	December 9, 2020	December 23, 2020
March 22, 2021	0.0125	0.25	March 31, 2021	April 15, 2021
May 27, 2021	0.0075	0.15	June 11, 2021	June 25, 2021
August 23, 2021	0.0075	0.15	September 7, 2021	September 23, 2021
November 23, 2021	0.0075	0.15	December 8, 2021	December 22, 2021
March 28, 2022	0.0075	0.15	April 12, 2022	April 26, 2022

On May 26, 2022, in lieu of cash dividend, our board of directors approved the distribution of 252,995,600 ordinary shares of CNFinance to the Company's shareholders of record as of the close of business on June 9, 2022. The Company's shareholders of record received 4.71 ordinary shares of CNFinance for each 20 issued and outstanding ordinary shares of the Company, or 0.2355 ADSs of CNFinance for each ADS of the Company. The distribution was completed on June 28, 2022, after which our equity stake in CNFinance decreased from approximately 18.5% to approximately 0.01%.

When we pay dividends, cash dividends on our ordinary shares, will be paid in U.S. dollars. Currently, we have no plan to repatriate the remaining undistributed earnings from our subsidiaries in China and we intend to retain all of our available funds held by subsidiaries in China and their future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely on dividends from our subsidiaries or share premium to fund our payment of dividends, if any, to our shareholders. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside a certain amount of its accumulated after-tax profits each year, if any, to fund certain statutory reserves. These reserves may not be distributed as cash dividends. Further, if our subsidiaries in China incur debt on their own behalf, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Furthermore, there are still uncertainties under the new PRC EIT law and the related regulations regarding whether the dividends we receive from our PRC subsidiaries or dividends paid to our shareholders will be subject to PRC withholding tax. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our global income or the dividends we receive from our PRC subsidiaries may be subject to PRC tax under the EIT Law, which could have a material adverse effect on our results of operations.”

B. Significant Changes

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. Offer and Listing Details

See “—C. Markets.”

B. Plan of Distribution

Not applicable.

C. Markets

Our Class A ordinary shares have been listed on the Nasdaq Global Select Market under the symbol “AIFU” since May 21, 2025 following the termination of our ADR Facility. Prior to that, from October 23, 2024 until May 21, 2025, our ADSs, previously each representing 20 Class A ordinary shares, were listed on the Nasdaq Global Select Market under the same ticker symbol “AIFU”. From December 6, 2016 until October 23, 2024, our ticker symbol was “FANH” and from October 31, 2007 until December 6, 2016, our ticker symbol was “CISG.” From October 31, 2007 until January 1, 2009, our ADSs were listed on the Nasdaq Global Market.

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 material provisions of our amended and restated memorandum and articles of association, as adopted by our shareholders by special resolution at the extraordinary general meeting held on April 17, 2025, as well as the Cayman Companies Act insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

The registered office of our company is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as our board of directors may decide. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act or as the same may be revised from time to time, or any other law of the Cayman Islands.

Board of Directors

See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Board of Directors.”

Ordinary Shares

General. Our authorized share capital is US\$4,000,000,000 divided into 10,000,000,000 Ordinary Shares, comprising of (i) 8,000,000,000 Class A Ordinary Shares of a nominal or par value of US\$0.4 each, and (ii) 2,000,000,000 Class B Ordinary Shares of a nominal or par value of US\$0.4 each. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Dividend Rights. The holders of our Class A ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Act. In addition, our shareholders may declare dividends by ordinary resolution, but no dividend shall exceed the amount recommended by our directors. Each Class B ordinary shares confers upon the holder no right to any share in any dividend or distribution paid by the Company.

Voting Rights. Holders of Class A ordinary shares and Class B ordinary shares shall at all times vote together as one class on all resolutions submitted to a vote by the Members. On a show of hands, each shareholder present in person or by proxy (or, for a corporation or other non-natural person, present by its duly authorized representative or proxy) at a general meeting shall have one vote and on a poll, shall have one vote for each Class A ordinary share registered in his name in the register of members of our company and one hundred (100) votes for each Class B ordinary share registered in his or her name in the Register, on any and all matters subject to a vote at such meeting. Voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. A poll may be demanded by the chairman of the meeting or by any one or more shareholders together holding not less than ten percent of our paid-up voting share capital, present in person or by proxy.

A quorum required for a meeting of shareholders consists of shareholders holding in aggregate not less than one-third of all our issued voting share capital present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. We may, but are not obliged, to hold an annual general meeting of shareholders. General meetings may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate not less than one-third of our voting share capital as at the date of deposit of the requisition. Advance notice of at least 14 calendar days is required for the convening of our annual general meeting and other shareholders’ meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting or may be approved in writing by all of the shareholders entitled to vote at a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast in a general meeting or may be passed as a unanimous written resolution. A special resolution is required for important matters such as a change of name. Holders of the ordinary shares may effect certain changes by ordinary resolution, including consolidating and dividing all or any of our share capital into shares of a larger amount than our existing shares, and canceling any shares which have not been taken or agreed to be taken.

Transfer of Shares. Subject to the restrictions of our articles of association, as applicable, any of our Class A ordinary shareholders may transfer all or any of his or her Class A ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board. No Class B ordinary share may be sold, transferred, assigned, pledged, or otherwise disposed of, or used as collateral for loans or any obligations.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share, at the option of the holder, subject to approval by no less than two-thirds of the board of directors or by written resolutions of all the directors. In no event shall Class A ordinary shares be convertible into Class B ordinary shares under any circumstances. Class B ordinary shares shall be automatically and immediately converted into an equal number of Class A ordinary shares under the following circumstances: (i) if the holder is an employee, upon the termination of their employment (howsoever arising) with the Company; (ii) if the holder is a Director, upon their resignation or removal from the board of directors; and (iii) if the holder is a wholly-owned company (“Owned Company”) of a director, senior Management, or an existing shareholder, upon the individual ceasing to wholly own the Owned Company.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares), assets available for distribution among the holders of Class A ordinary shares may be distributed among the holders of the Class A ordinary shares as determined by the liquidator, subject to sanction of an ordinary resolution of our company. Each Class B ordinary share confers upon the holder no right to any share in the distribution of the surplus assets of the Company upon liquidation or otherwise,

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. Subject to the provisions of the Companies Act and our articles of association, we may issue shares on terms that they are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as our board of directors may determine before the issue of such shares. We also may purchase our own shares (including any redeemable shares) in such manner and on such other terms as determined by the board of directors in their sole discretion and agreed with the relevant shareholder, in accordance with our articles of association. The manner of purchase specified in our articles of association, which cover purchases of shares listed on an internationally recognized stock exchange and shares not so listed, is in accordance with Section 37(2) of the Companies Act or any modification or reenactment thereof for the time being in force. In addition, our company may accept the surrender of any fully paid share for no consideration. Pursuant to the Companies Act, upon the repurchase, redemption or surrender of shares, the board of directors can determine whether or not to cancel those shares or hold them as treasury shares pending cancellation, transfer or sale. The company must obtain authorization to hold such shares as treasury shares either in accordance with the procedures set out in the company’s articles of association or (if there are none) by a board resolution before being repurchased, redeemed or surrendered in accordance with the usual rules and articles. The Company may, at its option, redeem all or any of the Class B ordinary shares held by any person at any time, at such price, and in such manner as may be determined by the board of directors, in accordance with our articles of association.

Variations of Rights of Shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to our articles of association, be varied or abrogated with the written consent of the holders of a majority of the issued shares of that class or 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 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 in priority to or *pari passu* therewith.

Inspection of Books and Records. Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our register of members or our corporate records (other than our memorandum and articles of association, special resolutions, and our register of mortgages and charges). However, we make our annual reports, which contain our audited financial statements, available to our shareholders. See “Item 10. Additional Information—H. Documents on Display.”

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” or elsewhere in this annual report.

D. Exchange Controls

See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Foreign Exchange.”

E. Taxation

The following summary of the material Cayman Islands, PRC and United States federal income tax consequences of an investment in our ordinary 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 prospective and retroactive change and is included here for information purposes only. This summary is not intended to be, and should not be construed as, legal or tax advice, does not consider any investor’s particular circumstances, and does not deal with all possible tax consequences relating to an investment in our ordinary shares, such as the tax consequences under state, local and other tax laws.

Cayman Islands Taxation

According to Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, 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, estate duty or gift tax. No Cayman Islands stamp duty will be payable unless an instrument is executed in, or after execution brought within the jurisdiction of the Cayman Islands, or produced before a court of the Cayman Islands. The Cayman Islands is not a party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

PRC Taxation

Under the former PRC Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises, any dividends payable by foreign-invested enterprises to non-PRC investors were exempt from any PRC withholding tax. In addition, any interest or dividends payable, or distributions made, by us to holders or beneficial owners of our ordinary shares would not have been subject to any PRC tax, provided that such holders or beneficial owners, including individuals and enterprises, were not deemed to be PRC residents under the PRC tax law and had not become subject to PRC tax.

Under the EIT Law, which took effect as of January 1, 2008, which was subsequently amended on March 16, 2007, February 24, 2017 and December 29, 2018, enterprises established under the laws of non-PRC jurisdictions but whose “de facto management body” is located in China are considered “resident enterprises” for PRC tax purposes. Under the implementation regulations issued by the State Council relating to the new law, “de facto management bodies” are defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. On April 22, 2009, SAT, issued 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. In addition, the SAT issued a bulletin on July 27, 2011 providing more guidance on the implementation of Circular 82 and clarifying matters such as resident status determination. Substantially all of our management are currently based in China, and may remain in China in the future. If we were treated as a “resident enterprise” for PRC tax purposes, we would be subject to PRC income tax on our worldwide income at a uniform tax rate of 25%, but dividends received by us from our PRC subsidiaries may be exempt from the income tax.

Under the new law and its implementation regulations, dividends paid to a non-PRC investor are generally subject to a 10% or 5% PRC withholding tax, if such dividends are derived from sources within China and the non-PRC investor is considered to be a non-resident enterprise without any establishment or place of business within China or if the dividends paid have no connection with the non-PRC investor's establishment or place of business within China, unless such tax is eliminated or reduced under an applicable tax treaty. Similarly, any gain realized on the transfer of shares by such an investor is also subject to a 10% or 5% PRC withholding tax if such gain is regarded as income derived from sources within China, unless such tax is eliminated or reduced under an applicable tax treaty.

If we were considered a PRC "resident enterprise," it is possible that the dividends we pay with respect to our ordinary shares, or the gain you may realize from the transfer of our ordinary shares, would be treated as income derived from sources within China and be subject to the 10% or 5% PRC withholding tax.

Income Tax and Withholding Tax

The EIT Law, applies a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises. The EIT Law imposes a withholding tax of 10% on dividends distributed by a PRC foreign-invested enterprise to its immediate holding company outside of China, if such immediate holding company is considered 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. Holding companies in Hong Kong SAR, for example, are subject to a 5% withholding tax rate. The Cayman Islands, where we are incorporated, does not have such a tax treaty with China. Thus, dividends paid to us by our subsidiaries in China may be subject to the 10% withholding tax if we are considered a "non-resident enterprise" under the EIT Law.

Under the EIT Law and its implementation rules, any interest or premium with respect to the notes and any gains realized on the transfer of the notes by holders who are deemed under the EIT Law as non-resident enterprise may be subject to PRC enterprises income tax if such interest, premium or gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organization is not in the PRC but has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC.

The EIT Law provides that enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are therefore subject to PRC enterprise income tax at the rate of 25% with respect to their income sourced from both within and outside of China. The Implementing Regulation defines the term "de facto management body" as a management body that exercises substantial and overall control and management over the production and operations, personnel, accounting and properties of an enterprise. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. The Resident Enterprise Administrative Measures provide clarification for resident status determination and competent tax authorities. However, Circular 82 and the Resident Enterprise Administrative Measures apply only to offshore enterprises controlled by PRC enterprises, not those invested in or controlled by PRC individuals, like our company. Currently there are no further detailed rules or precedents applicable to us regarding the procedures and specific criteria for determining "de facto management body" for a company of our type. It is still unclear if the PRC tax authorities would determine that we should be classified as a PRC "resident enterprise."

Although we have not been notified that we are treated as a PRC resident enterprise, we cannot assure you that we will not be treated as a “resident enterprise” under the EIT Law, any aforesaid circulars or any amended regulations in the future. If we are treated as a PRC resident enterprise for PRC enterprise income tax purposes, among other things, we would be subject to the PRC enterprise income tax at the rate of 25% on our worldwide taxable income. Furthermore, if we are treated as a PRC resident enterprise, payments of dividends and/or other expenses of similar nature by us may be regarded as derived from sources within the PRC and therefore we may be obligated to withhold PRC income tax at 10% on payments of dividends on the shares and/or interest or other expenses of similar nature on the notes to non-PRC resident enterprise investors. In the case of non-PRC resident individual investors, the tax may be withheld at a rate of 20%.

In addition, if we are treated as a PRC resident enterprise, any gain realized on the transfer of the ordinary shares by non-PRC resident investors may be regarded as derived from sources within the PRC and accordingly may be subject to a 10% PRC income tax in the case of non-PRC resident enterprises or 20% in the case of non-PRC resident individuals. The PRC tax on interest or gains may be reduced or exempted under applicable tax treaties between the PRC and the holder’s home country. For example, according to an arrangement between the PRC and Hong Kong SAR, for the avoidance of double taxation, holders who are Hong Kong SAR residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the notes.

United States Federal Income Taxation

The following discussion describes the material United States federal income tax considerations to a United States Holder (as defined below), of an investment in ordinary shares. This discussion is based on the federal income tax laws of the United States as of the date of this annual report on Form 20-F, including the United States Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed Treasury Regulations promulgated thereunder, judicial authority, published administrative positions of the United States Internal Revenue Service (“IRS”) and other applicable authorities, all as of the date of this annual report on Form 20-F. All of the foregoing authorities are subject to differing interpretations or changes, which could apply retroactively or significantly affect the tax considerations described below. We have not sought any ruling from the IRS with respect to the statements made or the conclusions reached in the following discussion and there can be no assurance that the IRS or a court will agree with our statements or conclusions. In addition, this summary of the United States federal income tax considerations does not discuss the Medicare Tax on net investment income, any tax considerations arising under the United States federal non-income tax laws (such as estate or gift tax), or the laws of any state, local, or non-United States taxing jurisdiction.

This discussion applies only to a United States Holder (as defined below) that holds ordinary shares as “capital assets” for United States federal income tax purposes (generally, property held for investment). The discussion neither addresses the tax considerations to any particular investor nor describes all aspects of the tax considerations applicable to persons in special tax situations, such as:

- banks and certain other financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- brokers or dealers in stocks and securities, or currencies;
- persons who use or are required to use a mark-to-market method of accounting;
- certain former citizens or residents of the United States subject to Section 877 of the Code;
- entities subject to the United States anti-inversion rules;
- tax-exempt organizations and entities;
- persons subject to the alternative minimum tax provisions of the Code;

- persons whose functional currency is other than the United States dollar;
- persons holding ordinary shares as part of a straddle, hedging, conversion or integrated transaction;
- persons holding ordinary shares through a bank, financial institution or other entity, or a branch thereof, located, organized or resident outside the United States;
- persons that actually or constructively own ordinary shares representing 10% or more of our voting power or value;
- persons who acquired ordinary shares pursuant to the exercise of an employee stock option or otherwise as compensation;
- partnerships or other pass-through entities, or persons holding ordinary shares through such entities;
- persons required to accelerate the recognition of any item of gross income with respect to ordinary shares as a result of such income being recognized on an applicable financial statement; or
- persons that hold, directly, indirectly or by attribution, ordinary shares or other ownership interests in us prior to our initial public offering.

If a partnership (including an entity or arrangement treated as a flow-through entity for United States federal income tax purposes) holds ordinary shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership or a partner in a partnership holding ordinary shares should consult its tax advisors regarding the tax consequences of investing in and holding ordinary shares.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Investors should consult their tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under the United States federal estate or gift tax laws or the laws of any state, local or non-United States taxing jurisdiction and under any applicable tax treaty.

For purposes of the discussion below, a “United States Holder” is a beneficial owner of ordinary shares that is, for United States 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 United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions or (ii) a valid election is in place under applicable Treasury Regulations to treat such trust as a domestic trust.

Passive Foreign Investment Company

Based on the market price of our Class A ordinary shares, the value of our assets and the composition of our income and assets, we do not believe we were a passive foreign investment company (“PFIC”) for United States federal income tax purposes for our taxable year ended December 31, 2025, however there can be no assurance to this regard. However, we believe we were a PFIC for taxable years ended December 31, 2024, 2023, 2022, 2017 and taxable years prior to 2017. In addition, we believe that it is likely that one or more of our subsidiaries were also PFICs for such years.

A non-United States corporation such as the Company will be treated as a PFIC for United States federal income tax purposes for any taxable year if, applying applicable look-through rules, either:

- at least 75% of our gross income for such year is passive income; or
- at least 50% of the value of our assets (generally determined based on a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than certain royalties and rents derived in the active conduct of a trade or business and not derived from a related person). 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, at least 25% by value of the stock. Although the law in this regard is unclear, we treat the former VIEs 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 consolidated their results of operations in our consolidated United States GAAP financial statements.

The composition of our income and assets will be affected by the market price of our Class A ordinary shares and how, and how quickly, we spend our liquid assets and the cash we generate from our operations and raise in any offering. If the market price of our Class A ordinary shares decreases or we increase the amount of cash, short term investments and other passive assets we hold sufficiently from current levels, we may become a PFIC for future taxable years. However, the determination of PFIC status is based on an annual determination that cannot be made until the close of a taxable year, involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn, and is subject to uncertainty in several respects. Accordingly, we cannot assure you that the IRS will not take a contrary position.

If we are a PFIC for any taxable year (as we believe we were for taxable years ended December 31, 2024, 2023, 2022, 2017 and taxable years prior to 2017) during which you hold our Class A ordinary shares, we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold our Class A ordinary shares, unless we cease to be a PFIC (as we believe we did in 2025) and you make a “deemed sale” election with respect to the Class A ordinary shares, as applicable. If such an election is made, you will be deemed to have sold the Class A ordinary shares you hold at their fair market value and any gain from such deemed sale would be subject to the rules described in the following two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the Class ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, you will not be subject to the rules described below with respect to any “excess distribution” you receive from us or any gain from an actual sale or other disposition of the Class A ordinary shares. **You are strongly urged to consult your tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to you.**

If we are a PFIC for any taxable year (as we believe we were for taxable years ended December 31, 2024, 2023, 2022, and 2017 and prior years) during which you hold our Class A ordinary shares, then, unless you make a “mark-to-market” election (as discussed below), you generally will be subject to special and adverse tax rules with respect to any “excess distribution” that you receive from us and any gain that you recognize from a sale or other disposition, including a pledge, of the Class A ordinary shares. For this purpose, distributions that you receive in a taxable year that are greater than 125% of the average annual distributions that you received during the shorter of the three preceding taxable years or your holding period for the Class A ordinary shares will be treated as an excess distribution. Under these rules:

- the excess distribution or recognized gain will be allocated ratably over your holding period for the Class A ordinary shares;
- the amount of the excess distribution or recognized gain allocated to the taxable year of distribution or gain, and to any taxable years in your holding period prior to the first taxable year in which we were treated as a PFIC, will be treated as ordinary income; and

- the amount of the excess distribution or recognized gain allocated to each other taxable year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the resulting tax will be subject to the interest charge generally applicable to underpayments of tax.

If we are a PFIC for any taxable year (as we believe we were for our taxable years ended December 31, 2024, 2023, 2022, 2017 and prior years) during which you hold our Class A ordinary shares and any of our non-United States subsidiaries that are corporations (or other corporations in which we own equity interests) is also a PFIC, you would be treated as owning a proportionate amount (by value) of the shares of each such non-United States entity classified as a PFIC (each such entity, “a lower-tier PFIC”) for purposes of the application of these rules. You should consult your tax advisors regarding the application of the PFIC rules to any of our lower-tier PFICs.

If we are a PFIC for any taxable year (as we believe we were for our taxable years ended December 31, 2024, 2023, 2022, 2017 and prior years) during which you hold our Class A ordinary shares, then in lieu of being subject to the tax and interest-charge rules discussed above, you may make an election to include gain on the Class A ordinary shares as ordinary income under a mark-to-market method, provided that the Class A ordinary shares constitute “marketable stock” (as defined below). If you make a mark-to-market election for the Class A ordinary shares, you will include in gross income for each taxable year that we are a PFIC (including our taxable year ended December 31, 2024) an amount equal to the excess, if any, of the fair market value of the ordinary shares you hold as of the close of your taxable year over your adjusted basis in such Class A ordinary shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the Class A ordinary shares over their fair market value as of the close of the taxable year. However, deductions will be allowable only to the extent of any net mark-to-market gains on the Class A ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as any gain from the actual sale or other disposition of the Class A ordinary shares, will be treated as ordinary income. Ordinary loss treatment will apply to the deductible portion of any mark-to-market loss on the Class A ordinary shares, as well as to any loss from the actual sale or other disposition of the Class A ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Class A ordinary shares. Your basis in the Class A ordinary shares will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, any distributions we make would generally be subject to the tax rules discussed below under “Item. 10 Additional Information—E. Taxation—United States Federal Income Taxation—Dividends and Other Distributions on the Class A ordinary shares,” except the lower capital gains rate applicable to qualified dividend income generally would not apply.

The mark-to-market election is available only for “marketable stock.” Marketable stock is stock that is regularly traded on a qualified exchange or other market, as defined in applicable Treasury Regulations. Our Class A ordinary shares are listed on the Nasdaq Global Select Market, which is a qualified exchange or other market for these purposes. Consequently, if our Class A ordinary shares remain listed on the Nasdaq Global Select Market and are regularly traded, and you are a holder of our Class A ordinary shares, we expect that the mark-to-market election will be available to you for each taxable year for which we are a PFIC, but no assurances are given in this regard.

If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless our Class A ordinary shares are no longer regularly traded on a qualified exchange or other market, or the IRS consents to the revocation of the election. You are urged to consult your tax advisors regarding the availability of mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Because a mark-to-market election cannot be made for any lower tier PFICs that we may own, if we were a PFIC for any taxable year (as we believe we were for taxable years ended December 31, 2024, 2023, 2022, 2017 and prior years), a United States Holder that makes the mark-to-market election may continue to be subject to the tax and interest charges under the general PFIC rules with respect to such United States Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

In certain circumstances, a United States shareholder in a PFIC may avoid the adverse tax and interest-charge regime described above by making a “qualified electing fund” election to include in income its share of the PFIC’s income on a current basis. However, you may make a qualified electing fund election with respect to your ordinary shares only if we agree to furnish you annually with a PFIC annual information statement as specified in the applicable Treasury Regulations. We do not intend to prepare or provide the information that would enable you to make a qualified electing fund election.

A United States Holder that holds our Class A ordinary shares in any taxable year in which we are a PFIC (as we believe we were for taxable years ended December 31, 2024, 2023, 2022, 2017 and prior years) will be required to file an annual report containing such information as the United States Treasury Department may require. **You are strongly urged to consult your tax advisors regarding the impact of our ceasing to be a PFIC in 2025 on your investment in Class A ordinary shares, as well as the application of the PFIC rules to your investment in Class A ordinary shares and the availability, application and consequences of the elections discussed above.**

Dividends and Other Distributions on the Class A ordinary shares

Subject to the passive foreign investment company rules discussed above, the gross amount of any distribution that we make to you with respect to Class A ordinary shares (including any amounts withheld to reflect PRC or other withholding taxes) will be taxable as a dividend, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including any withheld taxes) will be includable in your gross income on the day actually or constructively received by you, if you own the ordinary shares. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be reported as a “dividend” for United States federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to qualifying corporations under the Code.

Dividends received by a non-corporate United States Holder may qualify for the lower rates of tax applicable to “qualified dividend income,” if the dividends are paid by a “qualified foreign corporation” and other conditions discussed below are met. A non-United States corporation (other than a corporation that is a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be treated as a qualified foreign corporation (i) with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States or (ii) if such non-United States corporation is eligible for the benefits of a qualifying income tax treaty with the United States that includes an exchange of information program. However, a non-United States corporation will not be treated as a qualified foreign corporation if it is a passive foreign investment company in the taxable year in which the dividend is paid or the preceding taxable year. As discussed above under “—Passive Foreign Investment Company,” we believe that we were a PFIC for our taxable year ended December 31, 2025.

Under a published IRS Notice, common or ordinary shares are considered to be readily tradable on an established securities market in the United States if they are listed on Nasdaq, as are our Class A ordinary shares. We believe, but we cannot assure you, that dividends we pay, if any, on the ordinary shares, will, subject to applicable limitations, be eligible for the reduced rates of taxation. In addition, if we are treated as a PRC resident enterprise under the PRC tax law (see “Item 10. Additional Information—E. Taxation—PRC Taxation”), then we may be eligible for the benefits of the income tax treaty between the United States and the PRC. If we are eligible for such benefits, then dividends that we pay on our ordinary shares would, subject to applicable limitations, be eligible for the reduced rates of taxation, subject to applicable limitations (including ineligibility for reduced rates as a result of our being a PFIC for the taxable year in which the dividend is paid or the preceding taxable year)

Even if dividends would be treated as paid by a qualified foreign corporation, a non-corporate United States Holder will not be eligible for reduced rates of taxation if it does not hold Class A ordinary shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date or if the United States Holder elects to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code. In addition, the rate reduction will not apply to dividends of a qualified foreign corporation if the non-corporate United States Holder receiving the dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

You should consult your tax advisors regarding the availability of the lower tax rates applicable to qualified dividend income for any dividends that we pay with respect to the Class A ordinary shares, as well as the effect of any change in applicable law after the date of this annual report on Form 20-F.

Any PRC or other non-United States withholding taxes imposed on dividends paid to you with respect to the Class A ordinary shares generally will be treated as foreign taxes eligible for credit against your United States federal income tax liability, subject to the various limitations and disallowance rules that apply to foreign tax credits generally. For purposes of calculating the foreign tax credit, dividends paid to you with respect to the Class A ordinary shares will be treated as income from sources outside the United States and generally will constitute passive category income. The rules relating to the determination of the foreign tax credit are complex and recently issued Treasury Regulations have introduced additional requirements and limitations to the foreign tax credit rules. You should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances.

Disposition of the Class A ordinary shares

You will recognize gain or loss on a sale or exchange of our Class A ordinary shares in an amount equal to the difference between the amount realized on the sale or exchange and your adjusted tax basis in the ordinary shares. Subject to the discussion under “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation—Passive Foreign Investment Company,” above, such gain or loss generally will be capital gain or loss. Capital gains of a non-corporate United States Holder, including an individual that has held the ordinary shares for more than one year currently may be eligible for reduced tax rates. The deductibility of capital losses is subject to limitations.

Any gain or loss that you recognize on a disposition of our ordinary shares generally will be treated as United States-source income or loss for foreign tax credit limitation purposes. However, if we are treated as a PRC resident enterprise for PRC tax purposes and PRC tax is imposed on gain from the disposition of our Class A ordinary shares (see “Item 10. Additional Information—E. Taxation—PRC Taxation”), then a United States Holder that is eligible for the benefits of the income tax treaty between the United States and the PRC may elect to treat the gain as PRC-source income for foreign tax credit purposes, subject to certain limitations. If such an election is made, the gain so treated will be treated as a separate class or “basket” of income for foreign tax credit purposes. You should consult your tax advisors regarding the proper treatment of gain or loss, as well as the availability of a foreign tax credit, in your particular circumstances.

Information Reporting and Backup Withholding

Information reporting to the IRS and backup withholding generally will apply to dividends in respect of our Class A ordinary shares, and the proceeds from the sale or exchange of our Class A ordinary shares, that are paid to you within the United States (and in certain cases, outside the United States), unless you furnish a correct taxpayer identification number and make any other required certification, generally on IRS Form W-9 or you otherwise establish an exemption from information reporting and backup withholding. Backup withholding is not an additional tax. Amounts withheld as backup withholding generally are allowed as a credit against your United States federal income tax liability, and you may be entitled to obtain a refund of any excess amounts withheld under the backup withholding rules if you file an appropriate claim for refund with the IRS and furnish any required information in a timely manner.

United States Holders who are individuals (and certain entities closely held by individuals) generally will be required to report our name, address and such information relating to an interest in our Class A ordinary shares as is necessary to identify the class or issue of which our Class A ordinary shares are a part. These requirements are subject to exceptions, including an exception for our Class A ordinary shares held in accounts maintained by certain financial institutions and an exception applicable if the aggregate value of all “specified foreign financial assets” (as defined in the Code) does not exceed US\$50,000.

United States Holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed with the SEC a registration statement on Form F-1 (File No. 333-146605) and a prospectus under the Securities Act with respect to the ordinary shares represented by the ADSs. We also filed with the SEC a related registration statement on Form F-6 (File Number 333-146765) with respect to the ADSs.

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 documents filed by us with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act and our executive officers and directors are exempt from the short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

In accordance with Rule 5250(d) of the Nasdaq Listing Rules, we will post this annual report on Form 20-F on our website at <https://ir.aifugroup.com/financial-information/sec-filings>. In addition, we will provide electronic or hard copies of our annual report free of charge to shareholders upon request.

I. Subsidiary Information

For a list of our subsidiaries as of March 31, 2026, see Exhibit 8.1 to this annual report.

J. Annual Report to Security Holders

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by bank deposits and short-term, highly liquid investments with original maturities of 90 days or less, and interest expenses incurred by short-term borrowing. Interest-earning instruments carry a degree of interest rate risk, and our future interest income may be lower than expected. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates. We have not used any derivative financial instruments to manage our interest risk exposure.

Foreign Exchange Risk

Substantially all of our revenues and expenses are denominated in RMB. Our exposure to foreign exchange risk primarily relates to the cash and cash equivalent denominated in U.S. dollars that we keep offshore for dividend payments. We have not hedged exposures denominated in foreign currencies using any derivative financial instruments. Although in general, our exposure to foreign exchange risks should be limited, the value of your investment in our Class A ordinary shares will be affected by the foreign exchange rate between U.S. dollars and RMB because the value of our business is effectively denominated in RMB, while our Class A ordinary shares will be traded in U.S. dollars.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the PBOC. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under such policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Removal of the U.S. dollar peg has resulted in an approximately more than 25.0% appreciation of the RMB against the U.S. dollar over the following eight years. In April 2012, the trading band has been widened to 1%, and in March 2014 it was further widened to 2%, which allows the Renminbi to fluctuate against the U.S. dollar by up to 2% above or below the central parity rate published by the PBOC. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. The PRC government may from time to time make further adjustments to the exchange rate system in the future. To the extent that we need to convert our U.S. dollar or other currencies-denominated assets into RMB for our operations, appreciation of the RMB against the U.S. dollar or other currencies would have an adverse effect on the RMB amount we receive from the conversion. We had U.S. dollar-denominated financial assets amounting to US\$0.5 million and HK dollar-denominated financial assets amounting to HK\$2.7 million as of December 31, 2025. A 10% appreciation of the RMB against the U.S. dollar and HK dollar would have resulted in a decrease of RMB0.6 million (US\$0.1 million) in the value of our U.S. dollar-denominated and HK dollar-denominated financial assets. Conversely, if we decide to convert our RMB denominated cash amounts into U.S. dollars amounts or other currencies amounts for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar or other currencies against the RMB would have a negative effect on the U.S. dollar or other currencies amount available to us.

