Baiying Holdings Group Limited
百應控股集團有限公司

Annual Report

2023

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8525

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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Corporate Information

DIRECTORS

Executive Directors

Mr. Zhou Shiyuan *(Chairman)*
Mr. Chen Xinwei
Mr. Huang Dake

Non-executive Director

Mr. Ke Jinding

Independent Non-executive Directors

Mr. Chen Chaolin
Mr. Tu Liandong
Mr. Xie Mianbi

AUDIT COMMITTEE

Mr. Tu Liandong *(Chairman)*
Mr. Chen Chaolin
Mr. Ke Jinding

REMUNERATION COMMITTEE

Mr. Chen Chaolin *(Chairman)*
Mr. Xie Mianbi
Mr. Huang Dake

NOMINATION COMMITTEE

Mr. Zhou Shiyuan *(Chairman)*
Mr. Tu Liandong
Mr. Xie Mianbi

JOINT COMPANY SECRETARIES

Ms. Yang Lexing
Ms. Ng Ka Man *(ACG, HKACG)*

AUTHORISED REPRESENTATIVES

Mr. Huang Dake
Ms. Ng Ka Man

REGISTERED OFFICE

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Cayman Islands

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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COMPANY WEBSITE

www.byleasing.com

STOCK CODE

8525

AUDITOR

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Kowloon
Hong Kong

LEGAL ADVISERS TO THE COMPANY

Llinks Law Offices LLP
(as to Hong Kong laws)
Beijing Yingke Law Firm (Xiamen) Office
(as to PRC laws)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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Fujian Province
PRC

China Everbright Bank (Xiamen Branch)
China Everbright Bank Building
No. 81 Hubin South Road
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Fujian Province
PRC

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Financial Summary

The following is a summary of the results of our Group for each of the years ended 31 December 2019, 2020, 2021, 2022 and 2023 and the assets and liabilities of our Group as of 31 December 2019, 2020, 2021, 2022 and 2023.

RESULTS

	Year ended 31 December				
	2019 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*	**2023** ***RMB'000***
Revenue	54,553	32,078	38,625	28,172	**36,027**
(Loss)/Profit before tax	25,973	9,950	(9,299)	(16,971)	**(16,459)**
Income tax credit/(expense)	(6,815)	(3,622)	2,206	(9,350)	**326**
(Loss)/profit for the year	19,158	6,328	(7,093)	(26,321)	**(16,133)**
ASSETS AND LIABILITIES					
Total assets	441,143	396,229	357,396	318,957	**278,819**
Total liabilities	156,884	105,319	75,767	63,868	**39,889**
Net assets	284,259	290,910	281,629	255,089	**238,929**

Chairman’s Statement

Dear Shareholders,

Since 2023, the global economy has shown a trend of recovery, but growth prospects are still uncertain due to challenges such as “high inflation, high interest rates, and high debt”. Inflationary pressures in major developed economies have generally eased but remain persistent, and policy interest rates have remained high at an extended period, geopolitical conflicts intensify, and spillover risks pose major challenges to global economic growth. Faced with a complex and challenging international environment, as well as the demanding tasks of domestic reform, development, and stability, our country has implemented comprehensive reforms and pursued an open approach. This has involved intensified macro-control efforts, with a specific focus on expanding domestic demand, optimizing the economic structure, boosting confidence, and preventing and mitigating risks. As a result, our economy has experienced a rebound and modernization. Significant progress has been achieved in the construction of the industrial system, with notable breakthroughs in scientific and technological innovation. The foundation for safe development has been strengthened, ensuring effective guarantees for people’s livelihoods. Furthermore, there has been solid advancement in high-quality development, along with substantial strides in the comprehensive construction of a modern socialist country.

In May 2023, the National Financial Regulatory Administration was established based on the former China Banking and Insurance Regulatory Commission. China’s financial regulatory system has shifted from the mode of “one bank + two committees” to a new mode of “one bureau + one bank + one committee”. One of the Group’s businesses is to provide equipment financing solutions, factoring and advisory services to small and medium-sized enterprises and individual entrepreneurs, provide financing support to the real economy, and help small and medium-sized enterprises develop rapidly. In the second half of this year, we have actively expanded our finance leasing business and engaged in ongoing discussions with both new and existing clients, aiming to achieve mutual success through faster and more flexible means. We are committed to acquiring new clients while simultaneously fostering collaborations with our existing clients. With the ongoing transformation of the national financial regulatory system, we believe that as regulations become clearer, the operating environment for the industry will become more standardized and transparent. Financing leasing companies that prioritize compliance, focus on their core business, and maintain a leading position are expected to secure favorable and stable development opportunities. We will continue to contribute to the high-quality and sustainable development of the real economy.

As shareholders and various stakeholders concerned, in April 2020, amidst the sudden outbreak of the pandemic, we established Qiaoxin Brewing, a condiment company specializing in vinegar production. We anticipate its gradual growth from being a representative brand of “Yongchun Age Vinegar” to becoming an outstanding brand in the Chinese vinegar industry, distinguished by its unique characteristics and cultural heritage. The condiment industry is an industry with a long history deeply intertwined with people’s livelihoods. Despite facing certain impacts during the period of the pandemic, the industry as a whole has shown positive momentum. It exhibits rigid demand and lacks significant cyclical characteristics. Moreover, with the improvement of living standards, diversified consumption patterns, and the surge in the concept of “zero additives,” the condiment industry possesses enormous market development potential. It is also witnessing a trend towards brand concentration and category specialization. This necessitates condiment enterprises to be well-prepared in terms of research and development investment, production management, food safety, and innovative production processes. The performance momentum at the end of 2023 has already indicated that Qiaoxin is fully prepared and ready to go. After completing foundational work such as factory construction, equipment optimisation, and brand planning, we have made comprehensive improvements in factory systemized management. We have obtained certifications for HACCP (Hazard Analysis and Critical Control Points), ISO22000 (Food Safety Management System), and ISO9001 (Quality Management System). In terms of channel expansion, we have established a benchmark market in Fujian and explored multiple provinces and cities nationwide. We are also actively engaging in in-depth cooperation opportunities with major retail chains. Regarding brand building, based on the historical heritage of Yongchun Aged Vinegar and the emotional resonance of the “Qiao” element, we have attracted increasing attention both domestically and internationally through sugar and wine expositions during Spring and Fall in China, product showcases and cultural exhibitions at various events in Malaysia, Thailand, and other countries.

In January 2021, we also established Baiying Paper, a company engaged in packaging and paper product trading. Our goal is to serve as a bridge between downstream customers and upstream paper companies through our trading activities. In the current year, we have maintained operations in this sector and aim to leverage the customer resources within this segment to facilitate business referral between the Group's other segments.

In terms of corporate governance, we continuously strive to improve and strengthen our management under the guidance of the Stock Exchange and the supervision of the Board. In addition to promoting and advocating for compliance in daily operations, we also make adjustments and enhancements to our management based on the characteristics of the business segment we are involved in.

In 2024, due to the development and maintenance of business in the three segments, higher requirements are placed on our regulatory capabilities and operational efficiency. However, we believe under the guidance of industry policies and the evident trend of rising consumerism and the growing demand for high-quality products from Chinese residents, we will expedite our progress and generate enhanced returns for our shareholders.

Baiying Holdings Group Limited
Zhou Shiyuan
Chairman and Executive Director

28 March 2024

Management Discussion and Analysis

Industry Overview

In the domestic finance leasing industry, although the current macroeconomic recovery continues, economic endogenous momentum is insufficient, bringing constant pressure on small and medium-sized enterprises. Leasing companies are facing the pressure of rising credit risk of leased assets, and thus exercise caution when conducting business. The growth rate of contract balances in the finance leasing sector has been declining in recent years, and since 2020 it has even been experiencing negative growth in contract balances. As at the end of September 2023, the contract balance of leasing companies was RMB5.76 trillion, representing a decrease of 1.61% from the beginning of the year. Since 2020, leasing companies have continued to experience negative growth in their contract balances. On this basis, after experiencing a period of rapid growth from 2014-2018, the finance leasing industry has been gradually affected by the external credit environment and regulatory policies to a greater extent since 2019. With the end of the rapid growth period, the development of the industry has entered a new stage. In this new stage, as leasing companies cannot sustain with the previous extensive operation model, they are required to constantly adjust and improve their business structure while strengthening their own risk control capabilities.

For the domestic paper products industry, the production capacity of corrugated medium is estimated to be 28 million tons this year, representing a growth of about 1%. Imports were about 3.4 million tons, representing an increase of about 40%, while exports were minimal. Annual consumption is expected to be 31.4 million tons, representing a year-on-year increase of about 4%. The overall situation of the paper industry's production operation is trending upward. The total annual production of paper and cardboard increased to meet the economic development needs. For the development of paper industry next year, despite the gradual recovery of the economy, there are still many uncertainties in the external environment, which, however, has shown signs of gradual improvement according to the global economic data. According to the WTO, global trade in goods is expected to grow by 3.3% in 2024. As a major manufacturing country and its position in global trade in goods, China's economy is expected to grow along with the increase in global trade. Against this background, as the paper industry serves as a support for many industries, production and consumption in the industry will also be stimulated. It is expected that overall operation of the paper industry will stabilise and rebound.