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

On May 20, 2025, we terminated the American depositary receipt facility for our ADSs and ceased the listing of the ADSs on Nasdaq. On May 21, 2025, our Class A ordinary shares commenced trading on Nasdaq in substitution for the ADSs. As a result of this, there are no outstanding ADSs as of December 31, 2025.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

A.–D. Material Modifications to the Rights of Security Holders

By passing resolutions at the Extraordinary General Meeting of Shareholders on October 31, 2024, our authorized share capital was amended to US\$10,000,000 divided into (i) 8,000,000,000 Class A ordinary shares of a nominal or par value of US\$0.001 each and (ii) 2,000,000,000 Class B ordinary shares of a nominal or par value of US\$0.001 each, by (a) re-designating 8,000,000,000 authorized ordinary shares (including all ordinary shares which were then issued and outstanding) as Class A ordinary shares; and (b) re-designating 2,000,000,000 authorized ordinary shares (none of which was then issued and outstanding) as Class B ordinary shares.

By passing resolutions at the Extraordinary General Meeting of Shareholders held on April 17, 2025, effective on May 21, 2025, (a) each 400 (four hundred) ordinary shares of a par value of US\$0.001 each were consolidated into 1 (one) ordinary share of a par value of US\$0.4 each, such that our authorized share capital was changed to US\$10,000,000 divided into 25,000,000 ordinary shares comprising of (i) 20,000,000 class A ordinary shares of a nominal or par value of US\$0.4 each and (ii) 5,000,000 class B ordinary shares of a nominal or par value of US\$0.4 each; and (b) immediately following the 400-for-1 Share Consolidation, our authorized share capital of was increased to US\$4,000,000,000 divided into 10,000,000,000 ordinary shares comprising of (i) 8,000,000,000 class A ordinary shares of a nominal or par value of US\$0.4 each, and (ii) 2,000,000,000 class B ordinary shares of a nominal or par value of US\$0.4 each.

As of the date of this report, pursuant to the current amended and restated memorandum and articles of association, the Company is authorized to issue 8,000,000,000 class A ordinary shares of a par value of US\$0.4 each and 2,000,000,000 class B ordinary shares of a par value of US\$0.4 each. Each holder of a Class A Ordinary Share shall have one (1) vote for each Class A Ordinary Share and each holder of the Class B Ordinary Shares shall have one hundred (100) votes for each Class B Ordinary Share.

See “Item 10. Additional Information—B. Memorandum and Articles of Association—Ordinary Shares” for a description of the rights of securities holders.

E. Use of Proceeds

None.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, 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 this evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of December 31, 2025, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in by the SEC's rules and forms, and that 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 chief financial officer, as appropriate, 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 such item is defined in Rules 13a-15(f) under the Exchange Act, for our company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a 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 misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk 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 and related rules as promulgated by the SEC, our management assessed the effectiveness of the internal control over financial reporting as of December 31, 2024 using criteria established in "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2025, based on the criteria established in "Internal Control—Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Enrome LLP, has audited the effectiveness of our company's internal control over financial reporting as of December 31, 2025.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of AIFU Inc. (formerly known as “AIX Inc.” and “Fanhua Inc.”)

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of AIFU Inc. (formerly known as “AIX Inc.” and “Fanhua Inc.”) (the “Company”) and its subsidiaries (the “Group”) as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements as of and for the year ended December 31, 2025, of the Group and our report dated April 28, 2026, expressed an unqualified opinion on those financial statements and included explanatory paragraphs relating to the translation of Renminbi amounts into United States dollars amounts on those financial statements.

Basis for Opinion

The Group’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting 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 the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Enrome LLP

Singapore
April 28, 2026

We have served as the Group’s auditor since 2025.

Changes in Internal Control over Financial Reporting

Management has evaluated, with the participation of our chief executive officer and chief financial officer, whether any changes in our internal control over financial reporting that occurred during our last fiscal year have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Based on the evaluation we conducted, management has concluded that there has been no such change during the period covered by this annual report on Form 20-F.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Kunlin Li, an independent director (under the standards set forth in Rule 5605 of the Nasdaq Listing Rules and Rule 10A-3 under the Exchange Act) and member of our audit committee, is an audit committee financial expert.

Item 16B. Code of Ethics

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees. We have posted a copy of our code of business conduct and ethics on our investor relations website at <https://ir.aifugroup.com/corporate-governance>

Item 16C. Principal Accountant Fees and Services

On January 23, 2025 we engaged Enrome LLP (PCAOB No. 6907) (“Enrome”) as our independent registered public accounting firm, and dismissed Deloitte Touche Tohmatsu Certified Public Accountants LLP (“Deloitte”). See also “Item 16F. Change in Registrant’s Certifying Accountant.” The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte and Enrome for the periods indicated.

	For the Year Ended December 31,	
	2024	2025
	(US\$ in thousands)	
Audit fees(1):		
–Deloitte Touche Tohmatsu Certified Public Accountants LLP	843.0	100.0
–Enrome LLP	700.0	540.0
Total fees	1,543.0	640.0

(1) “Audit fees” meant the aggregate fees billed and expected to be billed in each of the fiscal years listed for professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements and review of quarterly financial statements included in our reports on Form 6-K, services that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by our independent registered public accounting firm, including audit services, audit-related services, tax services and other services as described above, 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

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

On January 23, 2025, we engaged Enrome as our independent registered public accounting firm, and dismissed Deloitte. The change of our independent registered public accounting firm had been approved by our board and the audit committee of our board, and the decision was not made due to any disagreements between us and Deloitte.

The reports of Deloitte on our consolidated financial statements for the fiscal years ended December 31, 2022 and 2023 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

During the fiscal years ended December 31, 2022 and 2023 and the subsequent interim period through January 23, 2025, there have been no (i) disagreements between us and Deloitte on any matter of accounting principles or practices, financial statement disclosure, or audit scope or procedure, which disagreements if not resolved to the satisfaction of Deloitte would have caused them to make reference thereto in their reports on the consolidated financial statements for such years, or (ii) reportable events as defined in Item 16F(a)(1)(v) of the instructions to Form 20-F.

We have provided Deloitte with a copy of the Form 6-K filed with the Commission on January 23, 2025 which includes the disclosures hereunder and required under Item 16F of Form 20-F and requested from Deloitte a letter addressed to the SEC indicating whether it agrees with such disclosures. A copy of Deloitte's letter dated January 23, 2025 is attached as Exhibit 15.5 in our annual report on Form 20-F filed with the Commission on April 25, 2025.

During the fiscal years ended December 31, 2022 and 2023 and the subsequent interim period prior to engaging Enrome, neither we nor anyone on our behalf has consulted with Enrome on either (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, and neither a written report nor oral advice was provided to us that Enrome concluded was an important factor considered by us in reaching a decision as to any accounting, audit, or financial reporting issue or (b) any matter that was the subject of a disagreement, as that term is defined in Item 16F(a)(1)(iv) of Form 20-F (and the related instructions thereto) or a reportable event as set forth in Item 16F(a)(1)(v)(A) through (D) of Form 20-F.

Item 16G. Corporate Governance

Nasdaq Stock Market Rule 5620(a) requires each issuer to hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year-end. However, Nasdaq Stock Market Rule 5615(a)(3) permits foreign private issuers like us to follow "home country practice" in certain corporate governance matters. Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, has provided a letter to the Nasdaq Stock Market certifying that under Cayman Islands law, we are not required to hold annual shareholder meetings every year. We follow home country practice with respect to annual meetings and do not hold an annual meeting of shareholders each year. We may hold annual or extraordinary shareholder meetings in the future if there are significant issues that require shareholders' approvals.

Pursuant to the Nasdaq Stock Market Rule 5600 Series, shareholder approval is required prior to the issuance of securities in the following circumstances:

- Rule 5635(a) requires shareholder approval prior to the issuance of securities in connection with the acquisition of the stock or assets of another company in certain specified circumstances.
- Rule 5635(b) requires shareholder approval prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the Company.

- Rule 5635(c) requires shareholder approval prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees, or consultants.
- Rule 5635(d) requires shareholder approval for a 20% Issuance at a price that is less than the Minimum Price.

Our Cayman Islands counsel has also provided letters to Nasdaq certifying that, under Cayman Islands law, shareholder approval is not required for these matters and accordingly the Company followed home country practice in lieu of the requirements of the Rule 5600 Series of the NASDAQ Stock Market Marketplace Rules (with the exception of those rules which are required to be followed pursuant to the provisions of Rule 5615(a)(3)).

Other than the annual meeting and the shareholder approval requirement for certain issuance of securities described above, there are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under Nasdaq Stock Market Rules. To the extent that we choose to follow additional home country practices in the future, our shareholders may be afforded less protection than they otherwise would enjoy under Nasdaq corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information—3.D. Risk Factors— Risks Related to Our Ordinary Shares—As a 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 corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.”

Item 16H. Mine Safety Disclosure.

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Item 16J. Insider Trading Policies.

We have adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us. A copy of our insider trading policies is filed as Exhibit 11.2 to our annual report on Form 20-F filed on April 25, 2025.

Item 16K. Cybersecurity

Risk Management and Strategy

We rely increasingly on information technology systems and network infrastructure to conduct operations and engage with our customers and business partners. As the complexity of our engagements grows, so do the potential threats from cyber intrusion, ransomware, denial of service, phishing, account takeover, data manipulation, and other cyber misconduct. To counter these threats, we have implemented comprehensive cybersecurity risk assessment procedures and taken various measures to ensure their effectiveness in reporting and managing cybersecurity risks. We have also integrated cybersecurity risk management procedures into our overall risk management system.

We have developed a comprehensive cybersecurity threat defense system to address both internal and external threats. This system encompasses various operational levels, including access management, network management, system maintenance, data integrity, and proper use of information resources. We strive to manage cybersecurity risks and protect sensitive information through various means and processes, including, but not limited to, the following: (i) an incident response team designated to assess, contain, and mitigate the potentially harmful effects of cybersecurity incidents, including developing a comprehensive plan outlining the appropriate steps of incident response and disciplinary measures to be implemented upon the occurrence of such incidents, (ii) access control protocols based on a “least privilege” principle, which allows user access only to the resources necessary to perform their respective function(s); (iii) network security monitoring, including firewalls, Intrusion Detection Systems (IDS) and other programs to monitor suspect activity on our network, (iii) regular updates to keep our software and systems current through the use of automated patching solutions, and monitor news sources, industry consortia, and vendors for updates and threat information, and (iv) periodic review of information security controls by internal and external staff, and regular training sessions on information security conducted for employees. In addition, we work with third-party cybersecurity professionals to guide and support our cybersecurity management efforts. We have implemented information technology access control procedures to oversee and identify cybersecurity risks associated with our third-party service providers. For example, third-party access may be evaluated and approved by our chief digital officer on a case-by-case basis and granted strictly in accordance with the “least privilege” principle, after such third parties have undergone a background check or other due-diligence process. Any third-party service providers connecting to our network must demonstrate that they are capable of maintaining appropriate safeguards to comply with applicable cybersecurity laws and regulations.

Although we have implemented various measures to mitigate cybersecurity threats, we cannot guarantee that cybersecurity risks will be completely eliminated, and we may from time to time be exposed to risks from cybersecurity threats. As of the date of this annual report, we have not experienced any cybersecurity incidents or identified any risks from cybersecurity threats that have affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition.

For more information regarding the risks associated with cybersecurity incidents, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—A computer system failure, cyber-attacks, any failure to protect the confidential information of our customers or other security breaches may disrupt our business, loss of customers, damage our reputation, result in potential liability and adversely affect our results of operations and financial condition.”

Cybersecurity Oversight and Governance

The audit committee of our board of directors is responsible for overseeing the Company’s risk management processes and the implementation of our cybersecurity policy. The board and the audit committee are aware of the rapidly evolving nature of threats presented by cybersecurity incidents and are committed to the prevention, timely detection, and mitigation of the effects of cybersecurity incidents on the Company. The audit committee shall review, approve and maintain oversight of the disclosure (i) on Form 6-K for material cybersecurity incidents (if any) and (ii) related to cybersecurity matters in the periodic reports (including annual report on Form 20-F) of the Company. The audit committee routinely provides updates to the board on the matters related to cybersecurity, and is responsible for reviewing and evaluating the sufficiency of our cybersecurity policy and proposing any necessary changes to the board for approval.

The audit committee also receives regular reports and updates from our chief digital officer, such as the internal and external cybersecurity threat landscape, material risks arising from cybersecurity threats, and any material cybersecurity incidents.

Our management is committed to cybersecurity risk management. The head of our information technology department, who leads a dedicated cybersecurity team, is responsible for assessing and managing cybersecurity risks and monitoring the prevention, detection, mitigation, and remediation of cybersecurity incidents related to our legacy IT system. He has over 18 years of experiences in in application, infrastructure, development, security and governance. He reports to our chief executive officer and provides timely and routine updates to the audit committee on any material cybersecurity incidents.

Upon the identification of a cybersecurity incident, the head of our information technology department will organize an incident response team. The incident response team coordinates with internal and external IT personnel and advisors, and internal and external counsel, as appropriate, to minimize the threat of damage resulting from a cybersecurity incident.

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 AIFU Inc. and its subsidiaries and former consolidated VIEs are included at the end of this annual report.

Item 19. Exhibits

Exhibit Number	Description of Document
1.1*	Amended and Restated Memorandum and Articles of Association of the Registrant, adopted on April 17, 2025 and effective on May 21, 2025
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated by reference to Exhibit 2.2 of our annual report on Form 20-F, filed with the Commission on April 28, 2025)
2.4*	Description of Securities
4.1	2007 Share Incentive Plan (as amended and restated effective December 18, 2008) (incorporated by reference to Exhibit 99.3 of our report on Form 6-K furnished to the Commission on December 22, 2008)
4.2	Form of Indemnification Agreement with the Registrant's directors and officers (incorporated by reference to Exhibit 10.3 of our F-1 registration statement (File No. 333-146605), as amended, initially filed with the Commission on October 10, 2007)
4.3	Form of Director Agreement with Independent Directors of the Registrant (incorporated by reference to Exhibit 10.4 of our F-1 registration statement (File No. 333-146605), as amended, initially filed with the Commission on October 10, 2007)
4.4	Form of Employment Agreement between the Registrant and an Executive Officer of the Registrant (incorporated by reference to Exhibit 4.4 of our annual report on Form 20-F filed with the Commission on May 15, 2009)
4.5	2022 Share Incentive Plan (incorporated by reference to Exhibit 4.10 of our annual report on Form 20-F filed with the Commission on April 25, 2023)
4.6	2023 Share Incentive Plan (incorporated by reference to Exhibit 99.1 of our registration statement on Form S-8 filed with the Commission on March 12, 2024)
4.7*	Form of Securities Purchase Agreement By and Between AIFU Inc. and certain investors dated as of July 7, 2025 (incorporated by reference to Exhibit 99.2 of our Form 6-K filed with the Commission on July 7, 2025)
4.8*	Form of Warrant dated as of July 7, 2025 (incorporated by reference to Exhibit 99.3 of our Form 6-K filed with the Commission on July 7, 2025)
4.9*	Form of Share Subscription Agreement made between AIFU Inc. and Expansion Group Ltd dated as of November 7, 2025 (incorporated by reference to Exhibit 10.1 of our Form 6-K filed with the Commission on November 13, 2025)
4.10*	Form of Transaction Agreement made between AIFU Inc. and YS Management Company Limited and Ethereal Group Ltd dated December 12, 2025 (incorporated by reference to Exhibit 10.1 of our Form 6-K filed with the Commission on December 12, 2025)

8.1*	Subsidiaries and Affiliated Entities of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 of our F-1 registration statement (File No. 333-146605), as amended, initially filed with the Commission on October 10, 2007)
11.2	Insider Trading Policy (incorporated by reference to Exhibit 11.2 of our annual report on Form 20-F filed with the Commission on April 25, 2025)
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
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
15.1*	Consent of Maples and Calder (Hong Kong) LLP
15.2*	Consent of Hai Run Law Firm
15.3*	Consent of Enrome LLP
15.4*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP
15.5	Letter from Deloitte Touche Tohmatsu Certified Public Accountants LLP to the Securities and Exchange Commission, dated January 23, 2025 (incorporated by reference to Exhibit 16.1 of our Form 6-K filed with the Commission on January 23, 2025)
97.1	Clawback Policy (incorporated by reference to Exhibit 97.1 of our annual report on Form 20-F filed with the Commission on April 29, 2024)
101*	Financial information from Registrant for the year ended December 31, 2025 formatted in Inline eXtensible Business Reporting Language (iXBRL):
	(i) Consolidated Balance Sheets as of December 31, 2024 and 2025;
	(ii) Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) for the Years Ended December 31, 2023, 2024 and 2025;
	(iii) Consolidated Statements of Shareholder's Equity for the Years Ended December 31, 2023, 2024 and 2025;
	(iv) Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2024 and 2025;
	(v) Notes to Consolidated Financial Statements; and Schedule 1 — Condensed Financial Information of AIFU Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed with this Annual Report on Form 20-F.

** Furnished with this Annual Report on Form 20-F.

† Portions of this exhibit have been omitted in accordance with Instruction 4 to Item 19 of Form 20-F

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.

AIFU Inc.

By: /s/ Mingxiu Luan

Name: Mingxiu Luan

Title: Chief Executive Officer

Date: April 28, 2026

AIFU INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of AIFU Inc. (formally known as “AIX Inc.” and “Fanhua Inc.”)

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of AIFU Inc. (formally known as “AIX Inc.” and “Fanhua Inc.”) (the “Company”) and its subsidiaries (the “Group”) as of December 31, 2024 and 2025, the related consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders’ equity and cash flows, for the years ended December 31, 2024 and 2025, and the related notes and schedule I (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 Group as of December 31, 2024 and 2025, and the results of its operations and its cash flows for the years ended December 31, 2024 and 2025, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Group’s internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 28, 2026, expressed an unqualified opinion on the Group’s internal control over financial reporting.

Convenience Translation

Our audits 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(u) to the financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside of the People’s Republic of China.

Basis for Opinion

These consolidated financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group 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 in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits 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 and the report of the other auditors provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue recognition: Estimate of variable renewal commissions for long-term life insurance products and impact on revenue recognized — Refer to Note 2(q) to the financial statements

Critical Audit Matter Description

The agency revenues recognized for the life insurance business include estimated variable renewal commissions for long-term life insurance products. As described in Note 2(q) to its consolidated financial statements, the Group uses the expected value method and considers constraints as well to estimate variable renewal commissions, which are contingent on future renewals of initial policies or achievement of certain performance targets. Given the material uncertainty around the future 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.

Revenue recognition: Estimate of variable renewal commissions for long-term life insurance products and impact on revenue recognized — Refer to Note 2(q) to the financial statements (Continued)

Auditing management's determination of estimated variable renewal commissions was complex and highly judgmental due to the complexity of the models used and the subjectivity required by the Group to estimate the amount for future renewals of policies, calculate the amount of commission revenue that is probable of not being reversed, and determine the timing and amount of any revenue adjustment that results from changes in the estimates of previously recorded estimated renewal commissions. The Group utilizes statistical methodologies to estimate renewal rate(s), which is a key driver when estimating the amount of future renewals of policies. To determine the constraint to be applied to estimated renewal commissions, the Group evaluates historical experiences and data and applies judgment. For the ongoing evaluation of assumptions, the Group also analyzes whether circumstances have changed and considers any known or potential modifications to the inputs into estimated renewal commissions model and the factors that can impact the amount of renewal commissions expected to be collected in future periods such as commission rates, insurance products composition, renewal terms of insurance products and changes in relevant laws and regulations. The judgment and assumptions are continuously re-evaluated and adjusted as needed along with the accumulation of historical experiences and data when new information becomes available.

Given the significant judgment required to determine the amount of estimated variable renewal commissions, performing audit procedures to evaluate the reasonableness of management's assessment required a high degree of auditor judgment and an increased extent of effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the evaluation of the reasonableness of the Group's estimate of variable renewal commissions for long-term life insurance products discussed above included the following, among others:

- We obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls over the Group's process to estimate variable renewal commissions for long-term life insurance products.
- We evaluated of the appropriateness of the methodology, including the determination of portfolio of contracts, and assumptions used by management to estimate variable renewal commissions by benchmarking the methods and assumptions against general market practice within the insurance industry.
- We tested the completeness and accuracy of the underlying data that served as the basis for our substantial analytical procedures.
- We developed a range of independent estimates and comparing those to the renewal rate selected by management for evaluating the reasonableness of management's assumptions.
- We performed substantive analytical procedures by developing an independent expectation for comparison to the Group's estimate applying our own methods as well as assumptions with the Group's data, and evaluation of significant unexpected differences, if any.
- We performed retrospective review to compare the actual realized renewal commissions with the estimated value that has been recognized as revenues.

/s/ Enrome LLP

Singapore, Singapore

April 28, 2026

We have served as the Group's auditor since 2025.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of AIFU Inc.

Opinion on the Financial Statements

We have audited, before the effects of the retrospective adjustments for the discontinued operations discussed in Note 4, the adoption of ASU 2023-09 discussed in Note 17, the reverse stock split discussed in Note 18 and the change in the composition of reportable segments and the adoption of ASU 2023-07 discussed in Note 25 to the consolidated financial statements, the related consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the year ended December 31, 2023, and the related notes and schedule I (collectively referred to as the "financial statements") of AIFU Inc. (formerly known as "AIX Inc." and "Fanhua Inc.") and its subsidiaries (the "Company") (the 2023 financial statements before the effects of the retrospective adjustments discussed in Note 4, Note 17, Note 18 and Note 25 to the financial statements are not presented herein). In our opinion, the 2023 financial statements, before the effects of the retrospective adjustments discussed in Note 4, Note 17, Note 18 and Note 25 to the financial statements, present fairly, in all material respects, the results of the Company's operations and its cash flows for the year ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments for the discontinued operations discussed in Note 4, the adoption of ASU 2023-09 discussed in Note 17, the reverse stock split discussed in Note 18 and the change in the composition of reportable segments and the adoption of ASU 2023-07 discussed in Note 25 to the consolidated financial statements, and accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by the successor auditor.

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. 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 29, 2024

We began serving as the Company's auditor in 2021. In 2024, we became the predecessor auditor.

AIFU INC.
Consolidated Balance Sheets
(In thousands, except for shares and per share data)

	As of December 31,		
	2024	2025	2025
	RMB	RMB	US\$ Note 2(u)
ASSETS:			
Current assets:			
Cash and cash equivalents	106,023	31,095	4,447
Restricted cash	34,601	3,102	444
Securities available for sale, at fair value	563,436	2,450	350
Equity securities, at fair value	—	2,746	393
Accounts receivable, net of allowances of RMB1,186 and RMB1,858 as of December 31, 2024 and 2025, respectively	95,138	65,533	9,371
Contract assets, net of allowances of nil and RMB164 as of December 31, 2024 and 2025, respectively	260,368	182,453	26,090
Other receivables, net	708,623	288,339	41,232
Amounts due from a related party	—	13,252	1,895
Other current assets	23,402	14,809	2,118
Current assets related to discontinued operation	248,104	—	—
Total current assets	2,039,695	603,779	86,340
Non-current assets:			
Restricted bank deposit – non-current	16,541	16,059	2,296
Contract assets - non-current, net of allowances of nil and 509 as of December 31, 2024 and 2025, respectively	693,638	565,418	80,854
Property, plant, and equipment, net	71,011	62,876	8,991
Deferred tax assets	9,976	8,902	1,273
Investments in affiliates	1,004,683	—	—
Other non-current assets	225,498	237,475	33,959
Right-of-use assets	60,850	33,589	4,803
Non-current assets related to discontinued operation	29,122	—	—
Total non-current assets	2,111,319	924,319	132,176
Total assets	4,151,014	1,528,098	218,516

AIFU INC.
Consolidated Balance Sheets
(In thousands, except for shares and per share data)

	As of December 31,		
	2024	2025	2025
	RMB	RMB	US\$ Note 2(u)
LIABILITIES AND EQUITY:			
Current liabilities:			
Short-term loans	134,976	56,000	8,008
Accounts payable	113,265	81,089	11,596
Accrued commissions	128,314	90,076	12,881
Insurance premium payables	312	6	1
Other payables and accrued expenses	177,083	184,722	26,415
Accrued payroll	19,167	17,940	2,565
Income taxes payable	63,325	67,020	9,584
Operating lease liabilities	30,054	15,308	2,189
Current liability related to discontinued operation	150,380	—	—
Total current liabilities	816,876	512,161	73,239
Non-current liabilities:			
Accrued commissions	387,540	316,419	45,247
Tax liabilities	25,701	25,701	3,675
Deferred tax liabilities	216,115	187,218	26,772
Operating lease liabilities	27,918	15,463	2,211
Other non-current liabilities	33,374	—	—
Non-current liabilities related to discontinued operation	13,035	—	—
Total non-current liabilities	703,683	544,801	77,905
Total liabilities	1,520,559	1,056,962	151,144
Commitments and contingencies			
Shareholders' Equity:			
Class A Ordinary shares (US\$0.4 par value; 8,000,000,000 shares authorized, 2,898,349 shares issued and 2,898,349 shares outstanding as of December 31, 2024 ; 8,000,000,000 shares authorized, 13,435,271 shares issued and 13,435,271 shares outstanding as of December 31, 2025)*	8,678	38,877	5,560
Class B Ordinary shares (US\$0.4 par value; 5,000,000 shares authorized, no shares issued and outstanding as of December 31, 2024; 7,500,000 shares authorized, 7,500,000 shares issued and 7,500,000 shares outstanding as of December 31, 2025)*	—	21,373	3,056
Treasury stock	(197)	—	—
Additional paid-in capital	192,760	401,928	57,475
Statutory reserves	593,691	343,026	49,052
Retained earnings (accumulated deficit)	1,789,250	(235,471)	(33,672)
Accumulated other comprehensive loss	(37,666)	(91,213)	(13,043)
Total AIFU INC. shareholders' equity	2,546,516	478,520	68,428
Non-controlling interests	83,939	(7,384)	(1,056)
Total shareholders' equity	2,630,455	471,136	67,372
Total liabilities and shareholders' equity	4,151,014	1,528,098	218,516

* Retrospectively restated for the 1-for-400 reverse share split effected on May 21, 2025.

The accompanying notes are an integral part of the consolidated financial statements.

AIFU INC.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(In thousands, except for shares and per share data)

	Years Ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US\$ Note 2(u)
Net revenues:				
Agency	2,760,448	1,331,778	556,567	79,588
Life insurance business	2,593,803	1,186,462	515,557	73,724
Non-life insurance business	166,645	145,316	41,010	5,864
Total net revenues	2,760,448	1,331,778	556,567	79,588
Operating costs and expenses:				
Agency	(1,868,672)	(799,781)	(282,300)	(40,369)
Life insurance business	(1,749,475)	(693,065)	(258,784)	(37,006)
Non-Life insurance business	(119,197)	(106,716)	(23,516)	(3,363)
Total operating costs	(1,868,672)	(799,781)	(282,300)	(40,369)
Selling expenses	(151,830)	(104,294)	(60,655)	(8,674)
General and administrative expenses	(563,473)	(470,700)	(252,669)	(36,131)
Impairment loss	—	(404,121)	—	—
Total operating costs and expenses	(2,583,975)	(1,778,896)	(595,624)	(85,174)
Income (Loss) from operations	176,473	(447,118)	(39,057)	(5,586)
Other income, net:				
Gains (Losses) from fair value change	102,867	(78,499)	(24,976)	(3,572)
Investment income related to the realized gain on short term investments	48,250	42,288	39,483	5,646
(Losses) Gains from disposal of subsidiaries	(2,904)	897,306	(116,605)	(16,674)
Interest income, net	15,005	15,092	30,207	4,320
Financial cost	(10,055)	(3,315)	(3,710)	(531)
Provision for credit losses	(6,477)	(47,147)	(1,560,128)	(223,094)
Impairment loss on financial assets	—	—	(610,631)	(87,319)
Others, net	25,608	22,701	12,171	1,740
Income (Loss) before income taxes, share of income and impairment of affiliates, net	348,767	401,308	(2,273,246)	(325,070)
Income tax expense	(59,206)	(91,954)	(4,020)	(575)
Share of income of affiliates, net of impairment	(1,317)	(5,052)	—	—
Net income (loss) from continuing operations	288,244	304,302	(2,277,266)	(325,645)
Net income from discontinued operations, net of tax	855	5,172	3,230	462
Net income (loss)	289,099	309,474	(2,274,036)	(325,183)
Less: Net (loss) income attributable to the non-controlling interests	8,622	(145,486)	1,350	193
Continuing operations	4,773	(148,720)	1,350	193
Discontinued operations	3,849	3,234	—	—
Net income (loss) attributable to the shareholders of the Company	280,477	454,960	(2,275,386)	(325,376)
Continuing operations	283,471	453,022	(2,278,616)	(325,838)
Discontinued operations	(2,994)	1,938	3,230	462

AIFU INC.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(In thousands, except for shares and per share data)

	Years Ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US\$ Note 2(u)
Net income (loss) per share attributable to ordinary shareholders of the Company- Basic *:				
Continuing operations	105.54	169.88	(224.87)	(32.16)
Discontinued operations	(1.11)	0.73	0.32	0.05
Net income (loss) per share attributable to ordinary shareholders of the Company- Diluted *:				
Continuing operations	105.31	169.27	(224.87)	(32.16)
Discontinued operations	(1.11)	0.72	0.32	0.05
Shares used in calculating net income per share*:				
Basic:	2,685,930	2,666,735	10,132,864	10,132,864
Diluted	2,691,850	2,676,371	10,132,864	10,132,864
Net income (loss)	<u>289,099</u>	<u>309,474</u>	<u>(2,274,036)</u>	<u>(325,183)</u>
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	2,249	1,688	(19,985)	(2,858)
Unrealized net gains (loss) on available-for-sale investments	2,458	(11,418)	(33,562)	(4,799)
Total comprehensive income (loss)	<u>293,806</u>	<u>299,744</u>	<u>(2,327,583)</u>	<u>(332,840)</u>
Less: comprehensive income (loss) attributable to the non-controlling interests	8,622	(145,486)	1,350	193
Comprehensive income (loss) attributable to the Company's shareholders	<u>285,184</u>	<u>445,230</u>	<u>(2,328,933)</u>	<u>(333,033)</u>

* Retrospectively restated for the 1-for-400 reverse share split effected on May 2121, 2025.

The accompanying notes are an integral part of the consolidated financial statements.

AIFU INC.
Consolidated Statements of Changes in Shareholders' Equity
(In thousands, except for shares and per share data)

	Share Capital of Class A		Additional Paid-in Capital	Treasury Stock		Statutory Reserves	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Shareholders' Equity
	Number of Ordinary Share	Amounts		Number of Share	Amounts					
		RMB			RMB					
Balance as of January 1, 2023	2,685,770	8,091	461	3,623	(10)	559,520	1,087,984	(32,643)	107,928	1,731,331
Net income	—	—	—	—	—	—	280,477	—	8,622	289,099
Foreign currency translation	—	—	—	—	—	—	—	2,249	—	2,249
Ordinary shares issued for business combinations (Note 3)	211,554	584	208,906	—	—	—	—	—	169,771	379,261
Repurchase of ordinary shares from open market	—	—	(28,968)	26,322	(75)	—	—	—	—	(29,043)
Repurchase of ordinary shares from certain selling shareholder (Note 18)	—	—	(8,720)	8,979	(25)	—	—	—	—	(8,745)
Ordinary shares received upon disposal of a newly acquired subsidiary (Note 3 and Note 18)	—	—	(24,452)	22,768	(68)	—	—	—	(21,557)	(46,077)
Share-based compensation	—	—	17,095	—	—	—	—	—	—	17,095
Provision for statutory reserves	—	—	—	—	—	48,856	(48,856)	—	—	—
Unrealized net gain on available-for-sale investments	—	—	—	—	—	—	—	2,458	—	2,458
Acquisition of non-controlling interests of a subsidiary	—	—	(1,601)	—	—	—	—	—	1,491	(110)
Balance as of December 31, 2023	2,897,324	8,675	162,721	61,692	(178)	608,376	1,319,605	(27,936)	266,255	2,337,518

AIFU INC.
Consolidated Statements of Changes in Shareholders' Equity
(In thousands, except for shares and per share data)

	Share Capital of Class A Ordinary Share		Additional Treasury Stock		Statutory Reserves	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Shareholders' Equity	
	Number of Share	Amounts	Paid-in Capital	Number of Share						Amounts
		RMB	RMB							RMB
Balance as of December 31, 2023	2,897,324	8,675	162,721	61,692	(178)	608,376	1,319,605	(27,936)	266,255	2,337,518
Net income (loss)	—	—	—	—	—	—	454,960	—	(145,486)	309,474
Foreign currency translation	—	—	—	—	—	—	—	1,688	—	1,688
Exercise of share options	525	2	74	—	—	—	—	—	—	76
Repurchase of ordinary shares from open market	—	—	(5,716)	6,386	(19)	—	—	—	—	(5,735)
Disposal of a subsidiary	—	—	(3,000)	—	—	(17,073)	17,073	—	(7,330)	(10,330)
Fair value changes	—	—	—	—	—	—	—	(11,418)	—	(11,418)
Share-based compensation	—	—	38,589	—	—	—	—	—	—	38,589
Provision for statutory reserves	—	—	—	—	—	2,388	(2,388)	—	—	-
Distribution of dividend	—	—	—	—	—	—	—	—	(29,500)	(29,500)
Issuance of Class A ordinary shares	500	1	92	—	—	—	—	—	—	93
Balance as of December 31, 2024	2,898,349	8,678	192,760	68,078	(197)	593,691	1,789,250	(37,666)	83,939	2,630,455

AIFU INC.
Consolidated Statements of Changes in Shareholders' Equity
(In thousands, except for shares and per share data)

	Share Capital				Additional Paid-in Capital RMB'000	Treasury stock		Statutory Reserves RMB'000	Retained Earnings (Accumulated deficit) RMB'000	Accumulated Other Comprehensive Loss RMB'000	Non- controlling Interests RMB'000	Total RMB'000
	Number of Share*	Amounts	Number of Share	Amounts		Number of Share	Amounts					
	Class A	RMB'000	Class B	RMB'000			RMB'000					
Balance at December 31, 2024	2,898,349	8,678	—	—	192,760	68,078	(197)	593,691	1,789,250	(37,666)	83,939	2,630,455
Net (loss) income	—	—	—	—	—	—	—	—	(2,275,386)	—	1,350	(2,274,036)
Foreign currency translation	—	—	—	—	—	—	—	—	—	6,523	—	6,523
Share-based compensation	—	—	—	—	16,996	—	—	—	—	—	—	16,996
Provision for statutory reserves	—	—	—	—	—	—	—	(202,587)	202,587	—	—	—
Exercise of restricted share units	536,922	1,560	—	—	(1,757)	(68,078)	197	—	—	—	—	—
Disposal of subsidiaries	—	—	—	—	(3,399)	—	—	(48,078)	48,078	(26,508)	(92,673)	(122,580)
Subscriptions receivable for issuance of new shares	10,000,000	28,639	7,500,000	21,373	197,328	—	—	—	—	—	—	247,340
Fair value changes	—	—	—	—	—	—	—	—	—	(33,562)	—	(33,562)
Balance at December 31, 2025	13,435,271	38,877	7,500,000	21,373	401,928	—	—	343,026	(235,471)	(91,213)	(7,384)	471,136
Balance as of December 31, 2025 in US\$	—	5,560	—	3,056	57,475	—	—	49,052	(33,672)	(13,043)	(1,056)	67,372

* Retrospectively restated for the 1-for-400 reverse share split effected on May 21, 2025

The accompanying notes are an integral part of the consolidated financial statements.

AIFU INC.
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US\$ Note 2(u)
Cash flows from operating activities:				
Net income (loss)	289,099	309,474	(2,274,036)	(325,183)
Adjustments to reconcile net income (loss) to net cash generated from operating activities:				
Depreciation expense	16,192	12,516	5,326	761
Amortization of intangible assets	17,858	16,791	—	—
Non-cash operating lease expense	66,782	58,192	16,223	2,320
Loss on termination of operating lease	2,907	1,726	11,100	1,587
Allowance for credit losses on financial assets	24,647	43,650	1,561,435	223,282
Impairment loss on financial assets	—	—	610,631	87,319
Share-based compensation expenses	17,095	38,589	16,996	2,430
(Loss) Gain on disposal of property, plant and equipment	1,311	224	(6,618)	(947)
Property, plant and equipment written off	—	4,180	—	—
Change in fair value of equity investments	(96,217)	82,588	7,349	1,051
Derecognition of a contingent consideration	(6,650)	(4,088)	17,627	2,521
Investment income	(17,047)	(5,351)	(4,708)	(673)
Net loss (gain) on disposal of subsidiaries	2,904	(897,306)	113,376	16,213
Loss (gain) on disposal of investment in an associate	—	—	4,330	619
Share of loss of affiliates, net of impairment	1,317	10,252	—	—
Deferred taxes	14,544	111,498	(15,700)	(2,245)
Interest accrued for other receivables	(3,537)	(11,638)	(31,237)	(4,467)
Impairment of goodwill and intangible assets	—	404,121	—	—
Changes in operating assets and liabilities:				
Accounts receivable	196,422	76,783	6,952	992
Contract assets	(327,419)	116,924	205,461	29,383
Insurance premium receivables	(16)	—	—	—
Other receivables	9,034	(272,392)	(211,449)	(30,237)
Other current assets	8,576	4,881	(4,463)	(638)
Other non-current assets	(4,933)	2,696	31,431	4,495
Accounts payable	(362,066)	(135,671)	(67,513)	(9,654)
Accrued commissions	364,026	(13,844)	(71,122)	(10,170)
Insurance premium payables	(1,637)	(7,596)	(305)	(44)
Other payables and accrued expenses	(2,115)	310,476	115,453	16,510
Accrued payroll	(8,799)	(30,299)	809	116
Income taxes payable	(29,947)	(24,071)	7,013	1,003
Lease liabilities	(68,265)	(55,709)	(27,266)	(3,899)
Tax liabilities	(2,279)	(4,744)	(33,368)	(4,772)
Net cash generated from (used in) operating activities	101,787	142,852	(16,273)	(2,327)

AIFU INC.
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US\$ Note 2(u)
Cash flows from investing activities:				
Purchase of short-term investments	(4,399,910)	(1,847,474)	(49,942)	(7,143)
Proceeds from disposal of short-term investments	4,226,001	2,150,410	84,714	12,114
Purchase of long-term investments	(135,462)	—	—	—
Purchase of property, plant and equipment	(12,996)	(8,450)	(3,338)	(477)
Proceeds from disposal of property, plant and equipment	3,047	3,117	13,697	1,959
Cash paid out for loan receivables from third parties	(160,000)	(824,800)	—	—
Cash received for loan receivables from third parties	229,000	141,000	—	—
Payment for business acquisitions, net of cash acquired	18,452	—	—	—
Proceeds as guarantee deposits from certain shareholders in business combinations	33,373	—	—	—
Payment as guarantee deposits to certain shareholders in business combinations	(33,373)	—	—	—
Disposal of subsidiaries, net of cash disposed	—	(50,393)	(143,172)	(20,473)
Loan to a related party	—	—	(15,482)	(2,214)
Loan from a related party	—	—	1,748	250
Cash received from disposal of an equity investment	—	—	354	51
Cash acquired on non-cash acquisitions	—	—	39	6
Others	(2,440)	—	—	—
Net cash used in investing activities	(234,308)	(436,590)	(111,382)	(15,927)
Cash flows from financing activities:				
Proceeds from bank borrowings	182,301	134,976	74,000	10,582
Proceeds of issuance of ordinary shares	—	93	7,299	1,044
Repayment of bank and other borrowings	(62,789)	(164,300)	(152,976)	(21,875)
Dividend distributed to non-controlling interest	—	(29,500)	—	—
Proceeds on exercise of stock options	—	—	73	10
Capital contribution from non-controlling interests	7,330	—	—	—
Repurchase of ordinary shares from open market	(40,556)	(5,735)	—	—
Others	(110)	77	—	—
Net cash (used in) generated from financing activities	86,176	(64,389)	(71,604)	(10,239)
Net decrease in cash and cash equivalents, and restricted cash	(46,345)	(358,127)	(199,259)	(28,493)
Cash and cash equivalents and restricted cash at beginning of year	648,211	602,004	245,744	35,141
Effect of exchange rate changes on cash and cash equivalents	138	1,867	3,771	539
Cash and cash equivalents and restricted cash at the end of the year	602,004	245,744	50,256	7,187
Reconciliation in amounts on the consolidated balance sheets:				
Cash and cash equivalents at the end of the year	521,538	192,117	31,095	4,447
Restricted cash at the end of the year	80,466	53,627	19,161	2,740
Total of cash and cash equivalents and restricted cash at the end of the year	602,004	245,744	50,256	7,187
Supplemental disclosure of cash flow information:				
Income taxes paid	76,879	12,601	10,264	1,468
Interests paid	8,750	3,326	3,799	543
Supplemental disclosure of non-cash information:				
Right-of-use assets obtained in exchange for lease liabilities	57,233	(1,872)	(699)	(100)
Acquisition of subsidiaries through issuing ordinary shares	(203,657)	—	—	—
Equity shares received as consideration of disposal of subsidiaries (Note3)	—	1,000,000	—	—

The accompanying notes are an integral part of the consolidated financial statements.

AIFU INC.
Notes to the Consolidated Financial Statements
(In thousands, except for shares and per share data)

(1) Organization

(a) History of the Company and Reorganization

AIFU Inc. (the “Company”) (formally known as “AIX Inc.” and “Fanhua Inc.”) was incorporated in the Cayman Islands on April 10, 2007 and listed on the Nasdaq on October 31, 2007. On October 31, 2024, the Company changed its name from Fanhua Inc. to AIX Inc. On April 17, 2025, the Company changed its name from AIX Inc. to AIFU Inc. The Company, its subsidiaries and the former consolidated variable interest entities (the “former VIEs”) are collectively referred to as the “Group”. The Group is principally engaged in the provision of agency services in the People’s Republic of China (the “PRC”). It also offered insurance claims adjusting services until January 2025.

In January 2025, the Group disposed of 100% equity interests in Guangdong Meidiya Investment Co., Ltd. (“Meidiya”) to a third party for cash consideration of RMB30,240. Meidiya holds approximately 44.7% of the equity interests of Fanhua Insurance Surveyors & Loss Adjustors Co., Ltd. (“FHISLA”) and its subsidiaries (collectively referred to as the “Disposal Group”). The Disposed Group historically constituted the Group’s claims-adjusting segment, over which the Group exercised control through a series of act-in-concert arrangements. Accordingly, the Group deconsolidated the Disposed Group with effect from January 1, 2025 and no longer conducts any material operations in the claims-adjusting business.

On December 27, 2024, the Group transferred all of our interests in Fanhua RONS (Beijing) Technology Co., Ltd. (“Fanhua RONS Technologies”) and Shenzhen Xinbao Investment Co., Ltd. (“Xinbao Investment”) and its subsidiaries (the “former VIEs”) to BGM Group Ltd. (“BGM”) in exchange for BGM’s Class A ordinary shares. Prior to the transaction, the Group performed a series of restructuring to transfer equity interest of Fanhua RONS Technologies and Xinbao Investment to a newly incorporated wholly owned subsidiary through contractual arrangements. The historical contractual arrangements among (x) the Group’s wholly-owned PRC subsidiary Fanhua Group Company and Fanlian Investment, (y) the former consolidated VIEs, and (z) the individual nominee shareholders of the consolidated VIEs (the “Contractual Arrangements”) were terminated at the date of closing the transaction with BGM. Since then the Group owned no VIEs subsidiaries.

On December 27, 2023, securities exchange agreements (the “Agreements”) were entered into by and among MAASE Inc. (“MAASE”, formerly known as “Highest Performances Holdings Inc.” and “Puyi Inc.”) and certain shareholders of the Company (the “Selling Shareholders”). Upon the terms and subject to the conditions of the Agreements, MAASE issued and allotted to the Selling Shareholders an aggregate of 284,113,314 MAASE ordinary shares (equivalent to 3,156,814 Class A ordinary shares giving effect to MAASE’s 1-for-90 reverse share split effective on June 20, 2025), and in exchange, the Selling Shareholders sold to MAASE an aggregate of 568,226,628 ordinary shares of the Company (equivalent to 1,420,567 Class A ordinary shares giving effect to the Company’s 1-for-400 reverse share split effective on May 21, 2025) that they beneficially owned (the “Transaction”). The transaction was closed on December 31, 2023. As a result, MAASE became the controlling shareholder of the Company, owning approximately 50.07% of the Company’s equity interests at that date.

Change in control in 2025

During the year ended December 31, 2025, the Group completed the following transactions: (i) on January 2, 2025, issuance of 2,500,000 Class B ordinary shares (as adjusted for the 1-for-400 reverse share split effective May 21, 2025), of which 1,225,000 Class B ordinary shares to Infinew Limited and 1,275,000 Class B ordinary shares to MAASE Inc; (ii) on July 23, 2025, a private placement offering of 10,000,000 Class A ordinary shares; (ii) on January 2, 2025, 2,500,000 Class B ordinary shares, of which 1,225,000 Class B ordinary shares to Infinew Limited and 1,275,000 Class B ordinary shares to MAASE Inc. and (ii) on December 22, 2025, issuance of 5,000,000 Class B ordinary shares to Expansion Group Ltd.

As a result of the Class B Share Issuance, Expansion Group Ltd acquired 23.88% of the Group’s equity interests and 65.49% of the Group’s voting power and became the new controlling shareholder. As a result of both transactions, MAASE’s shareholding was diluted to 7.85% and its voting power to 16.75%, and MAASE ceased to be a controlling shareholder.

AIFU INC.
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(In thousands, except for shares and per share data)

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation and Consolidation

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The consolidated financial statements include the financial statements of the Company, all its subsidiaries and those VIEs of which the Company is the primary beneficiary from the dates they were acquired or incorporated. All intercompany balances and transactions have been eliminated in consolidation. A subsidiary is an entity in which (i) the Company directly or indirectly controls more than 50% of the voting power; or (ii) the Company has the power 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 the board of directors or to govern the financial and operating policies of the investee pursuant to a statute or under an agreement among the shareholders or equity holders.

Before December 27, 2024, in order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Group operates certain of its businesses which are subject to restrictions in the PRC through PRC domestic companies, whose equity interests are held by certain individuals (“Nominee Shareholders”). The Group obtained control over these PRC domestic companies by entering into a series of contractual arrangements with these PRC domestic companies and their respective Nominee Shareholders. Management concluded that these PRC domestic companies are former consolidated VIEs of the Group, of which the Group is the primary beneficiary. As such, the Group consolidated the financial results of these PRC domestic companies and their subsidiaries in the Group’s consolidated financial statements. See Note 13 for details.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management reviews these estimates and assumptions using the currently available information. Changes in facts and circumstances may cause the Group to revise its estimates. In accordance with ASC 250, the changes in estimates will be recognized in the same period of changes in facts and circumstances. The Group bases its estimates on past experiences and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Estimates are used when accounting for items and matters including, but not limited to, estimates on variable renewal commissions for long-term life insurance products, allowance for credit losses, valuation and recognition of share-based compensation expenses, the useful lives of property, plant and equipment, impairment of long-lived assets, short term investment and valuation allowance for deferred tax assets. Actual results could differ from those estimates.

AIFU INC.
Notes to the Consolidated Financial Statements
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(2) Summary of Significant Accounting Policies (Continued)

(c) Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of cash on hand and bank deposits, which have original maturities of three months or less, and that are readily convertible to known amounts of cash and have insignificant risk of changes in value related to changes in interest rates.

In its capacity as an insurance agent, the Group collects premiums from the insureds and remits the premiums to the appropriate insurance companies. Accordingly, as reported in the consolidated balance sheets, “premiums” are receivables from the insureds of RMB131 and RMB3 as of December 31, 2024 and 2025, respectively. Unremitted net insurance premiums are held in a fiduciary capacity until disbursed by the Group. The Group invests these unremitted funds only in cash accounts held for a short term and reports such amounts as restricted cash in the consolidated balance sheets. Also, restricted cash balance includes the entrustment deposit received from the members of eHuzhu, an online mutual aid platform operated by the Group, which is to be used during the one-year operating cycle and is therefore classified as a current asset. The balance for entrustment deposit was RMB34,470 and nil as of December 31, 2024 and 2025, respectively, as the group disposed the subsidiary in first half of 2025. Further, restricted cash balance includes guarantee deposit required by the National Financial Regulatory Administration which replaces the China Banking and Insurance Regulatory Commission as the regulatory body since May 2023 in order to protect insurance premium appropriation by insurance agency which is restricted as to withdrawal for other than current operations. Thus, the Group classified the balance for guarantee deposit as a non-current asset. The balance for guarantee was RMB16,541 and RMB19,158 as of December 31, 2024 and 2025, respectively.

(d) Short Term Investments

All investments with original maturities less than twelve months or investments that are expected to be realized in cash during the next twelve months are classified as short-term investments. The Group accounts for short-term debt investments in accordance with ASC Topic 320, *Investments – Debt Securities* (“ASC 320”). The Group classifies the short-term investments in debt securities as held-to-maturity or available-for-sale, whose classification determines the respective accounting methods stipulated by ASC 320. Dividend and interest income for all categories of investments in securities are included in earnings. Any realized gains or losses on the sale of the short-term investments are determined on a specific identification method, and such gains and losses are reflected in earnings during the period in which gains or losses are realized.

The Group evaluates each individual available-for-sale debt securities periodically for impairment. For investments where the Group does not intend to sell, the Group evaluates whether a decline in fair value is due to deterioration in credit risk. Credit-related impairment losses, not to exceed the amount that fair value is less than the amortized cost basis, are recognized through an allowance for credit losses on the consolidated balance sheets with corresponding adjustment in the consolidated statements of income (loss) and comprehensive income (loss). Subsequent increases in fair value due to credit improvement are recognized through reversal of the credit loss and corresponding reduction in the allowance for credit loss. Any decline in fair value that is non-credit related is recorded in accumulated other comprehensive income (loss) as a component of shareholder’s equity. As of December 31, 2025, there were no investments held by the Group that had been in continuous unrealized loss position.

An impairment loss on short term investments of nil, nil and RMB485,631 was identified for the years ended December 31, 2023, 2024 and 2025, respectively.

AIFU INC.
Notes to the Consolidated Financial Statements
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(2) Summary of Significant Accounting Policies (Continued)

(e) Accounts Receivable and Contract Assets, net

Accounts receivable are recorded at the amount that the Group expects to collect and do not bear interest. Accounts receivables represent fees receivable on agency services primarily from insurance companies. For life insurance products, there is generally a 10 to 15 days hesitation period after an initial placement of a life insurance policy, during which the policyholder has a legal right to unconditionally cancel the effective policy. Contract assets are recorded when a long-term life insurance policy becomes effective, of which, the portion in relation to initial commissions earned is reclassified to accounts receivable upon the hesitation period expires; and the remaining portion arising from estimated renewal commissions will be reclassified to accounts receivable once the initial policy has been renewed and/or the Group has achieved certain renewal target in subsequent years within the renewal term of the policy. Accounts receivable are generally settled within 90 days since the initial recognition pursuant to the payment terms in the contract with customers, of which a minor portion relating to bonus earned based on annual performance condition is settled within one year.

The Group evaluates the collectability of its accounts receivable and contract assets based on a combination of factors. The Group generally does not require collateral on trade receivables and contract assets as the majority of the Group's customers are large, well-established insurance companies. The allowance of credit losses for accounts receivable and contract assets is based upon the current expected credit losses ("CECL") model by pooling accounts receivable and contract assets into various age buckets. The entire contract assets balance is included in the bucket of within 1 year. The expected credit loss rates applied range from 0.01% to 100%. In assessing the CECL, the Group considers both quantitative and qualitative information that is reasonable and supportable, including relevant available information from internal and external sources, related to past events, historical credit loss experience, current and future economic events as well as other conditions that may be beyond the Group's control. Credit loss expenses are assessed quarterly and included in general and administrative expense on the consolidated statements of income (loss) and comprehensive income (loss). Accounts receivable that are deemed uncollectible when all collection efforts have been exhausted are written off against the allowance for credit loss.

Accounts receivable and contract assets, net is analyzed as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
Accounts receivable	96,324	67,391
Contract assets (See Note 2(q))	954,006	748,544
Allowance for expected credit losses	(1,186)	(2,531)
Accounts receivable and contract assets, net	<u>1,049,144</u>	<u>813,404</u>

The following table summarizes the movement of the Group's allowance for expected credit losses of accounts receivable and contract assets:

	For the years ended		
	December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Balance at the beginning of the year	328	1,965	1,186
Current period provision for expected credit losses	1,674	1,392	1,345
Write-offs	(37)	(2,171)	—
Balance at the end of the year	<u>1,965</u>	<u>1,186</u>	<u>2,531</u>

(f) Property, Plant and Equipment, net

Property, plant and equipment are stated at cost. Depreciation are calculated using the straight-line method over the following estimated useful lives, taking into account residual value:

	Estimated useful lives (Years)	Estimated residual value
Building	20-36	0%
Office equipment, furniture and fixtures	3-5	0%-3%
Motor vehicles	4-10	0%-3%
Leasehold improvements	5	0%

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(2) Summary of Significant Accounting Policies (Continued)

(f) Property, Plant and Equipment, net (Continued)

Direct costs that are related to the construction of property, plant and equipment incurred in connection with bringing the assets to their intended use are capitalized as construction in progress. Construction in progress is transferred to specific property, plant and equipment items and the depreciation of these assets commences when the assets are ready for their intended use. As of December 31, 2024 and 2025, construction in progress were primarily relating to the office buildings under construction.

The depreciation methods and estimated useful lives are reviewed regularly. The following table summarizes the depreciation expense recognized in the consolidated statements of income (loss) and comprehensive income(loss):

	For the years ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Selling expenses	2,647	190	54
General and administrative expenses	10,114	10,256	5,272
Depreciation expense	12,761	10,446	5,326

(g) Business combinations and non-controlling interests

The Group evaluates acquisitions of assets to assess whether or not the transaction should be accounted for as a business combination or asset acquisition. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group applies a ‘screen test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Transactions in which the acquired is considered a business are accounted for as a business combination as described below. Conversely, transactions not considered as business acquisition are accounted for as acquisition of assets and liabilities. In such transactions, the cost of acquisition is allocated proportionately to the acquired identifiable assets and liabilities, based on their proportionate fair value on the acquisition date. In an asset acquisition, no goodwill is recognized.

The Group accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805 “Business Combinations”. The consideration transferred in a business combination is measured as the aggregate of the acquisition-date fair value of the assets transferred, liabilities incurred by the Group to the selling shareholders of the acquiree, and the equity interests issued by the Group. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the consideration transferred, the fair value of any 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.

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(2) Summary of Significant Accounting Policies (Continued)

(g) Business combinations and non-controlling interests (Continued)

The consideration for the Group's business acquisitions may include future payments that are contingent upon the occurrence of a particular event or events. Contingent consideration also takes the form of a right of the Group to the returns of previously transferred assets or issued equity interests from the sellers of the acquired business. Both the rights and obligations for such contingent consideration returns and payments are recorded at fair value on the acquisition date. The Group's contingent right to receive a return of some equity interests issued (i.e., contingently returnable shares) is recognized as an asset and measured at fair value. The Group's obligation to pay contingent consideration is recognized and classified as a liability and measured at fair value. The contingent consideration rights and obligations are subsequently evaluated each reporting period with changes in fair value recognized as a gain or loss and recorded within change in the fair value of contingent assets and liabilities in the consolidated statements of income (loss) and comprehensive income (loss).

For the Group's majority-owned subsidiaries and subsidiaries of former VIEs, 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 income on the consolidated statements of income (loss) and comprehensive income (loss) includes the net income attributable to non-controlling interests. The cumulative results of operations attributable to non-controlling interests, are recorded as non-controlling interests on the Group's consolidated balance sheets.

(h) Goodwill and Other Intangible Assets

Goodwill

Goodwill represents the excess of purchase price over fair value of the identifiable net assets of businesses acquired in a business combination. Goodwill is not amortized and the Group assesses goodwill for impairment in accordance with ASC Subtopic 350-20, Intangibles-Goodwill and Other: Goodwill ("ASC 350-20"), which requires goodwill to be tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events, as defined by ASC 350-20. The Group operated in two reporting units for the years ended December 31, 2023 and 2024. Starting from January 2025, the Group operated in one reporting units.

The impairment test is performed as of year-end or if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount by comparing the fair value of a reporting unit with its carrying value. 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.

The impairment review is highly judgmental and involves the use of significant estimates and assumptions. These estimates and assumptions have a significant impact on the amount of any impairment charge recorded. Estimates of fair value are primarily determined by using discounted cash flows. Discounted cash flows method is dependent upon assumptions of future sales trends, market conditions and cash flows of each reporting unit over several years. Actual cash flows in the future may differ significantly from those previously forecasted. Other significant assumptions include growth rates and the discount rate applicable to future cash flows. Based on this quantitative test in 2024, it was determined that the carrying amount of the insurance agency reporting unit exceeded its fair value and, therefore, the Group recorded an impairment loss on goodwill of RMB374,149 and nil for the years ended December 31, 2024 and 2025, respectively.

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(2) Summary of Significant Accounting Policies (Continued)

(h) Goodwill and Other Intangible Assets (Continued)

Intangible Assets

Identifiable intangibles assets are required to be determined separately from goodwill based on their fair values. In particular, an intangible asset acquired in a business combination should be recognized as an asset separate from goodwill if it satisfies either the “contractual-legal” or “separability” criterion. Intangible assets with a finite economic life are carried at cost less accumulated amortization. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets that are not considered to have an indefinite useful life are amortized over their estimated useful lives on a straight-line basis.

The estimated useful lives for the Group’s intangible assets are as follows:

	Estimated useful lives (Years)
Software	3
Non-compete agreements	5.8 - 6
Agent resources	2.8 - 3
Brokerage license	20

(i) Investment in Affiliates

The Group uses the equity method of accounting for investments in which the Group has the ability to exercise significant influence but does not have the controlling ability.

On April 1, 2024, BWWS Limited (“BWW”), a wholly-owned subsidiary of the Group, disposed of its controlling financial interests in its majority-owned subsidiaries Brave Moon Limited (“BML”) and Avantech Solutions Limited (“Avantech”) to the minority shareholder through entering into a supplement joint venture agreement (the “Joint Venture Agreement”) to share the power with the other shareholder to jointly control the strategic operating, investing, and financing decisions over BML and Avantech. The Group accounted for the investments using the equity method and the fair value of the retained interests as of the date of joint control forms the basis for the initial measurement. The Group therefore recorded an investment loss of RMB79 in others, net in the consolidated statement of income and comprehensive income (loss) and derecognized the non-controlling interests in BML and Avantech which are not attributable, directly or indirectly, to the Group amounting to RMB6,438 in the consolidated statement of changes in shareholders’ equity for the year ended December 31, 2024. In May 2025, The Group disposed all its shares of BML and Avantech to the minority shareholder for a cash consideration of RMB354 and records disposal loss of RMB4,330.

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(2) Summary of Significant Accounting Policies (Continued)

(i) Investment in Affiliates (Continued)

On November 27, 2024, the Group's wholly owned subsidiary entered into transaction agreements with BGM to exchange its equity shares in Xinbao Investment and Fanhua RONS Technologies. At the completion of the transaction, the Group acquired 69,995,661 Class A ordinary shares of BGM, accounting for 72% of its equity interest and 3.4% of voting right.

On April 30, 2025, the Group transferred 53,466,331 Class A ordinary shares of BGM to third parties for US\$106,900. Following the transaction, the Group no longer exerted significant influence over BGM and accounted for the remaining 16,635,752 Class A ordinary shares as non-current assets, measured at the fair value of the equity interests exchanged (see Note 3 for details).

The Group continually reviews its investment in equity investees to determine whether a decline in fair value to an amount 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 the stock price of the investee and its corresponding volatility, if publicly traded, the Group's intent and ability to hold the investment until recovery, and changes in the macro-economic, competitive and operational environment of the investee. If the decline in fair value is deemed to be other-than-temporary, the carrying value of the equity investee is written down to fair value.

(j) Long-term Investments

Other non-current assets mainly represent long-term equity investments accounted for under the measurement alternative method, contingent consideration measured at fair value through profit or loss (see Note 2 (g) and Note 3 for details) and an investment in debt securities classified as held-to-maturity which is measured at amortized cost.

Equity securities without readily determinable fair value

The Group has long-term investments in equity security of certain privately held companies which the Group exerts no significant influence or a controlling interest. As a result of adoption of "*Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*" ("ASU 2016-01") in January 1, 2019, equity securities without readily determinable fair values that do not qualify for the practical expedient in ASC 820, Fair Value Measurements and Disclosure to estimate fair value using the net asset value per share (or its equivalent) of the investment, are measured and recorded using a measurement alternative that measures the securities at cost less impairment, if any, plus or minus changes resulting from qualifying observable price changes. Significant judgments are required to determine whether observable price changes are orderly transactions and identical or similar to an investment held by the Group.

AIFU INC.
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(2) Summary of Significant Accounting Policies (Continued)

(j) Long-term Investments (Continued)

During each reporting period, the Group makes a qualitative assessment considering impairment indicators to separately evaluate whether each of its equity securities without readily determinable fair value is impaired. Impairment indicators that the Group considers include, but are not limited to a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee, factors such as negative cash flows from operations and working capital deficiencies that raise significant concerns about the investee's ability to continue as a going concern, current economic and market conditions and other specific information. If a qualitative assessment indicates that the investment is impaired, the entity 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 Group recognizes an impairment loss in earnings equal to the difference between the carrying value and fair value.

The Group recorded an impairment of nil, RMB5,200 and nil during the years ended December 31, 2023, 2024 and 2025, respectively, in the consolidated statements of income (loss) and comprehensive income (loss).

Investment in debt securities with embedded features

As of December 31, 2024, the Group held a two-year-term debt security valued at RMB125,000 with a fixed return rate of 6% and an additional earning right contingently upon certain conditions met within the contract term. The Group considered the host contract as a debt security and classified the investment as a held-to-maturity security which is measured subsequently at amortized cost as the Group has the positive intent and ability to hold it to maturity. As of December 31, 2024, the debt security was recorded in other non-current assets, net of the consolidated balance sheets.

The Group evaluated the additional earning right as a derivative instrument that is "embedded" to the host contract in accordance with ASC 815. The Group considered the stated and implied substantive features of the contract as well as the economic characteristics and risks of the hybrid instrument and determined that the additional earning right be considered as an embedded derivative separated from the host contract and accounted it for as a derivative instrument. The Group classified the embedded derivative measured at fair value and change in fair value is charged through profit or loss. As of December 31, 2025, the fair value of the embedded derivative was immaterial.

The Group recorded impairment loss on investment in debt securities of nil, nil and RMB125,000 during the years ended December 31, 2023, 2024 and 2025, respectively, in the consolidated statements of income (loss) and comprehensive income(loss).

AIFU INC.
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(2) Summary of Significant Accounting Policies (Continued)

(k) Impairment of Long-Lived Assets

Property, plant, and equipment and intangible assets with definite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying value of the asset exceeds the fair value of the asset. The Group recorded impairment on long-lived assets of nil, RMB39,307 and nil for the years ended December 31, 2023, 2024 and 2025.

(l) 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.

(m) Treasury Shares

Treasury shares represent ordinary shares repurchased by the Group that are no longer outstanding and are held by the Group. The repurchased ordinary shares are recorded whereby the total par value of shares acquired is recorded as treasury stock and the difference between the par value and the amount of cash paid is recorded in additional paid-in capital. If additional paid-in capital is not available or is not sufficient, the remaining amount is to reduce retained earnings. Ordinary shares issued in business combinations through an exchange of equity interests that are subsequently returned to the Group are also accounted for treasury shares (see Note 3 “Acquisitions and disposal in 2023” for details).

(n) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, net operating loss carryforwards and credits by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Group records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Group recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Group recognizes interest and penalties related to unrecognized tax benefits, if any, on the income tax expense line in the accompanying consolidated statement of income and comprehensive income (loss). Accrued interest or penalties are included on the other tax liabilities line in the consolidated balance sheets.

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(2) Summary of Significant Accounting Policies (Continued)

(o) Share-based Compensation

All forms of share-based payments to employees and nonemployees, including restricted share units, stock options and stock purchase plans, are treated the same as any other form of compensation by recognizing the related cost in the consolidated statements of income (loss) and comprehensive income (loss). The Group recognizes compensation cost for an award with only service conditions that has a graded vesting schedule on a straight-line basis over the requisite service period for the entire award, provided that the amount of compensation cost recognized at any date must at least equal to the portion of the grant-date value of the award that is vested at that date. For awards with both service and performance conditions, if each tranche has an independent performance condition for a specified period of service, the Group recognizes the compensation cost of each tranche as a separate award on a straight-line basis; if each tranche has performance conditions that are dependent of activities that occur in the prior service periods, the Group recognizes the compensation cost on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. The Group has made an accounting policy election to account for forfeitures when they occur for an award with only service conditions. For an award with a performance condition, the Group continues to assess at each reporting period whether it is probable that the performance condition will be achieved. No compensation cost is recognized for instruments that employees and nonemployees forfeit because a service condition or a performance condition is not satisfied.

Employee share-based compensation

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 and is recognized over the service period, which is usually the vesting period. If an award requires satisfaction of one or more performance or service conditions (or any combination thereof), compensation cost is recognized if the requisite service is rendered, while no compensation cost is recognized if the requisite service is not rendered.

Nonemployee share-based compensation

Consistent with the accounting requirement for employee share-based compensation, nonemployee share-based compensation within the scope of Topic 718 are measured at grant-date fair value of the equity instruments, which the Group is obligated to issue when the service has been rendered and any other conditions necessary to earn the right to benefit from the instruments have been satisfied.

(p) Employee Benefit Plans

As stipulated by the regulations of the PRC, the Group's 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 (loss) and comprehensive income (loss) as they become payable in accordance with the rules of the above mentioned defined contribution plans.

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Notes to the Consolidated Financial Statements
(In thousands, except for shares and per share data)

(2) Summary of Significant Accounting Policies (Continued)

(q) Revenue Recognition

The Group's revenue from contracts with insurance companies is derived principally from the provision of agency and claims adjusting services, and insurance companies are defined as the Group's customers under ASC 606 "Revenue from Contracts with Customers" ("ASC 606"). The Group disaggregates its revenue from different types of service contracts with customers by principal service categories, as the Group believes it best depicts the nature, amount, timing and uncertainty of its revenue and cash flows. See Note 25 for detailed disaggregated revenue information that is disclosed for each reportable segment.

The following is a description of the accounting policy for the principal revenue streams of the Group.

Insurance agency services revenue

The Group derives agency revenue serving as a sales agent to distribute various life insurance and property and casualty ("P&C") insurance products on behalf of insurance companies by which the Group is entitled to receive an initial commission from the insurance companies based on the premium paid by the policyholders for the related insurance policy sold. For life insurance agency, the Group is also entitled to renewal commissions when the policyholder renews the policy within the renewal term of the original policy as such life insurance products are typically long-term products.

The Group has identified its promise to sell insurance products on behalf of an insurance company as the performance obligation in its contracts with the insurance companies. The Group's performance obligation to the insurance company is satisfied and revenue is recognized at a point in time when an insurance policy becomes effective. Specifically for life insurance agency business, certain contracts include the promise to provide certain post-sales administrative services to policyholders on behalf of the insurance company, such as responding to the policyholder inquiries, facilitating the renewal process and/or gathering information from the policyholder to assist the insurance companies to update the contact information of the policy holder, the Group has concluded such services are administrative in nature and immaterial, and none of these activities on their own results in a transfer of a goods or services to the insurance company in the context of the contract. Accordingly, no performance obligation exists after a policy becomes effective.

Initial placement of an insurance policy

The Group recognizes agency revenue related P&C insurance products (which is short term in nature and related premiums are collected upfront) when an insurance policy becomes effective. The commission to be earned is required to be partially refunded contingently on policy cancellations. Based on its past experience, subsequent commission adjustments in connection with P&C insurance policy cancellations have been de minimis to date, and are recognized upon notification from the insurance carriers. Actual commission and fee adjustments in connection with the cancellation of P&C insurance policies were 0.1%, 0.1% and 0.1% of the total commission and fee revenues during years ended December 31, 2023, 2024 and 2025, respectively.

For life insurance products, there is generally a 10 to 15 days hesitation period after an initial placement of a life insurance policy, during which the policyholder has a legal right to unconditionally cancel the effective policy regardless of the reasons. According to relevant terms of the insurance agency contracts with customers, the Group reconciles information of policies sold which also includes policies that have been cancelled by policyholders within the hesitation period, with the insurance companies on a monthly basis. Therefore, the Group estimates cancellation of policies that have become effective but are still within the hesitation period based on subsequent actual data at each reporting date. The cancellation of an effective life insurance policy by the policyholder after the hesitation period does not require the Group to refund initial commission to insurance companies, but rather impacts the Group's estimate on future commission related to renewal(s) of the policy.

In addition, for life insurance agency, the Group may receive a performance bonus from insurance companies as agreed and per contract provisions. Once the Group achieves a certain sales volume based on respective agency agreements, the bonus will become due. Performance bonus represents a form of variable consideration associated with certain sales volume, for which the Group earns commissions. The Group estimates the amount of consideration with a constraint applied that will be received in the coming year such that a significant reversal of revenue is not probable, and includes performance bonus as part of the transaction price. For the years ended December 31, 2023, 2024 and 2025, the Group recognized contingent performance bonus of RMB18,161, RMB108 and RMB31, respectively.

AIFU INC.
Notes to the Consolidated Financial Statements
(In thousands, except for shares and per share data)

(2) Summary of Significant Accounting Policies (Continued)

(q) Revenue Recognition (Continued)

Renewals of a life insurance policy

For the long-term life insurance products, in addition to the initial commission earned, the Group is also entitled to subsequent renewal commission and compensation, and renewal performance bonus which represents variable considerations and are contingent on future renewals of initial policies or the Group achieves its performance target.

When making estimates of the amount of variable consideration to which the Group expects to be entitled, the Group uses the expected value method and evaluates many factors, including but not limited to, insurance companies mix, product mix, renewal term of various products, renewal premium rates and commission rates, to determine the method(s) of measurement, relevant inputs and the underlying assumptions. The Group considers constraints as well when determining the amount which should be included in the transaction price.

The Group performs ongoing evaluation of the appropriateness of the constraint applied and will consider the sufficiency of evidence that would suggest that the long-term expectation underlying the assumptions has changed. The Group makes an estimate of variable considerations over the portfolio of contracts based on accumulated historical data and experiences. The estimated renewal commissions are contingent on future renewals of initial policies or achievement of certain performance targets. Given the material uncertainty around the future 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. The judgment and assumptions are continuously re-evaluated and adjusted as needed along with the accumulation of historical experiences and data when new information becomes available. Actual renewal commissions in the future may differ significantly from those previously estimated.

Insurance claims adjusting services revenue

For insurance claims adjusting services, performance obligations are considered met and revenue is recognized when the services are rendered and completed, at the time loss adjusting reports are confirmed being received by insurance companies. The Group does not accrue any service fee before the receipt of an insurance company's acknowledgement of receiving the adjusting reports. Any subsequent adjustments in connection with discounts which have been de minimis to date are recognized in revenue upon notification from the insurance companies. In January 2025, the Group divested its entire equity interest in Guangdong Meidiya Investment Co., Ltd. and its subsidiaries, which comprised the Group's claims-adjusting segment. Since completion of the disposal, the Group has ceased providing claims adjusting services (see Note 3 for details)

Contract balances

The Group's contract balances include accounts receivable and contract asset. The balances of accounts receivable as of December 31, 2024 and 2025 are all derived from contracts with customers.

The Group recognized revenues and correspondent contract assets derived from estimated renewal commissions for selling long-term life insurance products because it is entitled to payments of the subsequent renewal commissions which are contingent on future renewals of initial policies and/or the achievement of its performance target set forth in relation to future renewals other than the passage of time. Accordingly, the Group presented contract assets separately in the consolidated balance sheets which include both the amount derived from estimated renewal commissions and the amount of commissions in relation to policies that are still within the hesitation period by the year-end date. The contract assets balance will be reclassified to accounts receivable once the initial policies have been renewed and/or the Group has achieved certain renewal target in subsequent years within the renewal term of the policies, or upon the hesitation period expires.

AIFU INC.
Notes to the Consolidated Financial Statements
(In thousands, except for shares and per share data)

(2) Summary of Significant Accounting Policies (Continued)

(q) Revenue Recognition (Continued)

Practical expedients and exemptions

The Group generally expenses sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses in the consolidated statements of income (loss) and comprehensive income (loss), as the amortization period is less than one year and the Group has elected the practical expedient included in ASC 606.

The Group has applied the optional exemption provided by ASC 606 to not disclose the value of remaining performance obligations not yet satisfied as of period end for contracts with original expected duration of one year or less.

Value-added tax and surcharges

The Group presents revenue net of tax surcharges and value-added taxes incurred. The tax surcharges amounted to RMB11,643, RMB6,658 and RMB3,342 for the years ended December 31, 2023, 2024 and 2025, respectively.

Total value-added taxes paid by the Group during the years ended December 31, 2023, 2024 and 2025 amounted to RMB116,764, RMB62,794 and RMB47,497 respectively.

(r) Fair Value of Financial Instruments

Fair value is considered to be 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 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 may be used to measure fair value include:

- | | |
|---------|---|
| Level 1 | Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. |
| Level 2 | Applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data. |
| Level 3 | Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities. |

AIFU INC.
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(In thousands, except for shares and per share data)

(2) Summary of Significant Accounting Policies (Continued)

(r) Fair Value of Financial Instruments (Continued)

The carrying values of the Group's financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, insurance premium payables, other receivables, short-term loan, accounts payable and other payables, approximate their fair values due to the short-term nature of these instruments.

The carrying amounts of the long-term receivables and payables approximate their fair value as the interest rates are comparable to the prevailing interest rates in the market.

Measured at fair value on a recurring basis

As of December 31, 2024 and 2025, information about inputs into the fair value measurements of the Group's assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to their initial recognition is as follows.

Description	Fair Value Measurements at Reporting Date Using				
	As of December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
		RMB	RMB	RMB	RMB
Short-term investments - debt security	563,436	—	563,436	—	
Investments – equity security recorded within other current assets	13,755	13,755	—	—	
Contingent consideration	17,549	—	—	17,549	

Description	Fair Value Measurements at Reporting Date Using				
	As of December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
		RMB	RMB	RMB	RMB
Short-term investments - debt security	2,450	—	2,450	—	
Investments – equity security recorded within other current assets and other non-current assets	239,565	2,746	—	236,819	

AIFU INC.
Notes to the Consolidated Financial Statements
(In thousands, except for shares and per share data)

(2) Summary of Significant Accounting Policies (Continued)

(r) Fair Value of Financial Instruments (Continued)

Measured at fair value on a recurring basis

As of December 31, 2024 and 2025, information about inputs into the fair value measurements of the Group's assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to their initial recognition is as follows.

The majority of debt security consists of investments in bank financial products, trust products and asset management plans that normally pay a prospective fixed rate of return. These investments are recorded at fair values on a recurring basis. The Group measured these investments at fair values and the unrealized gains or losses from the changes in fair values are included in accumulated other comprehensive income (loss), at the balance sheet date. It is classified as Level 2 of the fair value hierarchy since fair value measurement at the reporting date is benchmarked against fair value of comparable investments. The Group identified credit-related impairment losses of nil, nil and RMB485,631 on trust products during the years ended December 31, 2023, 2024 and 2025, reflecting reduced liquidity and lower recovery expectations for the underlying assets.

The Group measures its equity investments with readily determinable fair value at its quoted price in active markets. There were no transfers into or out of Level 1 and Level 2 as of December 31, 2025.

Level 3 fair value of contingent consideration arising from business combination is determined using the Monte Carlo simulation model and significant assumptions including the probability of achieving performance targets for each scenario and estimated share price during the specified period. For the years ended December 31, 2023 and 2024, the Group recorded gains on changes in fair value of contingent consideration of RMB6,650 and 4,088, respectively and recorded losses on changes in fair value of contingent consideration of RMB17,627 for the years ended December 31, 2025.

Measured at fair value on a non-recurring basis

The Group measures certain assets, including equity securities without readily determinable fair values, equity method investments and intangible assets, at fair value on a nonrecurring basis when they are deemed to be impaired. The fair values of these investments and intangible assets are determined based on valuation techniques using the best information available, and may include management judgments, future performance projections, etc. An impairment charge to these investments is recorded when the cost of the investment exceeds its fair value and for equity method investments, this condition is determined to be other-than-temporary. Impairment charge to the intangible assets is recorded when their carrying amounts may not be recoverable.

Goodwill (Note 8) is measured at fair value on a nonrecurring basis, and they are recorded at fair value only when impairment is recognized by applying unobservable inputs such as forecasted financial performance of the acquired business, discount rate, etc. to the discounted cash flow valuation methodology that are significant to the measurement of the fair value of these assets (Level 3).

Investments in affiliates (Note 10) are measured at fair value on a nonrecurring basis, and they are recorded at fair value only when there is other-than-temporary-impairment. The fair value of investment in an affiliate that is publicly listed is determined based on the market value of its share (Level 1) on the date such impairment is recorded.

AIFU INC.
Notes to the Consolidated Financial Statements
(In thousands, except for shares and per share data)

(2) Summary of Significant Accounting Policies (Continued)

(s) Foreign Currencies

The functional currency of the Company is the United States dollar (“USD”). Assets and liabilities are translated at the exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of other comprehensive income(loss) or loss in the consolidated statements of income (loss) and comprehensive income (loss). The Group has chosen the Renminbi (“RMB”) as their reporting currency.

The functional currency of most of the Company’s subsidiaries is RMB. Transactions in other currencies are recorded in RMB at the rates of exchange prevailing when the transactions occur. Monetary assets and liabilities denominated in other currencies are translated into RMB at rates of exchange in effect at the balance sheet dates. Exchange gains and losses are recorded in the consolidated statements of income (loss) and comprehensive income (loss).

(t) Foreign 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 RMB128,40 and RMB44,395 of cash and cash equivalents and restricted cash denominated in RMB as of December 31, 2024 and 2025, respectively.

(u) Translation into USD

The consolidated financial statements of the Group are stated in RMB. Translations of amounts from RMB into USD are solely for the convenience of the readers outside of China and were calculated at the rate of US\$1.00 = RMB 6.9931, representing the noon buying rate in the City of New York for cable transfers of RMB on December 31, 2025, the last business day in fiscal year 2025, as set forth in H.10 statistical release of the Federal Reserve Bank of New York. The translation is not intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into USD at such rate.

(v) Segment Reporting

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the Group’s chief operating decision maker in deciding how to allocate resources and in assessing performance. In accordance with ASC 280, Segment Reporting, operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), in deciding how to allocate resources and in assessing performance. The Group uses the “management approach” in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Group’s chief operating decision maker for making operating decisions and assessing performance as the source for determining the Group’s reportable segments. The Group’s CODM has been identified as the chief executive officer (the “CEO”), who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group.

In January 2025 the Group divested its entire equity interest in Guangdong Meidiya Investment Co., Ltd. and its subsidiaries, which comprised the Group’s claims-adjusting segment. Since completion of the disposal, the Group has ceased providing claims-adjusting services (see Note 4 for details). Consequently, as of December 31, 2025, the Group operated one segment: the insurance agency segment, which mainly consists of providing agency services for a wide range of life and non-life insurance products to individual clients.

Substantially all revenues of the Group are derived in the PRC and all long-lived assets are located in the PRC.

AIFU INC.
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(2) Summary of Significant Accounting Policies (Continued)

(w) Earnings per Share (“EPS”) or ADS

Basic EPS is calculated by dividing the net income available to common shareholders by the weighted average number of ordinary shares /ADS outstanding during the year. Diluted EPS is calculated by using the weighted average number of ordinary shares /ADS outstanding adjusted to include the potentially dilutive effect of outstanding share-based awards, unless their inclusion in the calculation is anti-dilutive.

The weighted average number of ordinary shares outstanding excludes the number of ordinary shares issued in business combinations (see Note 3 for details) through an exchange of equity interests that are outstanding but contingently returnable, all or partial, if necessary conditions are not satisfied by specific periods.

(x) Advertising Costs

Advertising costs are expensed as incurred. Advertising costs amounted to RMB19,852, RMB17,465 and RMB3,849 for the years ended December 31, 2023, 2024 and 2025, respectively.

(y) Lease

The Group leases office space, vehicles and certain equipment under operating leases for terms ranging from short term (under 12 months) to 10 years. The Group does not have options to extend or terminate leases, as the renewal or termination of relevant lease is on negotiation basis. 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 typically have initial lease terms of 2 to 10 years, and vehicles and equipment leases typically have an initial term of 12 months or less. 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 whether a contract contains a lease at contract inception. A contract contains a lease if there is an identified asset and the Group has the right to control the use of the identified asset. At the commencement of each lease, management determines its classification as an operating or finance lease. For leases that qualify as 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 in the consolidated statements of balance sheet at commencement date. As all of the leases do not have implicit rates available, the Group uses incremental borrowing rates based on the information available at lease commencement date in determining the present value of future payments. The incremental borrowing rates are estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased assets are located.

The ROU asset is measured at the amount of the lease liabilities with adjustments, if applicable, for lease prepayments made prior to or at lease commencement, initial direct costs incurred and lease incentives. For office space leases, the Group identifies the lease and non-lease components (e.g., common-area maintenance costs) and accounts for non-lease components separately from lease component. The Group’s office space lease contracts have only one separate lease component and have no non-components (e.g., property tax or insurance). Most of the office space lease contracts have no non-lease components. For the office space lease contracts include non-lease components, the fixed lease payment is typically itemized in the office space lease contract for separate lease component and non-lease components. Therefore, the Group does not allocate the consideration in the contract to the separate lease component and the non-lease components.

Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Group has made an accounting policy election to exempt leases with an initial term of 12 months or less without a purchase option that is likely to be exercised from being recognized on the balance sheet. Payments related to those leases continue to be recognized in the consolidated statement of income and comprehensive income(loss) on a straight-line basis over the lease term.

In addition, the Group does not have any related-party leases or sublease transactions.

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(2) Summary of Significant Accounting Policies (Continued)

(z) Accumulated other comprehensive income(loss)

The Group presents comprehensive income (loss) in the consolidated statements of income (loss) and comprehensive income (loss) with net income in a continuous statement.

Accumulated other comprehensive income (loss) mainly represents foreign currency translation adjustments and changes in fair value of short term investments for the year.

(aa) Government grants

Government grants primarily consist of financial subsidies received from provincial and local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. The Group records such government subsidies as other income or reduction of expenses or cost of revenues when it has fulfilled all of its obligation related to the subsidy. The Group recognized RMB5,012, RMB2,974 and RMB591 in the years ended December 31, 2023, 2024 and 2025.

(ab) Recently adopted accounting pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures, which provides guidance on the disaggregation information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Group has adopted ASU 2023-09 in 2025 retrospectively and updated the income tax disclosure in Note 17.

In March 2024, the FASB issued ASU 2024-01, "Compensation-Stock Compensation (Topic 718): Scope Application of Profits Interest and similar Awards". For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. For all other entities, the amendments are effective for annual periods beginning after December 15, 2025, and interim periods within those annual periods. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Group has adopted ASU 2024-01 in 2025 with no material impact on the consolidated financial statements.

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(2) Summary of Significant Accounting Policies (Continued)

(ac) Recently accounting pronouncements issued not yet adopted

In November 2024, the FASB issued ASU 2024-03, “Income Statement—Reporting comprehensive income(loss) (Subtopic 220-40): Disaggregation of Income Statement Expenses.” This pronouncement introduces new disclosure requirements aimed at enhancing transparency in financial reporting by requiring disaggregation of specific income statement expense captions. Under the new guidance, entities are required to disclose a breakdown of certain expense categories, such as: employee compensation; depreciation; amortization, and other material components. The disaggregated information can be presented either on the face of the income statement or in the notes to the financial statements, often using a tabular format. The ASU is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. Early adoption is permitted. The Group is currently evaluating these new disclosure requirements and does not expect the adoption to have a material impact. In January 2025, the FASB issued ASU 2025-01, which revises the effective date of ASU 2024-03 (on disclosures about disaggregation of income statement expenses) “to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027.” Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is also permitted. The Group is in the process of evaluating the impact of the new guidance. This ASU will likely result in the required additional disclosures being included in the Group’s consolidated financial statements, once adopted.

In November 2024, the FASB issued ASU 2024-04, Debt – Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversion of Convertible Debt Instruments (“ASU 2024-04”), which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. ASU 2024-04 is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in Update 2020-06. The Group is in the process of evaluating the impact of adopting this new guidance on its consolidated financial statements.

In February 2025, the FASB issued ASU 2025-02, Liabilities (Topic 405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122 (“ASU 2025-02”), amends the Accounting Standards Codification to remove the text of SEC Staff Accounting Bulletin (“SAB”) 121, Accounting for Obligations to Safeguard Crypto-Assets an Entity Holds for Its Platform Users, as it has been rescinded by the issuance of SAB 122. ASU 2025-02 is effective immediately and is not expected to have an impact on the Group’s financial statements.

In July 2025, the FASB issued ASU 2025-05 - Financial Instruments—Credit Losses (Topic 326). The amendments in this Update provide (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. An entity that elects the practical expedient and the accounting policy election, if applicable, should apply the amendments in this Update prospectively. The amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Group is evaluating the impact of the adoption of this guidance. We believe the future adoption of this ASU is not expected to have a material impact on its financial statements.

In September 2025, the FASB issued ASU 2025-07, Derivatives and Hedging (“Topic 815”) and Revenue from Contracts with Customers (“Topic 606”): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract (“ASU 2025-07”). ASU 2025-07, expands an existing scope exception under Topic 815 to exclude non-exchange-traded contracts where the underlying is based on the operations or activities specific to one of the contract parties. The Group is currently evaluating the impact of this ASU on its financial statements.

In November 2025, the FASB issued ASU 2025-08, Financial Instruments — Credit Losses (“Topic 326”): Purchased Loans (“ASU 2025-08”). The amendments expand the population of acquired loans subject to the gross-up approach, treating non-credit-deteriorated loans (excluding credit cards) as “seasoned” if purchased at least 90 days after origination or acquired in a business combination. ASU 2025-08 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Group is currently evaluating the impact that adoption of this ASU will have on its interim financial statement disclosures.

In December 2025, the FASB issued ASU 2025-11, which clarifies the scope and disclosure requirements for interim financial reporting under ASC 270. The amendments introduce a principle requiring disclosure of events and transactions occurring after the end of the most recent annual reporting period that have a material impact on the entity and consolidate certain interim disclosure requirements. The amendments are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Group is currently evaluating the impact that adoption of this ASU will have on its interim financial statement disclosures.

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(3) Acquisitions and disposals

Acquisitions in 2025

In May of 2025, the Group, through its subsidiary acquired 100% equity interest in Qilinfu Capital (Shenzhen) Co., Ltd., a professional capital operation enterprise engaged in capital investment, asset management and related financial consulting services in Shenzhen, at a consideration of RMB7.8 million, which is equivalent to the net assets of the target company as of the acquisition date.

Disposal of subsidiaries in 2025

1) Disposal of Fanhua Blueplus Health Management Co., Ltd. (“Blueplus”) and Shenzhen Dianlian Information Technology Co., Ltd. (“Dianlian”)

In February 2025, the group’s wholly-owned subsidiary transferred its 100% equity interests in Shenzhen Dianlian Information Technology Co., Ltd., the operator of eHuzhu mutual aid platform, to Fanhua Blueplus Health Management Co., Ltd. (“Blueplus”), another wholly-owned subsidiary of the Group. Immediately thereafter, the Group disposed of its 100% equity interest in Blueplus for a cash consideration of RMB3,030, which was based on its net asset value as of December 31, 2024. A loss on disposal of RMB30,210 was recognized, measured as the excess of consideration over the net book value at the time of disposal. This transaction is not considered a discontinued operation as it does not reflect a strategic change in the Group’s business.

2) Disposal of Beijing Fanlian Investment Co., Ltd.

In June 2025, the group disposed of 100% equity interests in Beijing Fanlian Investment Co., Ltd., for a cash consideration of RMB14,260. The Group recognized a loss of RMB6,441, which was determined by the excess of the sales consideration over the net book value of the subsidiaries at the time of disposal.

3) Disposal of two agency companies

During the fiscal year ended December 31, 2025, the Group disposed two agency companies, separately to independent third parties. The total cash consideration amounted to RMB359, of which 359 was settled as of December 31, 2025. The Group recognized a loss of RMB79,954 on disposal of these subsidiaries, which was determined by the excess of the sales consideration over the net book value of the subsidiaries at the time of disposal. Since the disposal did not represent any strategic change of the Group’s operation, the disposal was not presented as discontinued operations.

As of respective closing date of each of these disposals in FY2025, the Group has completed the closing procedures of all the above transactions and has effectively transferred its control of these subsidiaries to the respective buyers.

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(3) Acquisitions and disposals (Continued)

Disposal of subsidiaries in 2024

- 1) *Disposal of Jiangsu Fanhua Lianchuang Insurance Agency Co., Ltd (“Lian Chuang”) and Zhejiang Fanhua Tongchuang Insurance Agency Co., Ltd (“Tongchuang”) and Guangdong Zhongqi Enterprise Management Consulting Co., Ltd.*

During the year, the Group disposed of three subsidiaries, including two agencies and one investment company separately to third parties, for a total cash consideration of RMB1,866, of which 1,766 was settled as of December 31, 2024. The Group recognized a gain of RMB1,976 on disposal of these subsidiaries, which was determined by the excess of the sales consideration over the net book value of the subsidiaries at the time of disposal.

- 2) *Disposal of Fanhua RONS (Beijing) Technology Co., Ltd (“RONS Technology”) and Shenzhen Xinbao Investment Management Co., Ltd. (“Xinbao Investment”) and its subsidiaries*

In November 2024, the Group entered into a share transfer agreement with BGM Group Limited (“BGM”), a leading global provider of premium pharmaceutical products and services. Pursuant to the Agreement, the Group agreed to transfer the equity interests of its intelligent platform consisting of RONS Technology and Xinbao Investment, valued at approximately US\$140,000, to BGM in exchange for 69,995,661 of BGM’s Class A ordinary shares (“consideration shares”), at a consideration valuation of US\$2.00 per share. The consideration shares will be locked up for 60 months from the date of closing. The transaction is close by December 31, 2024.

The Group recognized a gain of RMB891,052 on disposal of these subsidiaries, which was determined by the excess of the sales consideration over the net book value of the subsidiary at the time of disposal. The sales consideration is recognized at RMB1,000,000. The Group consider using equity method to account for the investment in BGM, in which the Group has the ability to exercise significant influence, but does not have a controlling interest. As of December 31, 2024, the Group recognized investment in BGM as investment in affiliates.

Subsequently, on May 27, 2025, the Group transferred 53,466,331 Class A ordinary shares of BGM to third-party investment firms in exchange for an aggregate consideration of US\$106,937, receivable in two equal installments within two years. Following this partial disposal, the Group’s shareholding in BGM fell to 16,635,752 Class A ordinary shares, accounting for 8.3% of its equity interest and 0.8% of voting right as of December 31, 2025. The Group accounted for the investments using the equity method on the fair value of equity share exchange out on December 31, 2024. Following the reduction in ownership and loss of significant influence, the remaining investment is classified as other non-current asset and measured at fair value considering the lock up period of 5 years and low liquidity of BGM.

As of respective closing date of each of these disposals in 2024, the Group has completed the closing procedures of all the above transactions and has effectively transferred its control of these subsidiaries to the respective buyers.

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(3) Acquisitions and disposals (Continued)

Acquisitions and disposal in 2023

The Group made certain acquisitions during the year ended December 31, 2023 as follows:

(a) Acquisition of Zhongrong Smart Finance Information Technology Co., Ltd. (“Zhongrong”)

On January 3, 2023, the Group entered into share purchase agreement with the shareholders of Zhongrong Smart Finance Information Technology Co., Ltd. (“Zhongrong”), an insurance intermediary primarily engaging for delivering life insurance products in China, to acquire 57.73% of the equity interests of Zhongrong. The total purchase price consisted of stock consideration valued at RMB153,732 through issuing 61,853,580 of the Company’s ordinary shares and a contingent asset of RMB7,162. Pursuant to the share purchase agreement, the selling shareholders shall return certain numbers of ordinary shares back to the Group and/or the Group may incur future payments if necessary conditions have not been satisfied respectively by the end of a lock-up period of three years.

The acquisition of Zhongrong was accounted for using the acquisition method of accounting, and the purchase price allocation was made 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 for Zhongrong and the discount rate applied to those cash flows as well as management’s assessment on probability of achieving required performance targets. 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. For goodwill reporting purposes, the operations and goodwill for Zhongrong are included in the agency segment as they are in similar businesses. Contingent consideration, included in other non-current asset in the consolidated balance sheets, is initially and subsequently measured with changes in fair value reflected in the consolidated statements of income (loss) and comprehensive income (loss). The Fair value of the non-controlling interest was estimated with reference to the purchase price per share as of the acquisition date.

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:

	RMB
Consideration transferred	
Stock consideration	153,732
Contingent consideration	(7,162)
Total	146,570
Add: Non-controlling interest	107,318
	253,888

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(3) Acquisitions and disposals (Continued)

Acquisitions and disposal in 2023 (Continued)

(a) Acquisition of Zhongrong Smart Finance Information Technology Co., Ltd. (“Zhongrong”) (Continued)

	RMB
Assets acquired	
Cash and cash equivalents and restricted cash	17,174
Intangible assets acquired	61,472
- Software	5,900
- Non-compete agreements	8,423
- Agent resources	28,749
- Insurance broker license	18,400
Accounts receivable and contract assets	163,396
Other assets	16,651
Total assets acquired	258,693
Liabilities assumed	
Accounts payable and accrued commissions	(173,194)
Deferred tax liabilities	(16,651)
Other payables and accrued expenses	(12,167)
Other liabilities	(9,477)
Total liabilities assumed	(211,489)
Net assets acquired	47,204
Goodwill	206,684

Goodwill arising from the acquisition of this insurance intermediate was attributable to the benefit of expected synergies as of the date of acquisition and recorded in insurance agency segment. The resulted goodwill is not expected to be tax deductible for tax purposes.

The result of operation of aforementioned acquisition has been consolidated by the Group from January 3, 2023, and the results of operations for the aforementioned acquisition is not material to the Group’s consolidated financial statements as a whole.

Pro forma financial information is not presented for the acquisition of Zhongrong as it is immaterial to the reported results.

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(3) Acquisitions and disposals (Continued)

Acquisitions and disposal in 2023 (Continued)

(b) Acquisition of Jilin Zhongji Shi'An Insurance Agency Co., Ltd. ("Zhongji")

On February 6, 2023, the Group entered into share purchase agreement with the shareholders of Jilin Zhongji Shi'An Insurance Agency Co., Ltd. ("Zhongji"), an insurance intermediary primarily engaging for delivering life insurance products in China, to acquire 51% of the equity interests of Zhongji. The total purchase price as of the acquisition date, i.e., March 1, 2023 consisted of a stock consideration valued at RMB35,311 through issuing 13,660,720 of the Company's ordinary shares and a contingent liability of RMB74. Pursuant to the share purchase agreement, the selling shareholders shall return certain numbers of ordinary shares back to the Group and/or the Group may incur a future payments if necessary conditions have not been satisfied by the end of a lock-up period of three years.

The acquisition of Zhongji was accounted for using the acquisition method, 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 for Zhongji and the discount rate applied to those cash flows as well as management's assessment on probability of achieving required performance targets. 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. For goodwill reporting purposes, the operations and goodwill for Zhongji are included in the agency segment as they are in similar businesses. Contingent consideration included in other non-current asset in the consolidated balance sheets is initially and subsequently measured with changes in fair value reflected in the consolidated statements of income (loss) and comprehensive income (loss). The Fair value of the non-controlling interest was estimated with reference to the purchase price per share as of the acquisition date.

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:

	RMB
Consideration transferred	
Stock consideration	35,311
Contingent consideration	74
Total	35,385
Add: Non-controlling interests	33,998
	69,383

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(3) Acquisitions and disposals (Continued)

Acquisitions and disposal in 2023 (Continued)

(b) Acquisition of Jilin Zhongji Shi 'An Insurance Agency Co., Ltd. ("Zhongji") (Continued)

	RMB
Assets acquired	
Cash and cash equivalents and restricted cash	1,226
Intangible assets acquired	10,930
- Non-compete agreements	1,350
- Agent resources	7,180
- Insurance distribution license	2,400
Accounts receivable and contract assets, net	7,188
Other assets	2,602
Total assets acquired	21,946
Liabilities Assumed	
Accounts payable and accrued commissions	(1,922)
Deferred tax liabilities	(2,732)
Other payables and accrued expenses	(3,777)
Other liabilities	(1,600)
Total liabilities assumed	(10,031)
Net assets acquired	11,915
Goodwill	57,468

Goodwill arising from the acquisition of this agency intermediate was attributable to the benefit of expected synergies as of the date of acquisition and recorded in insurance agency segment. The resulted goodwill is not expected to be tax deductible for tax purposes.

The result of operation of aforementioned acquisition has been consolidated by the Group from March 1, 2023, and the results of operations for the aforementioned acquisition is not material to the Group's consolidated financial statements as a whole.

Pro forma financial information is not presented for the acquisition of Zhongji as it is immaterial to the reported results.

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(3) Acquisitions and disposals (Continued)

Acquisitions and disposal in 2023 (Continued)

(c) Acquisition and disposal of Wuhan Taiping Online Insurance Agency Co., Ltd. (“Taiping”)

On February 8, 2023, the Group entered into share purchase agreement with the shareholders of Wuhan Taiping Online Insurance Agency Co., Ltd. (“Taiping”), an insurance intermediary primarily engaging for delivering life insurance products in China, to acquire 51% of the equity interests of Taiping. The total purchase price as of the acquisition date, i.e., March 1, 2023 consisted of a stock consideration valued at RMB23,541 through issuing 9,107,140 of the Company’s ordinary shares and a contingent asset of RMB1,554. Pursuant to the share purchase agreement, the selling shareholders shall return certain numbers of ordinary shares back to the Group and/or the Group may incur a future payments if all necessary conditions have not been satisfied by the end of a lock-up period of three years.

The acquisition of Taiping 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 for Taiping and the discount rate applied to those cash flows as well as management’s assessment on probability of achieving required performance targets. 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. For goodwill reporting purposes, the operations and goodwill for Taiping are included in the agency segment as they are similar businesses. 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 purchase price was RMB21,987 as of the acquisition date which has been allocated based on the fair value of the assets acquired and liabilities assumed. RMB33,361 and RMB10,420 were allocated to goodwill and identified intangible assets, respectively. Contingent consideration is included in other non-current asset in the consolidated balance sheets is initially and subsequently measured with changes in fair value reflected in the consolidated statements of income (loss) and comprehensive income (loss). The result of operation has been consolidated by the Group from March 1, 2023 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 Taiping as it is immaterial to the reported results.

Given that Taiping failed to meet certain performance targets in due course, 9,107,140 ordinary shares previously issued were repurchased by the Company whom in turn surrendered its equity interests of Taiping, pursuant to a supplementary agreement entered on November 30, 2023. A disposal gain of RMB139 was recorded in others, net for the year ended December 31, 2023.

The business of Taiping was not integrated into insurance agency segment as it was disposed of shortly after it has been acquired and thus the benefits of the acquired goodwill were never realized by the rest of the reporting unit. The current carrying amount of the goodwill arising from the acquisition of Taiping that has been assigned to the agency segment was included in the carrying amount of Taiping to be disposed of.

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(3) Acquisitions and disposals (Continued)

Acquisitions and disposal in 2023 (Continued)

(d) Other Acquisitions

In November of 2023, to implement Group's overseas expansion strategy, the Group, through its subsidiary acquired 100% equity interest in Aasure Insurance Broker Limited, a Hong Kong insurance intermediate for cash consideration of RMB2,650. As close to 90% of the fair value of the gross assets acquired by the Group is associated with the brokerage license, the acquisition is considered an asset acquisition.

The Group acquired 100% equity interest in Puyi Family Office (Chengdu) Enterprises Management Consulting Co., Ltd., or Puyi Family Office (Chengdu) from MAASE for a nominal consideration on December 31, 2023. Puyi Family Office (Chengdu) primarily engages in family office business.

Pro forma results of operations for all the individually immaterial business combinations have not been presented because they are not material collectively to the reported results for the year ended December 31, 2023.

(4) Discontinued operations

Disposal of Meidiya and its subsidiaries

A disposal is categorized as a discontinued operation if the disposal group is a component of an entity or group of components that meets the held for sale criteria, is disposed of by sale or other than by sale and represents a strategic shift that has or will have a major effect on an entity's operations and financial results. The results of disposals that qualify as a discontinued operation are presented as such for all reporting periods presented. Results of discontinued operations include all revenues and expenses directly derived from such disposal group; general corporate overhead is not allocated to a discontinued operation. For disposals other than by sale, results of operations of a business would not be recorded as a discontinued operation until the period in which the business is actually disposed of other than by sale.

In January 2025, the Group disposed of 100% equity interests in Guangdong Meidiya Investment Co., Ltd. ("Meidiya") to a third party for cash consideration of RMB 30,240. Meidiya holds approximately 44.7% of the equity interests of Fanhua Insurance Surveyors & Loss Adjustors Co., Ltd. ("FHISLA") and its subsidiaries (collectively referred to as the "Disposal Group"). The Disposed Group historically constituted the Group's claims-adjusting segment, over which the Group exercised control through a series of act-in-concert arrangements. As a result of the divesture, the Group deconsolidated the Disposed Group with effect from January 1, 2025 and no longer conducts any material operations in the claims-adjusting business. Concurrently, the act-in-concert arrangements among Meidiya and the other shareholders of FHISLA were mutually terminated by all parties effective February 1, 2025.

The Company's sales of the Disposal Group represented a strategic business shift having a major effect on the Group's operations and financial results. The results of operations for the Disposal Group are presented as discontinued operations on the consolidated statements of income (loss) and comprehensive loss, and assets and liabilities are reflected as "Assets and Liabilities of Discontinued Operations" on the consolidated balance sheets for all periods presented. Amounts for all periods discussed below reflect the results of operations, financial condition and cash flows from the Company's continuing operations, unless otherwise noted.

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(4) Discontinued operations (Continued)

On January 1, 2025, the Group calculated a loss resulting from such disposition as follows:

Reconciliation of the carrying amounts of the major classes of assets and liabilities from the discontinued operations in the consolidated balance sheets as of January 1, 2025 is as follow.

	RMB
Consideration	30,240
	As of
	January 1,
	2025
	RMB
Assets	
Cash and cash equivalents and restricted cash	88,579
Short term investments	52,025
Accounts receivable, net	75,763
Other receivables, net	24,073
Other current assets, net	9,211
Property, plant, and equipment, net	7,306
Other non-current assets, net	6,237
Right of use asset	14,032
Total assets	277,226
Liabilities	
Other payable and accrued expenses	92,446
Accrued payroll	41,846
Income tax payable	10,104
Operating lease liabilities	13,538
Deferred tax liabilities	5,481
Total liabilities	163,415
Total net assets of the Disposal Group	113,811
Less: Non-controlling interests of the Disposal Group	(86,801)
Net assets of the Disposal Group contributable to the Group	27,010
Loss on disposal of the Disposal Group	3,230

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(4) Discontinued operations (Continued)

The assets and liabilities for discontinued operations of the Disposal Group comprised the following items as of December 31, 2023:

	As of December 31, 2023
	RMB
Current assets for discontinued operations	
Cash and cash equivalents and restricted cash	76,888
Short term investments	54,547
Accounts receivable and contract assets, net	70,516
Other receivables, net	17,789
Other current assets, net	8,588
Total current assets	228,328
Non-current assets for discontinued operations	
Restricted bank deposit - non-current	1,527
Property, plant, and equipment, net	8,822
Deferred tax assets	5,000
Other non-current assets, net	6,523
Right of use asset	13,629
Total non-current assets	35,501
Total assets	263,829
Current liabilities for discontinued operations	
Other payable and accrued expenses	24,339
Accrued payroll	37,286
Current operating lease liabilities	6,209
Income tax payable	7,912
Total current liabilities	75,746
Non-current liabilities for discontinued operations	
Non-current operating lease liability	6,463
Deferred tax liabilities	1,563
Other liabilities	4,505
Total non-current liabilities	12,531
Total liabilities	88,277
Total net assets of the Disposal Group	175,552

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(4) Discontinued operations (Continued)

The condensed cash flows of Disposal Group were as follows for the fiscal years ended December 31, 2023 and 2024:

	Years end December 31	
	2023	2024
	RMB	RMB
Net cash generated from (used in) operating activities	30,963	(11,434)
Net cash (used in) generated from investing activities	(39,956)	454
Net cash generated from financing activities	—	22,818

Reconciliation of the major classes of losses from discontinued operations in the consolidated statements of income (loss) and comprehensive income (loss) for the fiscal years ended December 31, 2023 and 2024 is as follow:

	Years ended December 31,	
	2023	2024
	RMB	RMB
Major classes of line items constituting pre-tax profit of discontinued operations		
Net revenues	437,941	477,054
Operating costs	(276,744)	(313,085)
Selling expenses	(98,393)	(104,289)
General and administrative expenses	(43,452)	(48,405)
Investment income	856	
Interest expense, net	(9,315)	(2,669)
Others, net	(9,842)	3,327
Gain from discontinued operations, before income tax	1,051	11,933
Income tax expense	(196)	(6,761)
Net income from discontinued operations	855	5,172
Significant non-cash operating items:		
Depreciation and amortization	3,431	3,302
Loss (Gain) on disposal of property, plant and equipment	357	(283)
Significant investing activities:		
Purchase of property, plant and equipment	(3,324)	(3,847)
Proceeds from disposal of property, plant and equipment	1,024	1,891

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(5) Other Receivables, net

Other receivables, net consist of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
Advances to staff (i)	2,533	2,270
Rental deposits	8,134	5,439
Loan receivable to third parties (ii)	743,793	804,834
Consideration receivable from disposal of long-term investments(iii)	—	816,653
Receivables consideration from share issuance(iv)	—	234,688
Other	1,305	2,165
Less: Allowance for expected credit losses - other receivables	(47,142)	(1,577,710)
Other receivables, net	708,623	288,339
The following table summarizes the movement of the Group's allowance for expected credit losses of other receivable:		
Balance at the beginning of the year	3,028	47,142
Write-off	(1,469)	—
Current period allowance for expected credit losses	45,583	1,530,568
Balance at the end of the year	47,142	1,577,710

- (i) Amount represented advances to staffs or entrepreneurial agents of the Group for daily business operations, which are unsecured, interest-free and repayable on demand.
- (ii) Amount mainly represented 1) term-loan (matures in June 2025 with extension) to Sichuan Tianyi Real Estate Development Co., Ltd. ("Sichuan Tianyi") of RMB65,000 and RMB25,000 as of December 31, 2024 and 2025 respectively, and corresponding interest receivable of RMB4,089 and RMB2,016 as of December 31, 2024 and 2025, respectively. The loan is guaranteed by the ultimate controlling owner of Sichuan Tianyi, whom is jointly liable, with the interest rate of 6% per annum; 2) term-loan (matured in 2025) to a third party company principally engaged in provision of education service of RMB670,300 and RMB670,300 as of December 31, 2024 and 2025, respectively, with the interest rate of 5% per annum, and corresponding interest receivable of RMB5,782 and RMB33,515 as of December 31, 2024 and 2025, respectively; 3) term-loan (matures in 2026) to a third party company of RMB12,000 as of December 31, 2025, with the interest rate of 3% per annum; and 4) term-loan (matured in March 2026) to third parties of RMB40,000 as of December 31, 2025, with the interest rate of 5% per annum. Based on the Group's evaluation of the collectibility of all term loan receivables, a full provision amounting to RMB 804,834 was accrued as at December 31, 2025.
- (iii) Amount as of December 31, 2025 primarily represented: 1) the outstanding receivable of RMB47,630 from the divestiture of subsidiaries, of which RMB38,240 was settled in April 2026; 2) the receivable from third-party investment firms as the Group transferred 53,466,331 Class A ordinary shares of BGM to third-party investment firms in May 2025. The shares transfer consideration is to be settled in two equal installments within two years. Following the assessment on the recoverability of outstanding receivables, the Group recorded a provision of RMB 772,153 as of December 31, 2025.
- (iv) Amount mainly represented subscription consideration receivable in connection with the share issuance completed in 2025, which was fully settled in April 2026.

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(6) Property, Plant and Equipment, net

Property, plant and equipment, net, is comprised of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
Building	14,604	3,240
Office equipment, furniture and fixtures	118,145	109,767
Motor vehicles	5,275	4,163
Leasehold improvements	17,713	11,783
Total	155,737	128,953
Less: Accumulated depreciation	(138,366)	(119,717)
Construction in progress	53,640	53,640
	71,011	62,876

No impairment for property, plant and equipment was recorded for the years ended December 31, 2023, 2024 and 2025. The depreciation expenses was RMB12,761, RMB10,446 and RMB5,326 for the years ended December 31, 2023, 2024 and 2025, respectively.

(7) Other Current Assets

Other current assets consist of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
Prepaid operating costs and miscellaneous daily expenses	9,200	14,674
Equity investments with readily determinable fair value (i)	13,755	—
Other	447	135
	23,402	14,809

(i) This amount mainly represents an equity investment of AIFU in Cheche Technology Inc. (“Cheche”), a Nasdaq-listed company. The Group measures the equity interests in Cheche at fair value and recorded a loss of RMB82,499 and RMB132 from fair value change in the consolidated statement of income (loss) and comprehensive income (loss) for the years ended December 31, 2024 and 2025, respectively.

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(8) Goodwill, net

The gross amount of goodwill and accumulated impairment losses by reporting unit as of December 31, 2024 and 2025 are as follows:

	<u>Agency segment</u>	<u>Total</u>
	<u>RMB</u>	<u>RMB</u>
Gross as of December 31, 2024	374,149	374,149
Addition in 2025 (Note 3)	—	—
Disposal in 2025 (Note 3)	—	—
Accumulated impairment loss as of December 31, 2024	(374,149)	(374,149)
Net, as of December 31, 2024	<u>—</u>	<u>—</u>
Net, as of December 31, 2025	<u>—</u>	<u>—</u>

The Group performs annual goodwill impairment test at each year end. In 2024 annual test, the Group noted the underperformance of insurance agency business, mainly due to the impact of newly released industrial regulatory rules capping the commission rates charged by insurance intermediaries, and determined that it was more likely than not that there were indications of impairment for the reporting unit of Insurance Agency. The Group utilized the discounted cash flow model to estimate the fair value of the reporting unit and concluded that the carrying amount of Insurance Agency exceeded its fair value. As a result, an impairment loss on goodwill of RMB374,149 was recognized in the consolidated statement of income(loss) and comprehensive income (loss) for the year ended December 31, 2024.

No impairment loss was recognized in goodwill for the years ended December 31, 2023 and 2025.

(9) Intangible Assets, net

Intangible assets, net, are comprised of the following:

	<u>As of December 31,</u>	
	<u>2024</u>	<u>2025</u>
	<u>RMB</u>	<u>RMB</u>
Software	5,900	—
Non-compete agreements	9,773	—
Agent resources	35,929	—
Brokerage license	23,018	—
Sub-total	74,620	—
Disposal	(2,218)	—
Total	<u>72,402</u>	<u>—</u>
Less: Accumulated amortization	(33,094)	—
Less: Accumulated impairment loss	(39,308)	—
Intangible asset, net	<u>—</u>	<u>—</u>

In 2023, the Company acquired intangible assets amounting to RMB85,040 (of which RMB8,868 was subsequently disposed in 2023), in connection with business combinations, which were measured at fair value upon acquisition. In 2024, the Group disposed of an insurance brokerage license for RMB2,218. The license was owned by a majority-owned subsidiary in Hong Kong which was deconsolidated as the Group has lost its control over the subsidiary effective April 1, 2024 (see details in Note 2(i)). Details of intangible assets acquired in connection with business combinations and disposed are included in Note 3.

The Group performs annual intangible assets impairment test at each year end. In 2024 annual test, the Group noted the underperformance of acquired insurance agency business as compared to the projected results from acquisition, mainly due to the impact of newly released industrial regulatory rules capping the commission rates charged by insurance intermediaries, and determined that it was more likely than not that there were indications of impairment for the reporting unit of Insurance Agency. The Group utilized the discounted cash flow model to estimate the fair value of the intangible assets and concluded that the carrying amount of intangible assets exceeded its fair value. As a result, an impairment loss on intangible assets of RMB39,307 was recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2024.

Amortization expenses for intangible assets recognized for the years ended December 31, 2023, 2024 and 2025 were RMB17,858, RMB16,791 and nil, respectively. The intangible assets are impaired in full cost as of December 31, 2024 and no amortization expenses are expected in next year.

There were no impairment charges for intangible assets recorded for the years ended December 31, 2023 and 2025.

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(10) Investments in Affiliates

As of December 31, 2024 and 2025, the Group's investments in affiliates accounted for under the equity method were as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
BGM (Note 2(i) and Note 3)	1,000,000	—
HK JVs (Note 2(i))	4,683	—
Total	1,004,683	—

(11) Other Non-Current Assets, net

Other non-current assets, net consist of the following:

	As of December 31,	
	2024	2025
	RMB	RMB
Equity investments without readily determinable fair value (Note 2(j))	20,491	236,819
Long-term hybrid instrument (Note 2(j))(i)	125,000	125,000
Amount due from a third party (ii)	31,709	33,063
Contingent considerations (Note 3)	17,549	—
Receivables from certain shareholders as guarantee deposit due to business combinations	33,374	—
Others	1,407	667
Less: Allowance for expected credit losses	(4,032)	(33,074)
Less: Impairment loss	—	(125,000)
	225,498	237,475

The following table summarizes the movement of the Group's allowance for expected credit losses of other current assets:

	As of December 31,	
	2024	2025
	RMB	RMB
Balance at the beginning of the year	2,930	4,032
Current period allowance for expected credit losses	1,102	29,042
Balance at the end of the year	4,032	33,074

- (i) Amount represented a two-year-term debt security valued at RMB125,000 with a fixed return rate of 6% and an additional earning right contingently upon certain conditions met within the contract term. The Group recorded impairment loss on investment in debt securities of RMB125,000 as of December 31, 2025 in the consolidated statements of income (loss) and comprehensive income(loss).
- (ii) Amount represented a term-loan (matures in September 2028) to a third party of RMB30,000 and corresponding interest receivable RMB3,063 as of December 31, 2025. The loan bears interest rate 4.5% per annum and is guaranteed by the ultimate controlling owner of the borrower, whom is jointly liable.

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(12) Leases

The Group's lease for office space includes only fixed rental payments with no variable lease payment terms. As of December 31, 2024 and 2025, there were no leases that have not yet commenced.

The following represents the aggregate ROU assets and related lease liabilities as of December 31, 2024 and 2025:

	As of December 31,	
	2024	2025
	RMB	RMB
Operating lease ROU assets	60,850	33,589
Current operating lease liabilities	30,054	15,308
Non-current operating lease liabilities	27,918	15,463
Total operating lease liabilities	57,972	30,771

The weighted average lease term and discount rate as of December 31, 2024 and 2025 were as follows:

	As of December 31,	
	2024	2025
Weighted average lease term:		
Operating leases	2.09 years	2.66 years
Weighted average discount rate:		
Operating leases	2.98%	2.88%

The components of lease expenses for the years ended December 31, 2023, 2024 and 2025 were as follows:

	For the years ended December 31,		
	2023	2024	2025
		RMB	RMB
Operating lease expense	66,782	58,192	16,223
Short term lease expense	4,697	4,253	7,283
Total	71,479	62,445	23,506

Maturities of lease liabilities at December 31, 2025:

	Minimum Lease Payment RMB
Years ending December 31:	
2026	16,099
2027	8,876
2028	4,790
2029	2,368
Total remaining undiscounted lease payments	32,133
Less: Interest	1,362
Total present value of lease liabilities	30,771
Less: Current operating lease liabilities	15,308
Non-current operating lease liabilities	15,463

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(13) Variable Interest Entities (“VIEs”)

PRC laws, regulations, and rules restrict and impose conditions on direct foreign investment in value-added telecommunication services, and therefore prior to December 27, 2024, the Group operated the internet-based insurance distribution business through Xinbao Investment, and Fanhua RONS Technologies, which we refer to as the former consolidated VIEs in this annual report. There were historical contractual arrangements among (x) our wholly-owned PRC subsidiaries Fanhua Group Company and Fanlian Investment, (y) the former consolidated VIEs, and (z) the individual nominee shareholders of the former consolidated VIEs (the “VIE Contractual Arrangements”). Our historical contractual agreements included: (i) technology consulting and service agreements and consulting and service agreements, which enabled us to receive all of the economic benefits of the former consolidated VIEs and their subsidiaries, (ii) loan agreements, powers of attorney and equity pledge agreements, which provided us with effective control over the former consolidated VIEs and their subsidiaries, and (iii) exclusive purchase option agreements, which provided us with the option to purchase all of the equity interests in the consolidated VIEs, and (iv) equity pledge agreements, in combination of the aforementioned loan agreements, we are able to control over the former consolidated VIEs and their subsidiaries. As a result of the Contractual Arrangements, we were able to direct the activities of and derive economic benefits from the former consolidated VIEs and were considered the primary beneficiary of the former consolidated VIEs for accounting purposes. Accordingly, we have consolidated the financial results of the former consolidated VIEs in our consolidated financial statements in accordance with U.S. GAAP prior to December 2024.

On December 27, 2024, the Group transferred all of the interests in Fanhua RONS Technologies, Xinbao Investment and its subsidiaries to BGM in exchange for 72% of BGM Group Ltd.’s issued and outstanding ordinary shares. The VIE Contractual Arrangements were subsequently terminated on December 27, 2024. As a result, Xinbao Investment and RONS Technologies have been deconsolidated from our consolidated financial statements since December 31, 2024.

Risks in relation to the Former VIE Arrangement

In the opinion of the Company’s PRC legal counsel, (i) the ownership structure relating to the former consolidated VIEs of the Company did not violate the existing PRC laws and regulations; (ii) the Contractual Arrangements with the former consolidated VIEs and the individual shareholders were legal, valid and binding obligation of such party, and enforceable against such party in accordance with their respective terms; and (iii) the execution, delivery and performance of the former consolidated VIEs and their respective shareholders did not result in any violation of the provisions of the articles of association and business licenses of the former consolidated VIEs, and any violation of any current PRC laws and regulations.

As of December 31, 2025 and December 31, 2024, the Group had no total assets or total liabilities related to former VIE.

Summarized below is the information related to former VIEs, including net revenues, total operating costs and expenses, net income (loss) and cash flows after intercompany elimination are as follows:

	Years Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Net revenues	122,880	123,593	—
Operating costs and expenses	100,957	92,617	—
Net (loss) income	(13,085)	20,870	—
Net cash generated from operating activities	3,754	1,618	—

As of December 31, 2023, there were no consolidated VIE assets that were collateral for the VIE’s obligations or were restricted solely to settle the VIEs’ obligations, other than aforementioned in the restricted cash as described in Note 2(c).

In the year ended December 31, 2024, aggregate revenues derived from these VIEs contributed 6.8% of the total consolidated net revenues, based on the corporate structure before disposed the former VIEs. As of December 31, 2024, the Group has terminated the VIE Contractual Arrangements, and the VIEs accounted for nil of the consolidated total assets of the Group.

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(14) Other Payables and Accrued Expenses

Components of other payables and accrued expenses are as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
Business and other tax payables	63,935	49,428
Refundable deposits from employees and agents	17,777	17,577
Professional fees	13,453	782
Accrued expenses to third parties	12,826	37,471
Contributions from members of eHuzhu mutual aid program (Note 2(c))	32,915	—
Accrued compensation to staff layoff	20,648	12,132
Payable to third parties(i)	14,714	62,333
Others	815	4,999
Total	177,083	184,722

(i) Amount represented payables to divested subsidiaries, which are non-interest-bearing, unsecured and due within one year.

(15) Short-term loans

Short-term loans and total outstanding balance as of December 31, 2024 and 2025 amounted to RMB134,976 and RMB56,000, respectively, which are RMB-denominated borrowings made by the Company's subsidiaries from financial institutions in mainland China. The Group borrowed RMB134,976 and RMB74,000 one-year loans for its general working capital purposes in 2024 and 2025, respectively.

As of December 31, 2024 and 2025, the weighted average interest rates for the outstanding borrowings were approximately 3.50% and 3.5%, respectively, and the unused lines of credit for the short-term loans was RMB65,024 and nil, respectively.

(16) Employee Benefit Plans

Employees of the Group located in the PRC are covered by the retirement schemes defined by local practice and regulations, which are essentially defined contribution plans.

In addition, the Group is required by law to contribute a certain percentage of applicable salaries for medical insurance benefits, unemployment and other statutory benefits. The contribution percentages may be different from district to district which is subject to the specific requirement of local regime government. The PRC government is directly responsible for the payments of the benefits to these employees.

For the years ended December 31, 2023, 2024 and 2025, the Group contributed and accrued RMB116,109, RMB47,669 and RMB26,150, respectively.

(17) Income Taxes

The Company is a tax exempted company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains. In addition, upon any payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Subsidiaries in Hong Kong are subject to Hong Kong Profits Tax rate at 16.5%, and foreign-derived income is exempted from income tax. Under the two-tiered profits tax rates regime, the provision for current income taxes of the subsidiaries operating in Hong Kong has been calculated by applying the current rate of taxation of 8.25% for the years ended December 31, 2023, 2024 and 2025.

The Group's subsidiaries and former VIEs incorporated in the PRC are subject to the PRC Enterprise Income Tax and a unified 25% enterprise income tax rate, except for certain entities that are entitled to preferential tax treatments.

Preferential EIT rates at 15% is available for qualified enterprises located in the western China regions in an industry sector encouraged by the PRC government. Fanhua Lianxing Insurance Sales Co., Ltd., the Group's wholly-owned subsidiary, which is the holding entity of the Group's life insurance operations, was entitled to a preferential tax rate of 15% for the years ended December 31, 2023 and 2024, respectively.

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(17) Income Taxes (Continued)

The Group's subsidiaries that are the PRC tax resident are required to withhold the PRC withholding tax of 10% on dividend payment to their non-PRC resident immediate holding company, unless such dividend payment is qualified for the 5% reduced tax rate under the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "PRC-HK DTA").

One of the Group's wholly-owned subsidiaries, CNinsure Holdings Limited, was determined by Hong Kong Taxation Bureau to be a Hong Kong resident enterprise since July 2018. The Hong Kong resident certificate was issued by the Hong Kong Inland Revenue Department valid till the year ending December 31, 2026. Accordingly, CNinsure Holdings Limited qualified as a Hong Kong resident and was entitled to enjoy a reduced tax rate of 5% for the dividends paid by PRC subsidiaries for the years ended December 31, 2023, 2024 and 2025 under Bulletin [2018] No. 9 (e.g. beneficial ownership, shareholding percentage and holding period).

The Group accounts for uncertain income tax positions by prescribing a minimum recognition threshold in the financial statements. The Group's liabilities for unrecognized tax benefits were included in other tax liabilities. As of December 31, 2024 and 2025, the balance of unrecognized tax benefits is comprised of amounts mainly arising from gain on disposal of subsidiaries and certain transfer pricing arrangements.

The movements of unrecognized tax benefits are as follows:

	RMB
Balance as of January 1, 2023	32,142
Change in unrecognized tax benefits	—
Decrease in tax positions	(2,279)
Balance as of December 31, 2023	29,863
Change in unrecognized tax benefits	—
Decrease in tax positions	(4,162)
Balance as of December 31, 2024	25,701
Decrease in tax positions	—
Balance as of December 31, 2025	25,701

The uncertain tax positions are related to tax years that remain subject to examination by the relevant tax authorities. Based on the outcome of any future examinations, or as a result of the expiration of statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized tax benefits for tax positions taken regarding previously filed tax returns, might materially change from those recorded as liabilities for uncertain tax positions in the Group's consolidated financial statements. In addition, the outcome of these examinations may impact the valuation of certain deferred tax assets (such as net operating losses) in future periods. The Group's policy is to recognize interest and penalties accrued on any unrecognized tax benefits, if any, as a component of income tax expense. The Group does not anticipate any significant increases or decreases to its liability for unrecognized tax benefits within the next twelve months.

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(17) Income Taxes (Continued)

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of income taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of income tax liability exceeding RMB100 is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion. During the current year, the Group reversed transfer pricing related uncertain tax position amounting to RMB25,701 when its statute of limitation expired in 2025.

Income tax expenses are comprised of the following:

	Years Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Current tax expense	44,634	5,421	20,539
Deferred tax expense (benefit)	14,572	86,533	(16,519)
Income tax expense	59,206	91,954	4,020

The principal components of the deferred income tax assets and liabilities are as follows:

	As of December 31,	
	2024	2025
	RMB	RMB
Deferred tax assets:		
Operating loss carryforward	78,810	357,343
Intangible assets, net	1,220	427
Less: valuation allowances	(70,054)	(348,868)
Total	9,976	8,902
Deferred tax liabilities:		
Fair value adjustments in relation to short-term investments	101,642	91,066
Estimated profit arising from future renewal commissions	87,743	69,422
PRC dividend withholding taxes	26,730	26,730
Total	216,115	187,218

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, the Group's experience with tax attributes expiring unused and tax planning alternatives. Valuation allowances have been established for deferred tax assets based on a more-likely-than-not threshold. The Group's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carry forward periods provided for in the tax law. The Group has provided RMB70,054 and RMB348,868 valuation allowance for the years ended December 31, 2024 and 2025, respectively.

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(17) Income Taxes (Continued)

The Group had total operating loss carry-forwards of RMB299,223 and RMB1,445,512 as of December 31, 2024 and 2025, respectively. As of December 31, 2025, all of the operating loss carry-forwards will expire in the years from 2026 to 2030. During the years ended December 31, 2023, 2024 and 2025, RMB44,091, RMB48,259 and RMB64,490, respectively, of tax loss carried forward has been expired and cancelled.

Reconciliation between the provision for income taxes computed by applying the PRC enterprise income rate of 25% to net income before income taxes and income of affiliates, and the actual provision for income taxes is as follows:

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
Income (loss) from continuing operations before income taxes, share of income (loss) of affiliates, net	348,767		401,308		(2,273,246)	
Computed income tax expense at PRC EIT tax rate	87,192	25.0%	100,327	25.0%	(568,312)	25.0%
Expenses not deductible for tax purposes:						
—Entertainment	2,417	0.7%	703	0.2%	793	(0.0)%
—Impairment on goodwill	—	—	93,537	23.3%	—	—
—Provision for expected credit losses on financial assets (i)	—	—	11,718	2.9%	543,537	(23.9)%
—Other	340	0.1%	1,434	0.4%	—	—
Effect of tax holidays on concessionary rates granted to PRC entities	(9,956)	(2.9)%	(507)	(0.1)%	—	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	4,110	1.2%	(135,440)	(33.7)%	16,764	(0.7)%
Change in valuation allowance	2,713	0.8%	15,645	3.9%	28,622	(1.3)%
Utilized of deferred income tax for dividend distribution	—	—	(2,500)	(0.6)%	—	—
Effect of non-taxable (income) loss (ii)	(25,709)	(7.4)%	29,969	7.5%	—	—
Unrecognized tax benefits arising from certain transfer pricing arrangements	(2,279)	(0.7)%	(4,162)	(1.0)%	—	—
Deferred income tax reverse	—	—	(18,800)	(4.7)%	(16,799)	0.7%
Other	378	0.1%	30	0.0%	(585)	0.0%
Income tax expense	<u>59,206</u>	17.0%	<u>91,954</u>	22.9%	<u>4,020</u>	(0.2)%

(1) *Provision for expected credit losses on financial assets for the year ended December 31, 2025 is primarily relating to the expected credit losses of loan receivables,*

(ii) *The effect of non-taxable income for the year ended December 31, 2023 is primarily relating to the non-taxable gains from changes in fair value of equity interests held by the Group. The effect of non-taxable loss for the year ended December 31, 2024 is primarily relating to the non-taxable loss from changes in fair value of equity interests held by the Group.*

Additional PRC income taxes that would have been payable without the tax exemption amounted to approximately RMB9,956, RMB507 and nil for the years ended December 31, 2023, 2024 and 2025, respectively. Without such exemption, the Group's basic net profit per share for the years ended December 31, 2023, 2024 and 2025 would have been decreased by RMB0.01, RMB0.00 and RMB0.00, and diluted net profit per share for the years ended December 31, 2023, 2024 and 2025 would have been decreased by RMB0.01, RMB0.00 and RMB0.00, respectively.

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(17) Income Taxes (Continued)

If the entities were to be non-resident for PRC tax purposes, dividends paid to it out of profits earned after January 1, 2008 would be subject to a withholding tax. In the case of dividends paid by PRC subsidiaries, the withholding tax would be 10%, whereas in the case of dividends paid by PRC subsidiaries which are 25% or more directly owned by tax residents in the Hong Kong Special Administrative Region, the withholding tax would be 5%. The Group's subsidiary, CNinsure Holdings Limited qualified as Hong Kong resident and was entitled to enjoy a 5% reduced tax rate under Bulletin [2018] No. 9 for the years ended December 31, 2021.

Aggregate undistributed earnings of the Group's subsidiaries and former VIEs in the PRC that are available for distribution to the Group of approximately RMB1,418,135 and RMB1,036,638 as of December 31, 2024 and 2025 respectively, are considered to be indefinitely reinvested. If those earnings were to be distributed or they were determined to be no longer permanently reinvested, the Group would have to record a deferred tax liability in respect of those undistributed earnings of approximately RMB70,907 and RMB51,832, respectively.

Under applicable accounting principles, a deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting over tax basis, including those differences attributable to a more-than-50-percent-owned domestic subsidiary. However, recognition is not required in situations where the tax law provides a means by which the reported amount of that investment can be recovered tax-free and the enterprise expects that it will ultimately use that means.

(18) Capital Structure

Shares Structure

The Company was incorporated in the Cayman Islands on April 10, 2007. The original authorized share capital was US\$10,000,000 divided into 10,000,000,000 ordinary shares with a par value of \$0.001 per share.

On October 31, 2024, the Company held an extraordinary general meeting ("EGM") and obtained requisite shareholders' approval to adopt a dual-class share structure. Under this structure, the authorized share capital was US\$10,000,000 divided into (1) 8,000,000,000 Class A Ordinary Shares of a nominal or par value of US\$0.001 each and (2) 2,000,000,000 Class B Ordinary Shares of a nominal or par value of US\$0.001 each.

On April 17, 2025, the Company obtained requisite shareholders' approval to implement a share consolidation, under which every four hundreds authorized issued and unissued shares of par value US\$0.001 each were consolidated into one share with a par value of US\$0.4 each, effective on May 21, 2025. Immediately following the completion of the Share Consolidation, on May 21, 2025, our authorized share capital was increased to US\$4,000,000,000 divided into 10,000,000,000 ordinary shares comprising of (i) 8,000,000,000 Class A ordinary shares of a nominal or par value of US\$0.4 each, and (ii) 2,000,000,000 Class B ordinary shares of a nominal or par value of US\$0.4 each.

As of December 31, 2025, 13,435,271 Class A ordinary shares were issued and outstanding. Concurrently, 7,500,000 Class B ordinary shares were issued and outstanding. Unless indicated or the context otherwise requires, all number of ordinary shares in this report has been retrospectively adjusted for the reverse share split, as if such reverse share split occurred on the first day of the years presented.

Issuance of new shares

During 2025, the Company issued (i) 2,500,000 Class B ordinary shares, at a price of US\$0.4 per share, for a total consideration of US\$1,000, of which 1,225,000 Class B ordinary shares to Infinew Limited and 1,275,000 Class B ordinary shares to MAASE Inc., (ii) 10,000,000 Class A ordinary shares, par value US\$0.4 per share, of the Company, at a price of \$3.156 per share, for a total consideration of US\$31,560, to certain investors in relation to a private placement, and (iii) 5,000,000 Class B ordinary shares, at a price of US\$0.4 per share, for a total consideration of US\$2,000 to Expansion Group Ltd.

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(18) Capital Structure (Continued)

During 2024, the Company issued 500 Class A ordinary shares (as adjusted for the 1-for-400 reverse share split effective May 21, 2025) to shareholders on market price and 345,525 Class A ordinary shares (as adjusted for the 1-for-400 reverse share split effective May 21, 2025) for share option exercise, of which 345,000 Class A ordinary shares (as adjusted for the 1-for-400 reverse share split effective May 21, 2025) were repurchased on December 10, 2024.

During 2023, as disclosed in Note (3)(a), the Company issued 154,634 ordinary shares (as adjusted for the 1-for-400 reverse share split effective May 21, 2025) to the shareholders of Zhongrong to acquire 57.73% equity interests of Zhongrong in March 2023. The consideration, adjustable based on the achievement of certain performance targets in the next three years by Zhongrong, is subject to a lock-up period of three years and will be released from lock-up in two batches after 2025. On August 31, 2023, one of the selling shareholders who previously sold 1.56% equity interests in Zhongrong in exchange for 0.3% equity interests of the Group, entered into a supplemental agreement with the Group to modify the payment terms from ordinary shares of the Company to RMB11,513 in cash. As a result, 3,591,780 ordinary shares previously issued to the selling shareholder were repurchased by the Company in December 2023 which resulted in recognizing a loss of RMB3,043 in others, net in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2023. The repurchased shares were included in treasury stock as of December 31, 2023.

As disclosed in Note (3)(b), the Company issued 34,152 ordinary shares (as adjusted for the 1-for-400 reverse share split effective May 21, 2025) to the shareholders of Zhongji to acquire 51% of the equity interests of Zhongji in March 2023. The consideration, adjustable based on the achievement of certain performance targets in the next three years by Zhongji, is subject to a lock-up period of three years and will be released from lock-up in two batches after 2025.

As stated in Note (3)(b), the Company issued 22,768 ordinary shares (as adjusted for the 1-for-400 reverse share split effective May 21, 2025) to the existing shareholder of Taiping to acquire 51% of the equity interests of Taiping in March 2023. As Taiping failed to meet certain performance targets, 22,768 (as adjusted for the 1-for-400 reverse share split) previously issued ordinary shares were repurchased by the Company and the Company surrendered the acquired 51% equity interests of Taiping, pursuant to a supplementary agreement entered on November 30, 2023. The repurchased shares were included in treasury stock as of December 31, 2023.

The Group accounts for the repurchased ordinary shares under the par value method and includes such treasury stock as a component of the shareholders' equity.

Repurchase of ordinary shares

(i) During 2024, the Company repurchased an aggregate of 127,710 ADSs from the open market, representing 0.22% of the total shares outstanding as of December 31, 2024, at an average price of US\$6.4 per ADS for a total amount of approximately RMB5,569, under the 2022 Share Buyback Program. The Company has also repurchased an aggregate of 345,000 Class A ordinary shares (as adjusted for the 1-for-400 reverse share split) at a price of US\$38.4 per Class A ordinary shares on a post-share consolidation basis which was previously issued to certain employees for share option exercise on July 2, 2024. The repurchased price was equivalent to the exercise price of such share options.

During 2023, the Company repurchased an aggregate of 526,441 ADSs from the open market and 634,946 ADSs from certain shareholders, representing 2% of the total shares outstanding as of December 31, 2023, at an average price of US\$7.42 per ADS for a total amount of approximately RMB62,309, under the 2022 Share Buyback Program.

The Group accounts for repurchased ordinary shares under the par value method and includes such treasury stock as a component of the shareholders' equity.

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(19) Net Income/(loss) per Share

As of December 31, 2023, 2024 and 2025, there were nil, 28,315 and 35,000 employee share options or non-vested ordinary shares, respectively, which could potentially dilute basic net earnings per share in the future, but which were excluded from the computation of diluted net earnings per share in the periods presented, as their effects would have been anti-dilutive.

The computation of basic and diluted net income/(loss) per ordinary share is as follows:

	Years Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
<i>Basic:</i>			
Net income (loss) from continuing operations	288,244	304,302	(2,277,266)
Less: Net income (loss) attributable to the non-controlling interests	4,773	(148,720)	1,350
Net gain (loss) attributable to owners of the Company from continuing operations	283,471	453,022	(2,278,616)
Net gain from discontinued operations	855	5,172	3,230
Less: Net income attributable to the non-controlling interests	3,849	3,234	—
Net income attributable to the Company's shareholders from discontinued operations	(2,994)	1,938	3,230
Weighted average number of ordinary shares outstanding*	2,685,930	2,666,735	10,132,864
Basic net income (loss) per ordinary share from continuing operations	105.54	169.88	(224.87)
Basic net income (loss) per ordinary share from discontinued operations	(1.11)	0.73	0.32

* The weighted average number of ordinary shares outstanding excludes the number of ordinary shares issued in business combinations occurred in 2023 through an exchange of equity interests that are treated in the same manner as contingently issuable shares because the holders must return all or part if all necessary conditions have not been satisfied by the end of the period.

	Years Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
<i>Diluted:</i>			
Net income (loss) from continuing operations	288,244	304,302	(2,277,266)
Less: Net income (loss) attributable to the noncontrolling interests	4,773	(148,720)	1,350
Net income (loss) attributable to owners of the Company from continuing operations	283,471	453,022	(2,278,616)
Net gain (loss) from discontinued operations	855	5,172	3,230
Less: Net income attributable to the noncontrolling interests	3,849	3,234	—
Net income(loss) attributable to the Company's shareholders from discontinued operations	(2,994)	1,938	3,230
Weighted average number of ordinary shares outstanding	2,685,930	2,666,735	10,132,864
Weighted average number of dilutive potential ordinary shares from share options and restricted share units	5,920	9,636	—
Total	2,691,850	2,676,371	10,132,864
Diluted net income (loss) per ordinary share from continuing operations	105.31	169.27	(224.87)
Diluted net income (loss) per ordinary share from discontinued operations	(1.11)	0.72	0.32

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(20) Distribution of Profits

As stipulated by the relevant PRC laws and regulations applicable to China’s foreign investment enterprise, the Group’s subsidiaries and former VIEs in the PRC are required to maintain non-distributable reserves which include a statutory surplus reserve as of December 31, 2024 and 2025. Appropriations to the statutory surplus reserve are required to be made at not less than 10% of individual company’s net profit as reported in the PRC statutory financial statements of the Company’s subsidiaries and former VIEs. The appropriations to statutory surplus reserve are required until the balance reaches 50% of the registered capital of respective subsidiaries and former VIEs.

The statutory surplus reserve is used to offset future losses. These reserves represent appropriations of retained earnings determined according to PRC law and may not be distributed. The accumulated amounts contributed to the statutory reserves were RMB593,691 and RMB343,026 as of December 31, 2024 and 2025, respectively.

Under PRC laws and regulations, there are restrictions on the Company’s PRC subsidiaries and former VIEs with respect to transferring certain of their net assets to the Company either in the form of dividends, loans, or advances. Amounts of restricted net assets include paid in capital and statutory surplus reserve of the Company’s PRC subsidiaries and the net assets of the former VIEs in which the Company has no legal ownership, totaling RMB1,495,385 and RMB1,244,719 as of December 31, 2024 and 2025, respectively, which were not eligible to be distributed.

(21) Related-party Balances and Transactions

The principal related-party balances as of December 31, 2024 and 2025, and transactions for the years ended December 31, 2023, 2024 and 2025 are as follows:

Name of Related Party	Relationship to the Group
Maase Inc. (“MAASE”)	A shareholder of the Group (formerly known as “Puyi Inc.” and “Highest Performances Holdings Inc.”)
Chengdu Puyi Bohui Information Technology Co.,	Controlled by MAASE before September 30,2025
Puyi Enterprise Management Consulting Co., Ltd	Controlled by MAASE before September 30,2025

Related party transactions:

- (i) On December 28, 2020, the Group entered into a framework strategic partnership agreement, or, the “Agreement”, with Puyi Enterprise Management Consulting Co., Ltd (“Puyi Consulting”), which was controlled by MAASE. Pursuant to the Agreement, both parties, on the basis of full compliance with relevant regulatory and legal requirements will share customer and channel resources and explore collaboration opportunities on the provision of value-added asset management services to Chinese households, by leveraging both parties’ respective strength in insurance and financial services. For the year ended December 31, 2023, the Group incurred RMB1,590 commission cost to Puyi Consulting and the balance of account payable as of December 31, 2023 was nil. For the years ended December 31, 2024 and 2025, the Group incurred nil commission cost to Puyi Consulting and the balance of account payable as of December 31, 2024 and 2025 was nil. In order to diversify the Group’s services and product offerings, the Group provided referral services of publicly-raised and privately-raised fund products provided by MAASE’s clients, the Group referred MAASE’s financial advisors to their clients and MAASE’s financial advisors will be responsible for providing product information and handling purchasing procedures. For the year ended December 31, 2023, the Group incurred RMB530 referral service fee from MAASE and the balance of account receivable as of December 31, 2023 was nil. For the year ended December 31, 2024, the Group incurred RMB943 referral service fee from MAASE and the balance of account receivable as of December 31, 2024 was RMB173. For the year ended December 31, 2025, the Group incurred RMB413 referral service fee from MAASE and the balance of account receivable as of December 31, 2025 was nil.
- (ii) During 2025, the Group provided a loan of RMB15,481 to Maase Inc., of which RMB1,748 had been repaid and the outstanding receivables was RMB13,733 as at December 31, 2025.
- (iii) As disclosed in Note (3), in June 2025, the Group disposed of 100% equity interests in Beijing Fanlian Investment Co., Ltd. to Chengdu Puyi Bohui Information Technology Co., Ltd., for a cash consideration of RMB14,260.

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(21) Related-party Balances and Transactions (Continued)

Related-party Balances:

	As of December 31, 2025 RMB	As of December 31, 2025 USD
Amount due from related parties		
Maase Inc.(i)	13,733	1,981
Less: Allowance for credit loss	(481)	(86)
Total	13,252	1,895

(i) Amount represents unsecured, interest-free loans due from related parties, which are repayable in two years. The loans were provided to supplement MAASE's working capital.

(22) Commitments and Contingencies

Lease commitments

The Group has entered into operating lease agreements for certain offices. Future minimum lease payments under non-cancellable operating leases with initial terms more than one year are included in Note 12.

As of December 31, 2025, the total future minimum lease payments under non-cancellable short-term leases, including the agreed property management fee, with respect to the office are payable as follows:

	Lease Commitment RMB
Within 1 year	3,450
2-5 years	3,187
Total	6,637

Contingencies

As of December 31, 2025, the Group may be involved in certain legal proceedings, claims, and other disputes arising from the commercial operations, projects, employees, and other matters which, in general, are subject to uncertainties and in which the outcomes are not predictable. The Group determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Although the outcomes of these legal proceedings cannot be predicted, the Group does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations, or liquidity.

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(23) Concentrations of Credit Risk

Concentration risks

Customers accounting for 10% or more of total net revenues excluding estimated renewal commissions are as follows:

	Years ended December 31,					
	2023	% of sales	2024	% of sales	2025	% of sales
	RMB		RMB		RMB	
Sinatay Life Insurance Co., Ltd. (“Sinatay”)	438,026	15.9%	177,868	12.8%	99,290	13.5%
Fanhua RONS Insurance Sales & Service Co., Ltd.	*	*	*	*	73,738	10.0%
Aeon Life Insurance Co., Ltd. (“Aeon”).	295,217	10.7	*	*%	*	*
Ping An Property & Casualty Insurance Company of China, Ltd. (“Ping An”)	*	*	175,205	12.6%	*	*
Ruizhong Life Insurance Co., Ltd.	*	*	*	*	*	*
Subtotal	<u>733,243</u>	<u>25.6%</u>	<u>353,073</u>	<u>25.4%</u>	<u>173,028</u>	<u>23.5%</u>

* represented less than 10% of total net revenues for the year.

Customers which accounted for 10% or more of gross accounts receivable excluding estimated renewal commissions are as follows:

	As of December 31,			
	2024	%	2025	%
Sinatay	29,567	30.7%	14,136	20.9%
Fanhua RONS Insurance Sales & Service Co., Ltd.	29,063	30.2%	12,247	18.1%
AVIVA-COFCO Life Insurance Co., Ltd.	*	*	9,795	14.5%
Ruizhong Life Insurance Co., Ltd.	10,291	10.7%	8,602	12.7%
Subtotal	<u>68,921</u>	<u>71.6%</u>	<u>44,780</u>	<u>66.2%</u>

* represented less than 10% of accounts receivable as of the year end.

The Group performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable.

The Group places its cash and cash equivalents and short-term investments with financial institutions with low credit risk.

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(24) Share-based Compensation

(a) 2022 Options

On August 12, 2022, the Group granted share options (“2022 Options”) to its independent directors to purchase up to 4,000,000 ordinary shares of the Group (equivalent to 10,000 Class A ordinary shares giving effect to AIFU’s 1-for-400 reverse share split effected on May 21, 2025). Pursuant to the option agreements entered into between the Group and the option grantees, the options vest over a four-year service period starting from the date of grant, with 30% (“Option D1”), 30% (“Option D2”), 20% (“Option D3”) and the remaining 20% (“Option D4”) of the options being vested on August 31 of each of the years starting from 2023 to 2026, respectively, subject to the continuous service of the option grantees. The 2022 Options expire no later than August 1, 2032, subject to earlier termination upon an optionee’s cessation of service. The 2022 Options had an exercise price of US\$0.2305 (RMB1.64) (equivalent to US\$92.2 (RMB672) per Class A ordinary shares giving effect to AIFU’s 1-for-400 reverse share split effected on May 21, 2025) and an intrinsic value of US\$0.0020 (RMB0.01) (equivalent to US\$0.80 (RMB4) per Class A ordinary shares giving effect to AIFU’s 1-for-400 reverse share split effected on May 21, 2025) per ordinary share on the date of grant. The fair value of the options was determined by using the Black-Scholes option pricing model.

For the year ended December 31, 2025, changes in the status of total outstanding options, were as follows:

	Number of options	Weighted average exercise price in USD	Weighted average remaining contractual life (In years)	Aggregate Intrinsic Value USD
Outstanding as of January 1, 2025	10,000	0.2305	4.19	—
Forfeited	(33)			
Outstanding as of December 31, 2025	9,967	0.2305	3.19	—

As certain independent director resigned from the board during the year, with the board approval, the vesting of the options granted to such independent director has been accelerated on the date of resignation. Options to purchase 33 shares were forfeited for the year ended December 31, 2025. For the years ended December 31, 2024 and 2025, share-based compensation expenses of RMB2,409 and nil were recognized in connection with the 2022 Options, respectively. As of December 31, 2024 and 2025, unrecognized share-based compensation expense related to unvested share options granted to the independent directors totaled RMB312 and nil, respectively. As of December 31, 2025, unrecognized share-based compensation expense related to unvested share options granted to the independent directors was nil.

(b) Restricted Share Units (“RSUs”)

On August 16, 2023, the board of directors of the Group granted restricted share units of 536,990 ADSs (“RSUs”) to one of our former executive offices. Giving effect to the subsequent termination of AIFU’s ADS facility and its 1-for-400 reverse share split, the grant was adjusted to 26,850 RSUs, with each RSU representing the right to receive one post-consolidation Class A ordinary share. Pursuant to the agreement entered into between the Group and the grantee, the ADSs vest over a five-year service period starting from the date of grant, with 5,000 RSUs, 5,000 RSUs, 6,850 RSUs, 5,000 RSUs and the remaining 5,000 RSUs to be vested on June 30 of each of the years starting from 2024 to 2028, respectively, subject to the continuous service of the grantee. The fair value of the RSUs was measured as the grant-date market price of the Group’s stock at US\$6.35/ADS (equivalent to US\$127 per Class A ordinary shares giving effect to AIFU’s 1-for-400 reverse share split effected on May 21, 2025).

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(24) Share-based Compensation (Continued)

(b) Restricted Share Units (“RSUs”) (Continued)

On July 15, 2024, the board of directors of the Group granted an additional RSUs of 268,200 RSUs to the former executive office. Giving effect to the subsequent termination of AIFU’s ADS facility and its 1-for-400 reverse share split, the grant was adjusted to 13,410 RSUs, with each RSU representing the right to receive one post-consolidation Class A ordinary share. Pursuant to the agreement entered into between the Group and the grantee, the RSUs vest over a two-year service period starting from the date of grant. Upon resignation of this executive office in September 30, 2024, the board has approved that a total of RSUs of 40,000 post-split Class A ordinary shares will be immediately vested to him with a lock up period of 30 months and the remaining RSUs granted to him were forfeited. The fair value of the RSUs was measured as the grant-date market price of the Group’s stock at US\$1.42/ADS (equivalent to US\$28.4 per post-split Class A ordinary shares).

On November 17, 2024, the board of directors of the Group granted RSUs of 1,000,000 RSUs to the new chair of the board. Giving effect to the subsequent ADR facility termination and 1-for-400 reverse share split, the grant was adjusted to 50,000 RSUs, with each RSU representing a right to receive one post-split Class A ordinary share. Pursuant to the agreement entered into between the Group and the grantee, the RSUs shall vest over a three-year service period starting from the date of grant, with 30%, 30% and 40% to vest on grant date of each of the years starting from 2025 to 2027, respectively, subject to the continuous service of the grantee. The fair value of the RSUs was measured as the grant-date market price of the Group’s stock at US\$1.13/ADS (equivalent to US\$22.6 per post-split Class A ordinary shares).

From February to April 2025, the board of the directors of the Group approved the grant of a total of 550,000 RSUs to certain departing management and employees as severance compensation, representing rights to receive 550,000 Class A ordinary shares. The RSUs were fully vested upon grant. The fair value was measured based on the grant-date market price of the Group’s stock.

A summary of the activity of the service-based RSUs for the year ended December 31, 2025 is presented as follows:

	Number of restricted shares	Weighted average grant-date fair value
		US\$
Unvested as of January 1, 2024	26,850	—
Granted	63,410	30,220
Vested	(40,000)	—
Forfeited	(260)	—
Unvested as of December 31, 2024	<u>50,000</u>	<u>—</u>
Granted	550,000	3,351,000
Vested	(565,000)	—
Forfeited	—	—
Unvested as of December 31, 2025	<u><u>35,000</u></u>	<u><u>—</u></u>

The Group recorded share-based compensation expense of RMB25,329 and RMB26,796 in connection with the RSUs for the years ended December 31, 2024 and 2025, respectively. As of December 31, 2025, unrecognized share-based compensation expense related to RSUs granted to former executive officers and directors is RMB4,955, which is expected to be recognized over a weighted-average period of 1.9 years on a straight-line basis at an amount which at least equals the portion of the grant-date fair value of the RSUs that are vested at that date.

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(24) Share-based Compensation (Continued)

(c) Million Dollar Round Table Options (“MDRT Options”)

2023 Million Dollar Round Table Options (“2023 MDRT Options”)

On February 6, 2023, the board of directors of the Group granted share options, or the 2023 MDRT Options, to its independent high-performing agents to purchase up to 13,680,000 ordinary shares of the Group (equivalent to 34,000 Class A ordinary shares giving effect to AIFU’s 1-for-400 reverse share split effected on May 21, 2025). Pursuant to the option agreements entered into between the Group and the option grantees, the options vest over a two-year service period starting from the date of grant, with 50% and the remaining 50% of the options being vested on March 31, 2024 and March 31, 2025, respectively, subject to the continuous service of the option grantees and the achievement of the performance conditions. The 2023 MDRT Options expire no later than August 1, 2027, subject to earlier termination upon an optionee’s cessation of service. The 2023 MDRT Options had an exercise price of US\$20.0 (RMB140.0) and an intrinsic value of US\$125.0 (RMB888.0) per ordinary share on the date of grant giving effect to AIFU’s 1-for-400 reverse share split effected on May 21, 2025.

2024 Million Dollar Round Table Options1 (“2024 MDRT Options 1”)

On April 16, 2024, the board of directors of the Group granted share options to certain MDRT agents or the 2024 MDRT Option to purchase up to 18,088,000 ordinary shares of the Group (equivalent to 45,220 Class A ordinary shares giving effect to AIFU’s 1-for-400 reverse share split effected on May 21, 2025). Pursuant to the option agreements entered into between the Group and the option grantees, the options vest over a two-year service period starting from the date of grant, with 50% and the remaining 50% of the options being vested on March 31 of each of the years starting from 2025 to 2026, respectively, subject to the continuous service of the option grantees and the achievement of the performance conditions. 2024 MDRT Option expire no later than August 1, 2027, subject to earlier termination upon an optionee’s cessation of service. 2024 MDRT Option has an exercise price of US\$47.24 (RMB343.28) and an intrinsic value of US\$20.0 (RMB148.0) per ordinary share on the date of grant giving effect to the Group’s 1-for-400 reverse share split effected on May 21, 2025.

2024 Million Dollar Round Table Options 2 (“2024 MDRT Options 2”)

During the year of 2024, the board of directors of the Group granted share options to certain newly recruited agents and sales team leaders to purchase up to 8,330,000 ordinary shares of the Group (equivalent to 20,825 Class A ordinary shares giving effect to the Group’s 1-for-400 reverse share split effected on May 21, 2025). Pursuant to the option agreements entered into between the Group and the option grantees, the options vest over a two-year service period starting from the date of grant, with 50% and the remaining 50% of the options to be vested on March 31 of each of the years starting from 2025 to 2026, respectively, subject to the continuous service of the option grantees and the achievement of the performance conditions. 2024 MDRT Option expire no later than August 1, 2027, subject to earlier termination upon an optionee’s cessation of service. 2024 MDRT Option has an exercise price of US\$20.0 (RMB145.36) and an intrinsic value with rang of US\$28 (RMB192) to US\$64 (RMB344) per ordinary share on the date of grant.

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(24) Share-based Compensation (Continued)

(c) Million Dollar Round Table Options (“MDRT Options”) (Continued)

The Group used the binomial option pricing model in determining the fair value of the options granted, which requires the input of highly subjective assumptions, including the expected life of the stock option, stock price volatility, dividend rate and risk-free interest rate. The assumptions used in determining the fair value of the MDRT Options on the grant date were as follows:

Assumptions	2023 MDRT	2024 MDRT 1	2024 MDRT 2
Expected dividend yield (Note i)	3.69%	3.22%	3.22%
Risk-free interest rates (Note ii)	3.88%	4.81%	4.44-4.81%
Expected volatility (Note iii)	51.41%	59.78%	59.78-60.61%
Expected life in years (Note iv)	4.49	3.29	3.1-3.29
Exercise multiple (Note v)	2.80	1.0	1.0
Fair value of options on grant date	US\$115.84~US\$119.88	US\$33.36~US\$33.56	US\$28.44~US\$48.16

(i) Expected dividend yield:

The expected dividend yield was estimated by the Group based on its historical and future dividend policy.

(ii) Risk-free interest rate:

Risk-free interest rate was estimated based on the US Government Bond yield and pro-rated according to the tenor of the options as of the valuation date.

(iii) Expected volatility:

The volatility of the underlying ordinary shares was estimated based on the annualized standard deviation of the continuously compounded rate of return on the daily average adjusted share price of the Group as of the Valuation Date.

(iv) Expected life:

The expected life was estimated based on the end of the vesting period and the contractual term of the award of the Options plan.

(v) Exercise multiple:

The exercise multiple was estimated based on empirical studies.

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(24) Share-based Compensation (Continued)

(c) Million Dollar Round Table Options (“MDRT Options”) (Continued)

A summary of share options outstanding as of December 31, 2025, and activity during the year then ended, is presented below:

	Number of options	Weighted average exercise price in USD	Weighted average remaining contractual life (In years)	Aggregate Intrinsic Value USD
Outstanding as of January 1, 2024	28,250	20	3.59	3,192
Granted	66,045	38.2	3.19	1,778
Exercised	(525)	—	—	—
Forfeited	(25,099)	—	—	—
Outstanding as of December 31, 2024	<u>68,671</u>	<u>—</u>	<u>2.59</u>	<u>57</u>
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(36,776)	—	—	—
Outstanding as of December 31, 2025	<u><u>31,895</u></u>	<u><u>36.12</u></u>	<u><u>1.59</u></u>	<u><u>57</u></u>

For the years ended December 31, 2024, share-based compensation expense of RMB10,851 was recognized in connection with the MDRT Options. During the year ended December 31, 2025, as the performance conditions for the outstanding share options were not met, the remaining unvested MDRT Options were forfeited, leading to the reversal of related share-based compensation expense of RMB9,800 which had initially been recognized in fiscal year 2024. As of December 31, 2025, unrecognized share-based compensation expense related to unvested MDRT Options is nil.

(d) 2024 Share Option Grants

On February 2, 2024, share options were granted to certain employees of the Group and top agents to purchase 5,799,925 ADSs of MAASE as a supplement of salary and benefit packages. Pursuant to the share incentive program, the exercise price of these options was US\$0.001 per MAASE’s ADS. The options were scheduled to vest over a one-year period starting from March 1, 2025, subject to the achievement of certain key performance indicators by the option holders and their continued service with the Group. The performance indicators were not met during the year of 2024 and all of the share options were forfeited. Share-based compensation expense was recognized in the first half of 2024 and reversed in the second half of 2024.

On July 2, 2024, the board of directors of the Group granted share options to certain key employees (“2024 Option 4”) to purchase up to 138,000,000 ordinary shares of the Group. On July 14, 2024, Option 4 were fully exercised at an exercise price of US\$0.096 per ordinary share with cash borrowed by the Grantees from the Group. As of December 4, 2024, all of the shares exercised under 2024 Option 4 have been repurchased by the Group at a price of US\$0.096 per ordinary share and the loans to the Grantees for option exercise was fully repaid.

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(25) Segment Reporting

During the fiscal year December 31, 2025, the Group disposed of Meidiya and its subsidiaries including the operating entity of its former claims adjusting business, which constituted a discontinued operation. As the discontinued operation previously formed the claims adjusting reportable segment, the comparative segment information has been retrospectively revised to reflect continuing operations only. As of December 31, 2025, the Group operated two segments: (1) the insurance agency segment, which mainly consists of providing agency services for distributing life and non-life insurance products on behalf of insurance companies. Operating segments are defined as components of an enterprise about which separate financial information is available and evaluated regularly by the Group's chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The Group's CODM is the Chief Executive Officer.

The following table shows the Group's operations by business segment for the years ended December 31, 2023, 2024 and 2025. Other represents revenue and expenses that are not allocated to reportable segments and corporate related items.

	For the year ended December 31, 2025			
	Agency	Other	Consolidated	Consolidated
	RMB	RMB	RMB	USD
	(In thousands)			
Total revenues	556,567	—	556,567	79,588
Operating costs and expenses:				
Cost of revenues	(282,300)	—	(282,300)	(40,369)
Selling expenses	(60,655)	—	(60,655)	(8,674)
General and administrative expenses	(182,016)	(70,653)	(252,669)	(36,131)
Total operating costs and expenses	(524,971)	(70,653)	(595,624)	(85,174)
Operating profit (loss)	31,596	(70,653)	(39,057)	(5,586)
Loss from fair value change	—	(24,976)	(24,976)	(3,572)
Investment income	—	39,483	39,483	5,646
Gains from disposal of subsidiaries	(25,084)	(91,521)	(116,605)	(16,674)
Interest income	63	30,144	30,207	4,320
Financial cost	(3,686)	(24)	(3,710)	(531)
Others, net	13,960	(2,172,548)	(2,158,588)	(308,673)
Income (Loss) before income taxes	16,849	(2,290,095)	(2,273,246)	(325,070)
Income Tax expense	(1,063)	(2,957)	(4,020)	(575)
Net income (loss)	15,786	(2,293,052)	(2,277,266)	(325,645)
Less: net income (loss) attributable to non-controlling interests	1,350	—	1,350	193
Net income (loss) attributable to AIFU Inc.	14,436	(2,293,052)	(2,278,616)	(325,838)
	For the year ended December 31, 2024			
	Agency	Other	Consolidated	
	RMB	RMB	RMB	
	(In thousands)			
Total revenues	1,331,778	—	1,331,778	
Operating costs and expenses:				
Cost of revenues	(799,781)	—	(799,781)	
Selling expenses	(86,372)	(17,922)	(104,294)	
General and administrative expenses	(329,519)	(141,181)	(470,700)	
Impairment loss	(404,121)	—	(404,121)	
Total operating costs and expenses	(1,619,793)	(159,103)	(1,778,896)	
Operating loss	(288,015)	(159,103)	(447,118)	
Loss from fair value change	—	(78,499)	(78,499)	
Investment income	42,288	—	42,288	
Gains from disposal of subsidiaries	—	897,306	897,306	
Interest income	2,144	12,948	15,092	
Financial cost	(4,450)	1,135	(3,315)	
Others, net	(136,875)	112,429	(24,446)	
(Loss) Income before income taxes	(384,908)	786,216	401,308	
Income tax expense	11,867	(103,821)	(91,954)	
Share of loss of affiliates	—	(5,052)	(5,052)	
Net (loss) income	(373,041)	677,343	304,302	
Less: net loss attributable to non-controlling interests	(148,720)	—	(148,720)	
Net (loss) income attributable to AIFU Inc.	(224,321)	677,343	453,022	

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(25) Segment Reporting (Continued)

	For the year ended December 31, 2023		
	Agency	Other	Consolidated
	RMB	RMB	RMB
Net revenues:	(In thousands)		
Total net revenues	2,760,448	—	2,760,448
Operating costs and expenses:			
Total operating costs	(1,868,672)	—	(1,868,672)
Selling expenses	(131,934)	(19,896)	(151,830)
General and administrative expenses	(421,780)	(141,693)	(563,473)
Impairment loss	—	—	—
Total operating costs and expenses	(2,422,386)	(161,589)	(2,583,975)
Income (Loss) from operations	338,062	(161,589)	176,473
Other income, net:			
Gains from fair value change	—	102,867	102,867
Investment income related to the realized gain on available-for-sale investments	7,221	41,029	48,250
Losses from disposal of subsidiaries	(2,904)	—	(2,904)
Interest income	1,448	13,557	15,005
Financial cost	(10,055)	—	(10,055)
Others, net	3,457	15,674	19,131
Income before income taxes, share of income and impairment of affiliates, net	337,229	11,538	348,767
Income tax expense	(57,086)	(2,120)	(59,206)
Share of income of affiliates, net of impairment	(1,317)	—	(1,317)
Net income	278,826	9,418	288,244
Less: net income attributable to the noncontrolling interests	4,773	—	4,773
Net income attributable to the Company's shareholders	274,053	9,418	283,471

Substantially all of the Group's revenues for the three years ended December 31, 2023, 2024 and 2025 were generated from the PRC. A substantial portion of the identifiable assets of the Group is located in the PRC. Accordingly, no geographical segments are presented.

(26) Subsequent events

(i) On December 12, 2025, we entered into a transaction agreement with Nova Lumina Limited ("Nova"), and its existing shareholders, YS Management Company Limited ("YSM") and Ethereal Group Ltd ("Ethereal") (collectively the "Sellers") to acquire 100% of the equity interest of Nova from the Sellers. The total consideration consists of 102,578,839 Class A ordinary shares of the Company (the "Consideration Shares") and a cash payment of US\$22,000, based on a purchase price of US\$1.0 per share of the Company (the "Transaction"). 96,526,648 Class A ordinary shares and 6,052,191 Class A ordinary shares will be issued to YSM and Ethereal, respectively, with an additional cash payment of US\$22,000 payable to Ethereal within 365 days after the closing of the Transaction. The Consideration Shares issued to YSM will be subject to a lock-up period of five years from the closing date. The share issuance has been completed on January 9, 2026.

AIFU INC.
SCHEDULE I—CONDENSED FINANCIAL INFORMATION OF THE COMPANY

Balance Sheets
(In thousands, except for shares and per share data)

	As of December 31,		
	2024	2025	2025
	RMB	RMB	US\$ Note2(u)
ASSETS:			
<i>Current assets:</i>			
Cash and cash equivalents	20,014	3,587	513
Short term investments	3,694	2,746	393
Other receivables and amounts due from subsidiaries and affiliates	454,830	549,975	78,645
Amounts due from related parties	—	13,044	1,865
Total current assets	478,538	569,352	81,416
<i>Non-current assets:</i>			
Investment in subsidiaries	2,512,999	1,198,615	171,399
Investment in an affiliate	1,004,683	—	—
Other non-current asset	17,549	—	—
Total assets	4,013,769	1,767,967	252,815
LIABILITIES AND SHAREHOLDERS' EQUITY:			
<i>Current liabilities:</i>			
Other payables and accrued expenses and amounts due to subsidiaries	1,467,253	1,289,447	184,387
Total liabilities	1,467,253	1,289,447	184,387
Ordinary shares (US\$0.4 par value; 8,000,000,000 shares authorized, 2,898,308 shares issued and 2,830,230 shares outstanding as of December 31, 2024 ; 8,000,000,000 shares authorized, 13,435,271 shares issued and 13,435,271 shares outstanding as of December 31, 2025)	8,678	60,250	8,616
Treasury Stock	(197)	—	—
Additional paid-in capital	192,760	401,928	57,475
Retained earnings	2,382,941	107,555	15,380
Accumulated other comprehensive loss	(37,666)	(91,213)	(13,043)
Total shareholders' equity	2,546,516	478,520	68,428
Total liabilities and shareholders' equity	4,013,769	1,767,967	252,815

AIFU INC.
SCHEDULE I—CONDENSED FINANCIAL INFORMATION OF THE COMPANY

Statements of Income and Comprehensive Income (Loss)
(In thousands)

	Years Ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US\$
General and administrative expenses	(11,018)	(34,232)	(30,462)	(4,356)
Selling expenses	(13,627)	(11,927)	9,800	1,401
Interest income	1,201	353	71	10
Others, net	17,009	13,028	(50,403)	(7,208)
Equity in earnings of subsidiaries and an affiliate	286,912	487,738	(2,204,392)	(315,224)
Net income attributable to the Company's shareholders	280,477	454,960	(2,275,386)	(325,377)
Other comprehensive income (loss):				
Foreign currency translation adjustments	2,249	1,688	(19,985)	(2,858)
Unrealized net gain (loss) on available-for-sale investments	2,458	(11,418)	(33,562)	(4,799)
Comprehensive income(loss) attributable to the Company's shareholders	285,184	445,230	(2,328,933)	(333,034)

AIFU INC.
SCHEDULE I—CONDENSED FINANCIAL INFORMATION OF THE COMPANY

Statements of Cash Flows
(In thousands)

	Years Ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	US\$
Cash flows from operating activities:				
Net income	280,477	454,960	(2,275,386)	(325,377)
Adjustments to reconcile net income to net cash used in operating activities:				
Equity in earnings of subsidiaries and an affiliate	(312,323)	(509,951)	2,238,238	320,065
Compensation expenses associated with stock options	17,095	38,589	16,996	2,430
Other non-cash adjustments	(22,569)	(4,088)	13,219	1,891
Changes in operating assets and liabilities:				
Other receivables	(20)	18	—	—
Accrued payroll and other payables	820	(2,432)	(150)	(22)
Net cash used in operating activities	(36,520)	(22,904)	(7,083)	(1,013)
Cash flows from investing activities:				
Changes in investment in subsidiaries and an affiliate	2,458	(11,418)	12,265	1,753
Advances to subsidiaries and affiliates	(10,005)	11,087	(13,044)	(1,865)
Purchase of short-term investments	—	(3,650)	(33,733)	(4,824)
Proceeds from disposal of subsidiaries	—	—	354	51
Proceeds from disposal of short-term investments	27,639	—	32,076	4,587
Others	—	44	—	—
Net cash generated from (used in) investing activities	20,092	(3,937)	(2,082)	(298)
Cash flows used in financing activities:				
Proceeds on exercise of stock options	—	—	73	10
Repurchase of ordinary shares from open market	(29,044)	(5,735)	—	—
Proceeds from share issuances	—	93	7,299	1,044
Net cash (used in) generated from financing activities	(29,044)	(5,642)	7,372	1,054
Net decrease in cash and cash equivalents	(45,472)	(32,483)	(1,793)	(257)
Cash and cash equivalents and restricted cash at beginning of year	38,512	23,595	20,014	2,862
Effect of exchange rate changes on cash and cash equivalents	30,555	28,902	(14,634)	(2,092)
Cash and cash equivalents and restricted cash at end of the year	23,595	20,014	3,587	513

AIFU INC.
Note to Schedule I
(In thousands, except for shares)

Schedule I has been provided pursuant to the requirements of Rule 12-04(a), 5-04(c) and 4-08(e)(3) of Regulation S-X, which require condensed financial information as to the financial position, cash flows and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries (including variable interest entities) together exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year.

As of December 31, 2025, RMB1,244,719 of the restricted capital and reserves are not available for distribution, and as such, the condensed financial information of the Company has been presented for the years ended December 31, 2023, 2024 and 2025.

As of December 31, 2025, there were no material contingencies, significant provisions of long-term obligations, and mandatory dividend or redemption requirements of redeemable shares or guarantees of the Company except for those which have been separately disclosed in the consolidated financial statements, if any.

Basis of preparation

The condensed financial information of the Company has been prepared using the same accounting policies as set out in the accompanying consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The footnote disclosures contain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Group as of December 31, 2024 and 2025 and the years ended 2023, 2024 and 2025.

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED
MEMORANDUM AND ARTICLES
OF ASSOCIATION**

OF

AIFU INC.

(ADOPTED BY SPECIAL RESOLUTION DATED 17 APRIL 2025 AND EFFECTIVE ON 21 MAY 2025)

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

AIFU INC.

(ADOPTED BY SPECIAL RESOLUTION DATED 17 APRIL 2025 AND EFFECTIVE ON 21 MAY 2025)

1. The name of the Company is AIFU Inc.
2. The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as the Directors may decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act (As Revised) or as the same may be revised from time to time, or any other law of the Cayman Islands.

4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
5. The authorized share capital of the Company is US\$4,000,000,000 divided into 10,000,000,000 Ordinary Shares, comprising of (i) 8,000,000,000 Class A Ordinary Shares of a nominal or par value of US\$0.4 each, and (ii) 2,000,000,000 Class B Ordinary Shares of a nominal or par value of US\$0.4 each. The Company has the power to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (As Revised) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.
6. The Company has the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
7. Capitalized terms that are not defined in this Amended and Restated Memorandum of Association bear the same meaning as those given in the Amended and Restated Articles of Association of the Company.

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

AIFU INC.

(ADOPTED BY SPECIAL RESOLUTION DATED 17 APRIL 2025 AND EFFECTIVE ON 21 MAY 2025)

INTERPRETATION

1. In these Articles, unless otherwise defined, the defined terms shall have the meanings assigned to them as follows:

“Articles”

the Amended and Restated Articles of Association, as from time to time altered or added to in accordance with the Statutes and these Articles;

“Board”

the board of directors of the Company;

“Business Day”

a day (excluding Saturdays or Sundays), on which banks in Hong Kong, Beijing and New York are open for general banking business throughout their normal business hours;

“Class A Ordinary Shares”

ordinary shares of par value of US\$0.4 each in the capital of the Company designated as Class A Ordinary Shares, and having the rights provided for in these Articles;

“Class B Ordinary Shares”

ordinary shares of par value of US\$0.4 each in the capital of the Company designated as Class B Ordinary Shares, and having the rights provided for in these Articles;

“Commission”

Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;

“Companies Act”

the Companies Act (As Revised) of the Cayman Islands and any statutory amendment or re-enactment thereof. Where any provision of the Companies Act is referred to, the reference is to that provision as amended by any law for the time being in force;

“Company”

AIFU Inc., a Cayman Islands exempted company limited by shares;

“Company’s Website”

the main corporate/investor relations website of the Company, the address or domain name of which has been disclosed in any registration statement filed by the Company with the Commission or which has otherwise been notified to Members;

“Designated Stock Exchange”

the Global Market of The Nasdaq Stock Market, The New York Stock Exchange or any other internationally recognized stock exchange where the Company’s securities are traded;

“Directors”

the directors of the Company for the time being, or as the case may be, the Directors assembled as a Board or as a committee thereof;

“electronic”

the meaning given to it in the Electronic Transactions Act (As Revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefore;

“electronic communication”

electronic posting to the Company’s Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by a majority of no less than two-thirds of the votes of the Board;

“in writing”

includes writing, printing, lithograph, photograph, type-writing and every other mode of representing words or figures in a legible and non-transitory form and, only where used in connection with a notice served by the Company on Members or other persons entitled to receive notices hereunder, shall also include a record maintained in an electronic medium which is accessible in visible form so as to be useable for subsequent reference;

“Member”

a person whose name is entered in the Register of Members as the holder of a share or shares;

“Senior Management”

a person who serves as the president, any vice president in charge of a principal business unit, division or function, any other officer who performs a policy making function, or any other person who performs similar policy making functions for the Company (and the determination of the Board as to whether any person falls within this definition and is Senior Management shall be conclusive);

“Memorandum of Association”

the Amended and Restated Memorandum of Association of the Company, as amended and re-stated from time to time;

“month”

calendar month;

“Ordinary Resolution”

a resolution:

- (a) passed by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Member being an organization, by its duly authorized representative or, where proxies are allowed, by proxy at a general meeting of the Company; or
- (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;

“Ordinary Shares”

ordinary shares of par value of US\$0.4 each in the capital of the Company, including the Class A Ordinary Shares and the Class B Ordinary Shares;

“paid up”

paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;

“Register of Members”

the register to be kept by the Company in accordance with the Companies Act;

Registered Office”

the registered office for the time being of the Company;

“Seal”

the common seal of the Company including any facsimile thereof;

“Securities Act”

the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;

“share”

shares of any or all Classes in the capital of the Company, including Class A Ordinary Shares and Class B Ordinary Shares;

“signed”

includes a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;

“Special Resolution”

a resolution passed in accordance with Section 60 of the Companies Act and includes a unanimous written resolution expressly passed as a special resolution;

“Statutes”

the Companies Act and every other laws and regulations of the Cayman Islands for the time being in force concerning companies and affecting the Company;

“year”

calendar year.

2. In these Articles, save where the context requires otherwise:
- (a) words importing the singular number shall include the plural number and vice versa;
 - (b) words importing the masculine gender only shall include the feminine gender;
 - (c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;
 - (d) “**may**” shall be construed as permissive and “**shall**” shall be construed as imperative;
 - (e) a reference to a dollar or dollars (or \$) is a reference to dollars of the United States;
 - (f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
 - (g) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and
 - (h) Sections 8 and 19(3) of the Electronic Transactions Act (As Revised) shall not apply.
3. Subject to the last two preceding Articles, any words defined in the Companies Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be commenced as soon after incorporation as the Directors see fit, notwithstanding that only part of the shares may have been allotted or issued.
5. The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

SHARE CAPITAL

6. The authorized share capital of the Company at the date of adoption of these Articles is US\$4,000,000,000 divided into 10,000,000,000 Ordinary Shares, comprising of (i) 8,000,000,000 Class A Ordinary Shares of a nominal or par value of US\$0.4 each, and (ii) 2,000,000,000 Class B Ordinary Shares of a nominal or par value of US\$0.4 each, with power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act and these Articles and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the powers hereinbefore contained.

CLASS A ORDINARY SHARES AND CLASS B ORDINARY SHARES

- 6A (a) Voting Right. Holders of Class A Ordinary Shares and Class B Ordinary Shares shall at all times vote together as one class on all resolutions submitted to a vote by the Members. Each holder of Class A Ordinary Shares shall, on a poll, be entitled to one vote for each Class A Ordinary Share he or she holds, and each holder of Class B Ordinary Shares shall, on a poll, be entitled to one hundred (100) votes for each Class B Ordinary Share he or she holds, in each case on any and all matters subject to vote at general meetings of the Company.
- (b) Class B Ordinary Shares may only be allotted and issued to persons who, as at the date of such issuance, are Directors, Senior Management or holders of existing Shares, or to companies wholly owned by a Director, Senior Management or holder of existing Shares (each an “**Owned Company**”), at such times and on such terms, considerations and conditions as the Directors, in their absolute discretion, may think fit.
- (c) (i) Where Class B Ordinary Shares are held by any person who is employed by the Company, all the Class B Ordinary Shares held by such holder shall be automatically and immediately converted into the same number of Class A Ordinary Shares forthwith upon the termination (howsoever arising) of the holder’s employment relationship with the Company.
- (ii) Where Class B Ordinary Shares are held by a Director, all the Class B Ordinary Shares held by such Director shall be automatically and immediately converted into the same number of Class A Ordinary Shares forthwith upon his or her resignation or removal from the Board.
- (iii) Where Class B Ordinary Shares are held by an Owned Company which is wholly-owned by a Director, Senior Management or holder of existing Shares, all the Class B Ordinary Shares held by such Owned Company shall be automatically and immediately converted into the same number of Class A Ordinary Shares forthwith upon the relevant Director, Senior Management or holder of existing Shares ceasing to wholly-own such Owned Company. Without prejudice to the foregoing, each such Director, Senior Management or holder of existing Shares (as applicable) shall provide prior written notice to the Company of it ceasing to wholly-own an Owned Company.
- (d) Each Class B Ordinary Share confers upon the holder: (a) no right to any share in any dividend or distribution paid by the Company and (b) no right to any share in the distribution of the surplus assets of the Company upon liquidation or otherwise, and no Class B Ordinary Share may be sold, transferred, assigned, pledged, or otherwise disposed of, or used as collateral for loans or any obligations.

- (e) Redemption.
- (c)
 - (i) The Company may, at its option, redeem all or any of the Class B Ordinary Shares held by any person at any time, at such price, and in such manner as may be determined by the Board of Directors, in accordance with the provisions set forth in this Article 6A(e).
 - (ii) The Board of Directors shall have the sole discretion to determine (A) the specific Class B Ordinary Shares to be redeemed from any holder thereof, (B) the timing of the redemption, (C) the redemption price, which may be at par value, at a premium, or at a discount, (D) the date upon which the redemption price will be paid, and (E) the manner and procedure for the redemption.
 - (iii) The Company shall provide written notice to the Member whose Class B Ordinary Shares are to be redeemed. The notice shall specify (A) the number of Class B Ordinary Shares to be redeemed, (B) the redemption price, (C) the date on which the redemption will occur, (D) the date on which the redemption price will be paid, and (E) any other terms and conditions of the redemption as determined by the Board of Directors.
 - (iv) Upon the redemption date, the Company shall be authorized (without any further action required of or by the relevant Member) to make entries in the Register of Members to record and give effect to the redemption of the relevant Class B Ordinary Shares specified in the notice, which shall be deemed cancelled and shall no longer be outstanding, and the relevant Member shall cease to have any rights with respect to the redeemed Class B Ordinary Shares, except the right to receive the redemption price.
 - (v) The Company shall pay the redemption price to the relevant Member in accordance with the terms specified in the notice of redemption. Payment may be made in cash, by cheque, or by any other method as determined by the Board of Directors.
 - (vi) No redemption price shall bear interest against the Company. Any redemption price which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such redemption price is due to be paid may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the redemption price shall remain as a debt due to the Member. Any redemption price which remains unclaimed after a period of six years from the date on which such redemption price is due to be paid shall be forfeited and shall revert to the Company.

- (vii) The redemption of any Class B Ordinary Share from any holder shall not oblige the Company to redeem any other Class B Ordinary Share from any other holder.
- (viii) The redemption of shares shall be conducted in compliance with the laws of the Cayman Islands and any other applicable regulations.

CONVERSION OF SHARES

- 6B. (a) Each Class B Ordinary Share shall be convertible, at the option of the holder thereof, with the consent of the Directors by a majority of no less than two-thirds of the votes at a Board meeting or by the written resolutions of all the Directors, at any time after the date of issuance of such Share, into one fully paid and non-assessable Class A Ordinary Share. A holder of Class B Ordinary Shares may request conversion of all or any of its Class B Ordinary Shares by delivering a written request to the Company, at the office of the Company or any transfer agent for such Share, specifying the number of Class B Ordinary Shares that it wishes to convert into Class A Ordinary Shares, accompanied by the share certificate(s) (if any) representing the Class B Ordinary Shares to be converted (the “**Existing Share Certificate**”).
- (b) In no event shall Class A Ordinary Shares be converted into Class B Ordinary Shares under any circumstances.
- (c) Any conversion of Class B Ordinary Shares into Class A Ordinary Shares pursuant to Article 6A(c) or this Article 6B shall be effected by means of the re-designation and re-classification of the relevant Class B Ordinary Share as a Class A Ordinary Share, and upon such conversion such shares shall have the same rights and restrictions as, and shall rank *pari passu* in all respects with, the Class A Ordinary Shares then in issue. Such conversion shall become effective forthwith upon being approved by the Board in accordance with Article 6B(a) above, and entries shall be made in the Register to record the re-designation and re-classification of the relevant Class B Ordinary Shares as Class A Ordinary Shares.
- (d) Upon conversion of any Class B Ordinary Shares, and subject to receipt of the Existing Share Certificate in respect of such Class B Ordinary Shares, the Company shall cancel the Existing Share Certificate, and issue new share certificate(s) in respect of the Class A Ordinary Shares resulting from the conversion to the holder thereof, together with a new share certificate for any unconverted Class B Ordinary Shares represented by the Existing Shares Certificate.
- (e) Any and all taxes and stamp, issue and registration duties (if any) arising on conversion shall be borne by the holder of Class B Ordinary Shares requesting conversion.

ISSUE OF SHARES

7. Subject to the provisions, if any, in the Memorandum of Association, and subject to Article 6A above, the Directors may, in their absolute discretion and without approval of the holders of Ordinary Shares, cause the Company to issue such amounts of Ordinary Shares and/or preferred shares (whether in certificated form or non-certificated form), grant rights over existing shares or issue other securities in one or more series as they deem necessary and appropriate and determine designations, powers, preferences, privileges and other rights, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers and rights associated with the Ordinary Shares, at such times and on such other terms as they think proper. The Company shall not issue shares in bearer form.

REGISTER OF MEMBERS AND SHARE CERTIFICATES

8. The Company shall maintain a Register of Members and every person whose name is entered as a Member in the Register of Members shall, without payment, be entitled to a certificate within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the share or shares held by that person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. All certificates for shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at the Member's registered address as appearing in the register.
9. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.
10. Any two or more certificates representing shares of any one class held by any Member may at the Member's request be cancelled and a single new certificate for such shares issued in lieu on payment (if the Directors shall so require) of US\$1.00 or such smaller sum as the Directors shall determine.
11. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the relevant Member upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
12. In the event that shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

TRANSFER OF SHARES

13. The instrument of transfer of any share shall be in writing and executed by or on behalf of the transferor and shall be accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.
14. All instruments of transfer that shall be registered shall be retained by the Company.

REDEMPTION AND PURCHASE OF OWN SHARES

15. Subject to the provisions of the Statutes and these Articles, the Company may:
 - (a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Member or the Company on such terms and in such manner as the Board may, before the issue of the shares, determine;
 - (b) purchase its own shares (including any redeemable shares) in such manner and on such other terms as determined by the Board in their sole discretion and agreed with the relevant Member, provided however that:
 - (i) such repurchase transactions shall be in accordance with the relevant code, rules and regulations applicable to the listing of the shares on the Designated Stock Exchange; and
 - (ii) at the time of the repurchase, the Company is able to pay its debts as they fall due in the ordinary course of its business.
 - (c) make a payment in respect of the redemption or purchase of its own shares in any manner permitted by the Statutes, including out of capital.
16. The purchase of any share shall not oblige the Company to purchase any other share other than as may be required pursuant to applicable law and any other contractual obligations of the Company.
17. The holder of the shares being purchased shall be bound to deliver up to the Company at its registered office or such other place as the Board shall specify, the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.

VARIATION OF RIGHTS ATTACHING TO SHARES

18. If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to these Articles, be varied or abrogated with the consent in writing of the holders of a majority of the issued shares of that class or with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of that class.

19. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of shares except that the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
20. The rights conferred upon the holders of the shares of any class 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 in priority to or pari passu therewith.

COMMISSION ON SALE OF SHARES

21. The Company may, in so far as the Statutes from time to time permit, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

NON-RECOGNITION OF TRUSTS

22. No person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statutes) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

LIEN ON SHARES

23. The Company shall have a first and paramount lien and charge on all shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company's lien (if any) thereon. The Company's lien (if any) on a share shall extend to all dividends or other monies payable in respect thereof.
24. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 calendar days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or to the persons entitled thereto by reason of the death or bankruptcy of such registered holder.

25. To give effect to any such sale, the Directors may authorise any person to transfer the shares sold to, or in accordance with the direction of, the purchaser thereof. The purchaser or his nominee shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Articles.
26. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

27. The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares, and each Member shall (subject to receiving at least 14 calendar days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
28. The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof.
29. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum from the day appointed for the payment thereof to the time of the actual payment at such rate as the Directors may determine, but the Directors may waive payment of that interest wholly or in part.
30. An amount payable in respect of a share on allotment or at any fixed date, whether on account of the par value of the share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
31. The Directors may make arrangements on the issue of shares for a difference between the Members, or the particular shares, in the amount of calls to be paid and in the times of payment.
32. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would otherwise become payable) pay interest at such rate as may be agreed upon between the Member paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

33. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of such much of the call or instalment as is unpaid, together with any interest which may have accrued.

34. The notice shall name a further day (not earlier than the expiration of 14 calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
35. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.
36. A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
37. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of all monies due and payable by him with respect to those shares.
38. A statutory declaration in writing that the declarant is a Director of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share or any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
39. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes due and payable, whether on account of the par value of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTRATION OF EMPOWERING INSTRUMENTS

40. The Company shall be entitled to charge a fee not exceeding one dollar (US\$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

TRANSMISSION OF SHARES

41. The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only person recognised by the Company as having any title to the share.
42. Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) shall upon such evidence being produced as may from time to time be properly required by the Directors, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to have some person nominated by him as the transferee. If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
43. A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided, however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

ALTERATION OF CAPITAL

44. Subject to these Articles, the Company 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.
 45. Subject to these Articles, the Company may by Ordinary Resolution:
 - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and
 - (c) 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 its share capital by the amount of the shares so cancelled.
 46. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorized by law.
 47. All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.
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CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

48. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period but not to exceed in any case 30 calendar days. If the Register of Members shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members, such register shall be so closed for at least 10 calendar days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.
49. In lieu of or apart from closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members, and for the purpose of determining those Members that are entitled to receive payment of any dividend, the Directors may, at or within 30 calendar days prior to the date of declaration of such dividend fix a subsequent date as the record date of such determination.
50. If the Register of Members is not so closed and no record date is fixed for the determination of those Members entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

GENERAL MEETINGS

51. All general meetings of the Company other than annual general meetings shall be called extraordinary general meetings.
52. (a) The Company may hold an annual general meeting but shall not (unless required by the Companies Act) be obliged to hold an annual general meeting.
- (b) At these meetings the report of the Directors (if any) shall be presented.
53. (a) The Directors may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- (b) A Members requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than one-third of the share capital of the Company as at that date carries the right of voting at general meetings of the Company.

- (c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- (d) If the Directors do not within 21 calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further 21 calendar days, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the second said 21 calendar days.
- (e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

54. At least 14 calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- (a) in the case of an annual general meeting by all the Members (or their proxies) entitled to attend and vote thereat; and
 - (b) in the case of an extraordinary general meeting by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than ninety five per cent in par value of the shares giving that right.
55. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

56. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Members holding not less than an aggregate of one-third of all voting share capital of the Company in issue present in person or by proxy or, if a corporation or other non-natural person, by its duly authorised representative or proxy and entitled to vote shall be a quorum for all purposes. A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.

- 57 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day, time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved.
- 58 The Chairman of the Board of Directors shall preside as chairman at every general meeting of the Company.
- 59 If at any meeting the Chairman of the Board of Directors is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Members present shall choose a chairman of the meeting.
- 60 The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 10 calendar days or more, not less than seven Business Days' notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 61 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or one or more Members present in person or by proxy entitled to vote and who together hold not less than 10 per cent of the paid up voting share capital of the Company, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
- 62 If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
- 63 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF MEMBERS

- 64 Subject to any rights and restrictions for the time being attached to any class or classes of shares, every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person, who is present by its duly authorised representative or proxy, at a general meeting of the Company shall have:
- (a) on a show of hands, one vote; and
 - (b) on a poll, one vote for each Class A Ordinary Share registered in his or her name in the Register, and one hundred (100) votes for each Class B Ordinary Share registered in his or her name in the Register, on any and all matters subject to a vote at such meeting.
- 65 In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
- 66 A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person may, on a poll, vote by proxy.
- 67 No Member shall be entitled to vote at any general meeting unless he is registered as a Member on the record date for such meeting nor unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- 68 On a poll or on a show of hands, votes may be given either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Member appoints more than one proxy, the instrument of proxy shall state which proxy is entitled to vote on a show of hands.
- 69 No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 70 A Member holding more than one share need not cast the votes in respect of his shares in the same way on any resolution and therefore may vote a share or some or all such shares either for or against a resolution and/or abstain from voting a share or some or all of the shares and, subject to the terms of the instrument appointing him, a proxy appointed under one or more instruments may vote a share or some or all of the shares in respect of which he is appointed either for or against a resolution and/or abstain from voting.
- 71 A resolution in writing signed (in one or more counterparts) by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations or other non-natural persons, signed by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

PROXIES

- 72 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy need not be a Member of the Company.

- 73 The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:
- (a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
 - (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;
- provided* that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.
- 74 The instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- 75 Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting or adjourned meeting at which it is sought to use the proxy.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETING

- 76 Any corporation which is a Member or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members or of the Board of Directors or of a committee of Directors, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member or Director.

CLEARING HOUSES

- 77 If a clearing house (or its nominee) is a Member, it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of the Company or at any general meeting of any class of members of the Company *provided* that, if more than one person is so authorized, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized pursuant to this provision shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual Member of the Company holding the number and class of shares specified in such authorisation.

DIRECTORS

- 78 (A) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three Directors. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and thereafter by the Members at general meeting.
- (B) Each Director shall hold office until the expiration of his term and until his successor shall have been elected and qualified.
- (C) The Board of Directors shall have a Chairman of the Board of Directors (the "Chairman") removed, elected and appointed by a majority of the Directors then in office. The Directors may also elect a Co-Chairman or a Vice-Chairman of the Board of Directors (the "Co-Chairman"). The Chairman shall preside as chairman at every meeting of the Board of Directors. To the extent the Chairman is not present at a meeting of the Board of Directors, the Co-Chairman, or in his absence, the attending Directors may choose one Director to be the chairman of the meeting. The Chairman's voting right as to the matters to be decided by the Board of Directors shall be the same as other Directors.
- (D) Subject to these Articles and the Companies Act, the Company may by Ordinary Resolution elect any person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Board.
- (E) The Directors by the affirmative vote of a simple majority of the Directors present and voting at a Board meeting, or the sole Director if there is only one Director, shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board, subject to the Company's compliance with director nomination procedures required under applicable corporate governance rules of the Designated Stock Exchange, as long as the Company's securities are traded on the Designated Stock Exchange.
- 79 Subject to Article 78, a Director may be removed from office by Special Resolution at any time before the expiration of his term notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement).

- 80 A vacancy on the Board created by the removal of a Director under the provisions of Article 79 above may be filled by the election or appointment by Ordinary Resolution at the meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting.
- 81 The Board may, from time to time, and except as required by applicable law or the listing rules of the Designated Stock Exchange, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.
- 82 A Director shall not be required to hold any shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at general meetings of the Company and of all classes of shares of the Company.

DIRECTORS' FEES AND EXPENSES

- 83 The Directors may receive such remuneration as the Board may from time to time determine. The Directors may be entitled to be repaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
- 84 Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

ALTERNATE DIRECTOR

- 85 Any Director may in writing appoint another person to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present and, where he is a Director, to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him. An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director. Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.
- 86 Any Director may appoint any person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director or, in the absence of such instructions, at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

POWERS AND DUTIES OF DIRECTORS

- 87 Subject to the provisions of the Companies Act, these Articles and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in a general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been made.
- 88 Subject to these Articles, the Directors may from time to time appoint any person, whether or not a director of the Company, to hold such office in the Company as the Directors may think necessary for the administration of the Company, including without prejudice to the foregoing generality, the office of the Chief Executive Officer, President, one or more Vice Presidents, Chief Operating Officer, Chief Financial Officer, Manager or Controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. The Directors may also appoint one or more of their number to the office of Managing Director upon like terms, but any such appointment shall ipso facto determine if any Managing Director ceases from any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.
- 89 The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
- 90 The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
- 91 The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
- 92 The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any of the aforesaid.

93 The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

94 Any such delegates as aforesaid may be authorized by the Directors to subdelegate all or any of the powers, authorities, and discretions for the time being vested to them.

95 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

DISQUALIFICATION OF DIRECTORS

96 Subject to Articles 78 and 79, the office of Director shall be vacated, if the Director:

- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
- (b) is found to be or becomes of unsound mind;
- (c) resigns his office by notice in writing to the Company;
- (d) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months and the Board resolves that his office be vacated; or
- (e) if he shall be removed from office pursuant to these Articles or the Statutes.

PROCEEDINGS OF DIRECTORS

97 The Directors may meet together (whether within or outside the Cayman Islands) for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. A question or proposal which arises at a Board meeting shall be decided, resolved, approved or adopted by a majority of no less than two-thirds of votes which are cast by the Directors present and voting at such Board meeting (save and except for those matters stipulated in Articles 78(C) and (E) and Article 80 which may be approved by the affirmative vote of a simple majority of the Directors as specified therein). In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote. A Director may at any time summon a meeting of the Directors by at least three Business Days' notice to every other Director and alternate Director.

- 98 A Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.
- 99 The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be a majority of the Directors then in office, provided that a Director and his appointed alternate Director shall be considered only one person for this purpose. A meeting of the Directors at which a quorum is present when the meeting proceeds to business shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. A meeting of the Directors may be held by means of telephone or teleconferencing or any other telecommunications facility provided that all participants are thereby able to communicate immediately by voice with all other participants.
- 100 A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a shareholder, director, officer or employee of any specified company or firm and is to be regarded as interested in any contract or transaction with that company or firm shall be deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he has an interest. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.
- 101 A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

- 102 Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; *provided* that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
- 103 The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
- (a) all appointments of officers made by the Directors;
 - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
 - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
- 104 When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
- 105 A resolution signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. When signed a resolution may consist of several documents each signed by one or more of the Directors.
- 106 The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.
- 107 The Directors shall elect a chairman of their meetings and determine the period for which he is to hold office but if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.
- 108 A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.
- 109 A committee appointed by the Directors may meet and adjourn as it thinks proper. A question or proposal which arises at a meeting of a committee shall be decided, resolved, approved or adopted by a majority of no less than two-thirds of the votes which are cast by the committee members present and voting at such meeting, and in case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
- 110 All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

PRESUMPTION OF ASSENT

- 111 A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

- 112 Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Directors may from time to time declare dividends (including interim dividends) and other distributions on shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.
- 113 Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
- 114 The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.
- 115 Any dividend may be paid by cheque or wire transfer to the registered address of the Member or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such person and such address as the Member or person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Member or person entitled, or such joint holders as the case may be, may direct.
- 116 The Directors when paying dividends to the Members in accordance with the foregoing provisions may make such payment either in cash or in specie.
- 117 No dividend shall be paid otherwise than out of profits or, subject to the restrictions of the Companies Act, the share premium account.
- 118 Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as fully paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the share.

- 119 If several persons are registered as joint holders of any share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.
- 120 No dividend shall bear interest against the Company. Any dividend which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, *provided* that the Company shall not be constituted as a trustee in respect of that account and the Dividend shall remain as a debt due to the Member. Any Dividend which remains unclaimed after a period of six years from the date of declaration of such Dividend shall be forfeited and shall revert to the Company.

BOOK OF ACCOUNTS

- 121 The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
- 122 The books of account shall be kept at such place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
- 123 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Directors or by the Company by Ordinary Resolution.
- 124 The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Company by Ordinary Resolution or failing any such determination by the Directors.

ANNUAL RETURNS AND FILINGS

- 125 The Board shall make the requisite annual returns and any other requisite filings in accordance with the Companies Act.

AUDIT

- 126 The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.
- 127 Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
- 128 Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next special meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

THE SEAL

- 129 The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer or other person appointed by the Directors for the purpose.
- 130 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
- 131 A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

OFFICERS

- 132 Without prejudice to Article 88, the Company may have a Chief Executive Officer, President, Chief Operating Officer and Chief Financial Officer, one or more Vice Presidents, Manager or Controller, appointed by the Directors. The Directors may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time subscribe.

CAPITALISATION OF PROFITS

- 133 Subject to the Statutes and these Articles, the Board may, with the authority of an Ordinary Resolution:
- (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;
 - (b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
 - (i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively; or
 - (ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum,and allot the shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;

- (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit;
- (d) authorise a person to enter (on behalf of all the Members concerned) an agreement with the Company providing for either:
 - (i) the allotment to the Members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalization; or
 - (ii) the payment by the Company on behalf of the Members (by the application of their respective operations of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,an agreement made under the authority being effective and binding on all those Members; and
- (e) generally do all acts and things required to give effect to the resolution.

NOTICES

- 134 Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members or, to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the Member to the Company or by placing it on the Company's Website. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
- 135 Notices posted to addresses outside the Cayman Islands shall be forwarded by prepaid airmail.
- 136 Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
- 137 Any notice or other document, if served by (a) post, shall be deemed to have been served five calendar days after the time when the letter containing the same is posted, or (b) facsimile, shall be deemed to have been served upon confirmation of receipt, or (c) recognised delivery service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service and in proving such service it shall be sufficient to provide that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier or (d) electronic means as provided herein shall be deemed to have been served and delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by any applicable laws or regulations.

138 Any notice or document delivered or sent to any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

139 Notice of every general meeting shall be given to:

- (a) all Members who have supplied to the Company an address for the giving of notices to them;
- (b) every person entitled to a share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting; and
- (c) each Director and Alternate Director.

No other person shall be entitled to receive notices of general meetings.

INFORMATION

140 No Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members to communicate to the public.

141 The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register of Members and transfer books of the Company.

INDEMNITY

- 142 To the fullest extent permissible under the Companies Act, every Director (including for the purposes of this Article any Alternate Director appointed pursuant to the provisions of these Articles) and officer of the Company for the time being and from time to time shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in connection with the execution or discharge of his duties, powers, authorities or discretions as a Director or officer of the Company, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
- 143 No such Director or officer of the Company shall be liable to the Company for any loss or damage unless such liability arises through the willful neglect or default of such Director or officer.

FINANCIAL YEAR

- 144 Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

WINDING UP

- 145 Subject to these Articles, if the Company shall be wound up, the liquidator may, with the sanction of an Ordinary Resolution of the Company, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

- 146 Subject to the Companies Act and these Articles, the Company may at any time and from time to time by Special Resolution alter or amend these Articles or the Memorandum of Association of the Company, in whole or in part, or change the name of the Company.

REGISTRATION BY WAY OF CONTINUATION

- 147 Subject to these Articles, the Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

Description of Securities

Registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”)

Class A ordinary shares of AIFU Inc. (“we,” “our,” “our company,” or “us”), are listed and traded on the Nasdaq Global Select Market and, in connection with this listing (but not for trading), the Class A ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of the holders of ordinary shares including Class A ordinary shares and Class B ordinary shares (collectively “Ordinary Shares”).

Description of Ordinary Shares

The following is a summary of material provisions of our currently effective amended and restated memorandum and articles of association (the “Memorandum and Articles of Association”), as well as the Companies Act (As Revised) of the Cayman Islands (the “Companies Act”) insofar as they relate to the material terms of our Ordinary Shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been filed with the SEC as an exhibit to our annual report on Form 20-F filed with the Securities and Exchange Commission on April 28, 2026).

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Our authorized share capital is US\$10,000,000 divided into 10,000,000,000 Ordinary Shares, comprising of (i) 8,000,000,000 Class A ordinary shares of a nominal or par value of US\$0.4 each and 2,000,000,000 Class B ordinary shares of a nominal or par value of US\$0.4 each. All of our issued and outstanding ordinary shares are fully paid and non-assessable. The number of ordinary shares that have been issued as of the last day of the fiscal year ended December 31, 2025 is provided on the cover of the annual report on Form 20-F filed on April 28, 2026 (the “2025 Form 20-F”). Certificates representing the ordinary shares are issued in registered form. We may not issue shares to bearer.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

Not applicable.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Class A Ordinary Shares and Class B Ordinary Shares (Item 10.B.3 of Form 20-F)

Dividend Rights. The holders of our Class A ordinary shares are entitled to such dividends as may be declared by our board of directors, or by ordinary resolution of our shareholders (provided no dividend shall exceed the amount recommended by our directors), subject to the Companies Act. Each Class B ordinary shares confers upon the holder no right to any share in any dividend or distribution paid by the Company.

Voting Rights. Holders of Class A ordinary shares and Class B ordinary shares shall at all times vote together as one class on all resolutions submitted to a vote by the Members. On a show of hands, each shareholder present in person or by proxy (or, for a corporation or other non-natural person, present by its duly authorized representative or proxy) at general meeting shall have one vote and on a poll, shall have one vote for each Class A ordinary share registered in his or her name in the register of members of our company and one hundred (100) votes for each Class B Ordinary Share registered in his or her name in the register of members of our company, on any and all matters subject to a vote at such meeting. Voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. A poll may be demanded by the chairman of the meeting or by any one or more shareholders together holding not less than ten percent of our paid up voting share capital, present in person or by proxy.

A quorum required for a meeting of shareholders consists of shareholders holding in aggregate not less than one-third of all our issued voting share capital present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. We may, but are not obliged, to hold an annual general meeting of shareholders. General meetings may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate not less than one-third of our voting share capital as at the date of deposit of the requisition. Advance notice of at least 14 calendar days is required for the convening of our annual general meeting and other shareholders meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast in a general meeting or may be passed as a unanimous written resolution. A special resolution is required for important matters such as a change of name. Holders of the ordinary shares may effect certain changes by ordinary resolution, including consolidating and dividing all or any of our share capital into shares of larger amount than our existing shares, and canceling any shares which have not been taken or agreed to be taken.

Transfer of Ordinary Shares. Subject to the restrictions of our articles of association, as applicable, any holder of Class A ordinary Shares may transfer all or any of his or her Class A ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board. No Class B Ordinary Share may be sold, transferred, assigned, pledged, or otherwise disposed of, or used as collateral for loans or any obligations.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share, at the option of the holder, subject to approval by no less than two-thirds of the board of directors or by written resolutions of all the directors. In no event shall Class A Ordinary Shares be convertible into Class B Ordinary Shares under any circumstances. Class B Ordinary Shares shall be automatically and immediately converted into an equal number of Class A Ordinary Shares under the following circumstances: (i) if the holder is an employee, upon the termination of their employment (howsoever arising) with the Company; (ii) if the holder is a Director, upon their resignation or removal from the board of directors; and (iii) if the holder is a wholly-owned company ("Owned Company") of a director, senior management, or an existing shareholder, upon the individual ceasing to wholly own the Owned Company.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares), assets available for distribution among the holders of Class A ordinary shares may be distributed among the holders of the Class A ordinary shares as determined by the liquidator, subject to sanction of an ordinary resolution of our company. Each Class B Ordinary Share confers upon the holder no right to any share in the distribution of the surplus assets of the Company upon liquidation or otherwise.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. Subject to the provisions of the Companies Act and our articles of association, we may issue shares on terms that they are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as our board of directors may determine before the issue of such shares. We also may purchase our own shares, (including any redeemable shares) in such manner and on such other terms as determined by the board of directors in their sole discretion and agreed with the relevant shareholder, in accordance with our articles of association. The manner of purchase specified in our articles of association, which cover purchases of shares listed on an internationally recognized stock exchange and shares not so listed, is in accordance with Section 37(2) of the Companies Act or any modification or reenactment thereof for the time being in force. In addition, our company may accept the surrender of any fully paid share for no consideration. Pursuant to the Companies Act, upon the repurchase, redemption or surrender of shares, instead of canceling them the board of directors can determine whether or not to cancel those shares or hold them as treasury shares pending cancellation, transfer or sale. The company must obtain authorization to hold such shares as treasury shares either in accordance with the procedures set out in our articles of association or (if there are none) by a board resolution before being repurchased, redeemed or surrendered in accordance with the usual rules and articles. The Company may, at its option, redeem all or any of the Class B Ordinary Shares held by any person at any time, at such price, and in such manner as may be determined by the board of directors, in accordance with our articles of association.

Inspection of Books and Records. Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than our memorandum and articles of association, special resolutions, and our register of mortgages and charges). However, we make our annual reports, which contain our audited financial statements, available to our shareholders.

Requirements to Change the Rights of Holders of Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to our articles of association, be varied or abrogated with the consent in writing of the holders of a majority of the issued shares of that class or 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 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 in priority to or pari passu therewith.

Limitations on the Rights to Own Ordinary Shares (Item 10.B.6 of Form 20-F)

Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares. There are no limitations under the laws of the Cayman Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote ordinary shares.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Our Memorandum and Articles of Association contain provisions which have the potential to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. For instance, our board of directors may, in their absolute discretion and without approval of the holders of our Ordinary Shares, cause our company to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise, at such time and on such terms as they may think appropriate. In the event these preferred shares have better voting rights than our Ordinary Shares, in the form of ADSs or otherwise, they could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under Cayman Islands law applicable to our Company, or under our Memorandum and Articles of Association, that require our Company to disclose shareholder ownership above any particular ownership threshold.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Act of the Cayman Islands is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments, and accordingly there are significant differences between the Companies Act of the Cayman Islands and the current Companies Act of England. In addition, the Companies Act of the Cayman Islands differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware and their shareholders.

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, (a) “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 (b) 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 to 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, or the Plan, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The Plan must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to 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.

A merger between a Cayman Islands parent company and its Cayman Islands subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose a subsidiary is a company of which at least 90% of the issued shares entitled to vote are owned by the parent company.

The consent of each holder of a fixed or floating security interest of a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

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.

In addition, there are 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 shareholders or class of shareholders, as the case may be; or (b) a majority in number representing 75% in value of creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, that are 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.

When a take-over 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 according to 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 is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, 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 ordinarily not be brought by a minority shareholder. However, based on English authority, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands courts can be expected (and have had occasion) to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against, or derivative actions in the name of, our company to challenge:

- an act which is ultra vires or illegal and is therefore incapable of ratification by the shareholders;
- an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of our company; and
- an act which requires a resolution with a qualified (or special) majority (i.e. more than a simple majority) which has not been obtained.

Indemnification. Cayman Islands law does not limit the extent to which a company's 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 provide for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacity as such, except through their own willful neglect or default.

We have entered into indemnification agreements with our directors and executive officers to indemnify them to the fullest extent permitted by applicable law and our articles of association, from and against all costs, charges, expenses, liabilities and losses incurred in connection with any litigation, suit or proceeding to which such director is or is threatened to be made a party, witness or other participant.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and therefore is 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 reasonably believes to be in the best interests of the corporation. He 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 he 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 position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his 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 to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his 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. 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.

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 Memorandum and Articles of Association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder 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.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Memorandum and Articles of Association allow our shareholders holding not less than one-third of the voting share capital of our company as at the date of deposit of the requisition to requisition a shareholder's meeting, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our Memorandum and Articles of Association do not provide our shareholders other right to put proposal before a meeting. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections 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. Cayman Islands law does not prohibit cumulative voting, 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.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware 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 stock within the past three years. This 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, among other things, 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, the directors of our company are required to comply with the fiduciary duties which they owe to our company under Cayman Islands law, including the duty to ensure that, in their opinion, any such transactions entered into are bona fide in the best interests of our company, and are entered into for a proper corporate 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.

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 and our Memorandum and Articles of Association, 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 which require our company to disclose shareholder ownership above any particular ownership threshold.

Changes in Capital (Item 10.B.10 of Form 20-F)

Our company 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.

Subject to our Memorandum and Articles of Association, our company may by ordinary resolution:

- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and
- 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 its share capital by the amount of the shares so cancelled.

Our company may by special resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

List of Subsidiaries and Affiliated Entities
(As of March 31, 2026)

Subsidiaries and Affiliated Entities⁽¹⁾	Percentage Attributable to Our Company	Place of Incorporation
1. CISG Holdings Ltd. ⁽²⁾	100%	BVI
2. BWWS Limited ⁽²⁾	100%	Hong Kong SAR
3. Coast Group Ltd. ⁽²⁾	100%	BVI
4. Joy Virtue Limited ⁽²⁾	100%	BVI
5. Nova Lumina Ltd. ⁽²⁾	100%	BVI
6. CNinsure Holdings Ltd. ⁽³⁾	100%	BVI & Hong Kong SAR
7. Fanhua Zhonglian Enterprise Image Planning (Shenzhen) Co., Ltd. ⁽⁴⁾	100%	PRC
8. Fanhua Xinlian Information Technology Consulting (Shenzhen) Co., Ltd. ⁽⁴⁾	100%	PRC
9. Tibet Zhuli Investment Co. Ltd. ⁽⁵⁾	100%	PRC
10. Fanhua Insurance Sales Service Group Company Limited ⁽⁶⁾	100%	PRC
11. Sichuan Yihe Investment Co., Ltd. ⁽⁷⁾	100%	PRC
12. Fanhua Yuntong Enterprise Management Advisory (Shenzhen) Co., Ltd. ⁽⁸⁾	100%	PRC
13. Ying Si Kang Information Technology (Shenzhen) Co., Ltd. ⁽⁸⁾	100%	PRC
14. Zhongrong Smart Finance Information Technology Co., Ltd. ⁽⁹⁾	57.73%	PRC
Rong Hui Hui (Qingdao) Technologies Service Co., Ltd. Rong Hui Hui (Qingdao) Technologies Service Co., Ltd. ⁽¹⁰⁾	57.73%	PRC
16. Beijing Fangyuan Culture Media Co., Ltd. ⁽¹¹⁾	100%	PRC
17. Qilinfu Capital (Shenzhen) Co., Ltd. ⁽¹¹⁾	100%	PRC
18. Hainan Shangqin Investment Co., Ltd. ⁽¹¹⁾	100%	PRC
19. Jugou (Shenzhen) Technology Co., Ltd. ⁽¹²⁾	100%	PRC
20. Hainan Yueshi Investment Co., Ltd. ⁽⁵⁾	100%	PRC
21. Zhineng Xing (Shenzhen) Technology Co., Ltd. ⁽¹³⁾	100%	PRC
Insurance Agencies and Brokers		
22. Fanhua Lianxing Insurance Sales Co., Ltd. ⁽¹⁴⁾	100%	PRC
23. Liaoning Fanhua Gena Insurance Agency Co., Ltd. ⁽¹⁵⁾	100%	PRC
24. Shanghai Fanhua Guosheng Insurance Agency Co., Ltd. ⁽¹⁵⁾	100%	PRC
25. Hunan Fanhua Insurance Agency Co., Ltd. ⁽¹⁶⁾	77%	PRC
26. Kafusi Insurance Brokerage Co., Ltd. ⁽¹⁰⁾	57.73%	PRC
Hebei Xiong'an Fanhua Insurance Brokerage Co., Ltd. (Formerly known as		
27. Beijing Smart Finance Insurance Brokerage Co., Ltd) ⁽⁸⁾		
28. Jilin Zhongji Shi'an Insurance Agency Co., Ltd. ⁽¹⁷⁾	51%	PRC
Family Office Service Firms		
29. Fanhua Puyi Family Office (Beijing) Co., Ltd. ⁽¹⁸⁾	100%	PRC
30. Puyi Family Office (Chengdu) Enterprise Management Consulting Co., Ltd. ⁽¹⁹⁾	100%	PRC
Investees		
1. BGM Group Ltd. ⁽²⁰⁾	8.3%	PRC

(1) The official names of those companies registered in PRC are in Chinese. The English translation is for reference only.

(2) 100% of the equity interests in these companies are held directly by AIFU Inc.

- (3) 100% of the equity interests in this company are held directly by CISG holdings Ltd.
 - (4) 100% of the equity interests in these company are held directly by CNinsure Holdings Ltd.
 - (5) 100% of the equity interests in these companies are held directly by Fanhua Xinlian Information Technology Consulting (Shenzhen) Co., Ltd.
 - (6) We beneficially own 100% equity interests in this Company, of which 7.2%, 10.8% and 82% of the equity interests in this company are held by Fanhua Zhonglian Enterprise Image Planning (Shenzhen) Co., Ltd., Fanhua Xinlian Information Technology Consulting (Shenzhen) Co., Ltd and Tibet Zhuli Investment Co. Ltd., respectively.
 - (7) We beneficially own 100% equity interests in this company, of which 39.14%, 40.86% and 20% of the equity interests in this company are held by Fanhua Zhonglian Enterprise Image Planning (Shenzhen) Co., Ltd., Fanhua Xinlian Information Technology Consulting (Shenzhen) Co., Ltd. and Fanhua Insurance Sales Group Company Limited, respectively.
 - (8) 100% of the equity interests in these companies are held directly by Fanhua Insurance Sales Service Group Company Limited.
 - (9) 57.73% of the equity interests in this company are held directly by Fanhua Insurance Sales Service Group Co. Ltd.,
 - (10) 100% of the equity interests in these companies are held directly by Zhongrong Smart Finance Information Technology Co. Ltd.
 - (11) 100% of the equity interests in these companies are held directly by Fanhua Zhonglian Enterprise Image Planning (Shenzhen) Co., Ltd.
 - (12) 100% of the equity interests in this company are held directly by Hainan Shangqin Investment Co., Ltd.
 - (13) 100% of the equity interests in this company are held directly by Hainan Yueshi Investment Co., Ltd..
 - (14) We beneficially owned 100% of the equity interests in this company, of which 99% of the equity interests in this company are held directly by Fanhua Insurance Sales Service Group Company Limited., Ltd. and the remaining 1% by Fanhua Xinlian Information Technology Consulting (Shenzhen) Co., Ltd.
 - (15) 100% of the equity interests in each of these companies are held directly by Fanhua Lianxing Insurance Sales Co., Ltd.
 - (16) 77% of the equity interests in this company are held directly by Fanhua Lianxing Insurance Sales Co., Ltd.
 - (17) 51% of the equity interests in this company are held directly by Ying Si Kang Information Technology (Shenzhen) Co., Ltd.
 - (18) 100% of the equity interests in these companies are held directly by Tibet Zhuli Investment Co., Ltd.
 - (19) 100% of the equity interests in the company are held directly by Fanhua Puyi Family Office (Beijing) Co., Ltd.
 - (20) 8.3% of the equity interests in this company are held directly by CISG Holdings Ltd.
-

**Certification by Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mingxiu Luan, certify that:

1. I have reviewed this annual report on Form 20-F of AIFU Inc. (the “Company”);
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 officers 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 this 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 officers 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 28, 2026

By: /s/ Mingxiu Luan

Name: Mingxiu Luan

Title: Vice-chairperson and Chief Executive Officer

**Certification by Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Huaguang Huang, certify that:

1. I have reviewed this annual report on Form 20-F of AIFU Inc. (the "Company");
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 officers 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 this 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 officers 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 28, 2026

By: /s/ Huaguang Huang

Name: Huaguang Huang

Title: Chief Financial Officer

Certification by Chief Executive Officer**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of AIFU Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mingxiu Luan, 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 28, 2026

By: /s/ Mingxiu Luan

Name: Mingxiu Luan

Title: Vice-Chairperson and Chief Executive Officer

Certification by Chief Financial Officer**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of AIFU Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Huaguang Huang, 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 28, 2026

By: /s/ Huaguang Huang

Name: Huaguang Huang

Title: Chief Financial Officer



Our ref YCU/628018-000001/32182185v1
Email Charmaine.Chow@maples.com

AIFU Inc.
Room 1, Building 10,
Jinzhong Guobin Hui Qinyuan 2nd Road
Lihu Community, Xili Street
Shenzhen, 518055
People's Republic of China

28 April 2026

Dear Sirs

Re: AIFU Inc. (the "Company")

We consent to the reference to our firm under the headings "Item 10. Additional Information—E. Taxation—Cayman Islands Taxation" and "Item 16G. Corporate Governance" in the Company's Annual Report on Form 20-F for the year ended December 31, 2025, which will be filed with the United States Securities and Exchange Commission in the month of April 2026.

We further consent to the incorporation by reference of the summary of our opinion under the heading "Item 10. Additional Information—E. Taxation—Cayman Islands Taxation" and "Item 16G. Corporate Governance" in the Company's Annual Report on Form 20-F for the year ended December 31, 2025, into the Company's Registration Statement on Form S-8 (No. 333-274450), dated September 11, 2023, pertaining to the Company's Share Incentive Plan, and the Company's Registration Statement on Form S-8 (No. 333-277841), dated March 12, 2024, pertaining to the Company's Share Incentive Plan.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP
Maples and Calder (Hong Kong) LLP

[Letterhead of Hai Run Law Firm]

April 28, 2026

To: AIFU Inc.

Room 1, Building 10,
Jinzhong Guobin Hui Qinyuan 2nd Road
Lihu Community, Xili Street
Shenzhen, 518055
People's Republic of China

Dear Sirs,

We hereby consent to the reference to our firm under the headings “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company—B. Business Overview—Regulation,” “Item 4. Information on the Company—C. Organizational Structure” and “Item 10. Additional Information—E. Taxation—PRC Taxation” in AIFU Inc.’s annual report on Form 20-F for the year ended December 31, 2025, which will be filed with the Securities and Exchange Commission in April 2025.

We further consent to the incorporation by reference of the summary of our opinion under the heading “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company—B. Business Overview—Regulation,” “Item 4. Information on the Company—C. Organizational Structure” and “Item 10. Additional Information—E. Taxation—PRC Taxation” in the Company’s Annual Report on Form 20-F for the year ended December 31, 2024, into the Company’s Registration Statement on Form S-8 (No. 333-274450), dated September 11, 2023, pertaining to the Company’s Share Incentive Plan, and the Company’s Registration Statement on Form S-8 (No. 333-277841), dated March 12, 2024, pertaining to the Company’s Share Incentive Plan.

Yours faithfully,

/s/ Hai Run Law Firm

Hai Run Law Firm

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in registration statements (No.333-274450 and 333-277841) on Form S-8 of our reports dated April 28, 2026, relating to the financial statements of AIFU Inc. (formally known as “AIX Inc.” and “Fanhua Inc.”) and the effectiveness of AIFU Inc. (formally known as “AIX Inc.” and “Fanhua Inc.”) internal control over financial reporting, appearing in this Annual Report on Form 20-F for the year ended December 31, 2025.

Singapore
April 28, 2026

Enrome LLP

143 Cecil Street #19-03/04
GB Building Singapore 069542

admin@enrome-group.com
www.enrome-group.com

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-274450 and 333-277841 on Form S-8 of our report dated April 29, 2024, relating to the financial statements of AIFU Inc. (formerly known as “AIX Inc.” and “Fanhua Inc.”) appearing in this Annual Report on Form 20-F for the year ended December 31, 2025.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shenzhen, the People’s Republic of China

April 28, 2026