In terms of the condiment industry, its growth rate is relatively slow due to the pandemic over the past few years. However, thanks to the frequent launch of national policies to stimulate consumption after the pandemic, the overall industry will achieve steady growth. The concentration of the condiment industry and some of its subsectors is increasing under the pressure of competition, such as the expansion of multi-channel markets and cross-sector investment and development, as the leading enterprises capture the market share with their brand advantages. 2023 was the year when the demand for "zero-additive" condiments exploded, indicating that the healthiness of condiments will have to be further upgraded in 2024. Moreover, the scenario-based experience has become the mainstream of product innovation, suggesting a shift from enterprise-oriented to user-oriented product innovation in the condiment industry, which puts forward a challenge to the research and development strength of condiment enterprises. In recent years, with the continuous advancement of brewing technology, the gradual increase in production level, and the increasing number of applications, consumer demand for vinegar products has been growing with rising sales price year by year. The vinegar product market continues to expand. In the future, the vinegar market in China will continue to expand steadily. Firstly, in terms of per capita consumption, compared with the United States and Japan, there is still room for growth in China. With the deepening of consumers' knowledge of health attributes of vinegar, the per capita consumption of vinegar in China will further increase. Secondly, compared with overseas counterparts, China's vinegar products still have more room for improvement in functional development and product diversification. For instance, vinegar consumption in recent years has begun to extend from seasoning vinegar to beverage vinegar, functional vinegar, health care vinegar and other aspects.

Business Overview

We are a finance leasing company in Fujian Province primarily dedicated to providing equipment-based financing solutions to our customers. We provide customized services to meet specific needs and requirements of our customers by closely interacting with them to determine the appropriate interest rates, repayment plans and terms of our services based on their businesses, cash flows and source of payment. Our customers are mainly SMEs and entrepreneurial individuals, and also include reputable large enterprises. While our Group remains focused in developing the finance leasing business and factoring business, we also actively look for opportunities to expand into other areas of business.

On 23 April 2020, we established Qiaoxin, a vinegar manufactory in the PRC to diversify our business. As of 31 December 2023, Qiaoxin has started the orderly production and sales of Qiaoxin 1950 series of Yongchun Kung Fu vinegar, paleo brown vinegar and red yeast rice vinegar products, and actively developed and designed other vinegars and other condiments to enrich our product line. Qiaoxin also sold certain cooking wine on an outsourced basis. On 13 January 2021, we also established Baiying Paper to expand our business portfolio into the packaging and paper products trading industry. These new businesses will not affect our financial services business.

We served 337 customers located in 18 provinces in China (excluding the retail customers from our sale of vinegar and other condiment products) for the year ended 31 December 2023. Our revenue increased from RMB28.2 million for the year ended 31 December 2022 to RMB36.0 million for the year ended 31 December 2023. We recorded a net loss of approximately RMB16.1 million for the Reporting Period, as compared with a net loss of RMB26.3 million for the year ended 31 December 2022.

Financial Services

Finance Leasing Services

We primarily offered two types of finance leasing services, namely, direct finance leasing and sale-leaseback, to our customers. Direct finance leasing is mainly used to satisfy the need of our customers to commence new projects, expand production, make advancements in technology and have finance demands to purchase new equipment. Sale-leaseback is primarily used by our customers to fund their business operations. Through sale-leaseback, our customers sell the assets, of which they have the ownership, to us to finance their working capital and then we lease the sold assets back. We usually enter into financial leasing agreements with our customers which sets out major terms such as the leased asset concerned, purchase price of the leased asset, term of the lease, the payment schedule of the lease payments, security deposit (if any), management fee (if any), transfer of title clause and insurance for the leased asset, which will usually be paid by our customers. In addition, depending on the credit profile of our customers, we may require our customers to provide other collaterals, such as immovable property. For the year ended 31 December 2023, our revenue from finance leasing services was RMB2.7 million, accounting for 7.6% of our total revenue.

The following table sets forth average monthly balance of the interest-generating receivables arising from finance leasing services and the range of corresponding effective interest rate for the years indicated:

	For the year ended 31 December	
	2023	2022
Average monthly balance of interest-generating receivables arising from finance leasing services *(RMB'000)*		
– Direct finance leasing	**1,418**	9,214
– Sale-leaseback	**28,813**	60,123
Range of interest rate per annum		
– Direct finance leasing	**8.4% to 14.0%**	9.5% to 22.3%
– Sale-leaseback	**7.6% to 16.0%**	9.5% to 22.4%

The following tables set forth the credit quality analysis of our finance lease receivables as of the date indicated:

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
Neither overdue nor credit-impaired	**109**	3,939
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	**–**	1,712
– Overdue 31 to 90 days (inclusive)	**55**	180
– Overdue above 90 days	**–**	–
Overdue and credit-impaired	**41,143**	42,471
Net amount of finance lease receivables	**41,307**	48,302
Allowances for impairment losses	**(26,946)**	(28,465)
Carrying amount of finance lease receivables	**14,361**	19,837

Our net amount of finance lease receivables classified as overdue and credit-impaired decreased slightly from RMB42.5 million as of 31 December 2022 to RMB41.1 million as of 31 December 2023.

The following table sets forth the credit quality analysis of receivables from sale-leaseback transactions as of the dates indicated:

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
Neither overdue nor credit-impaired	**39,899**	34,183
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	**213**	276
– Overdue 31 to 90 days (inclusive)	**22**	729
– Overdue above 90 days	**–**	–
Overdue and credit-impaired	**8,658**	11,731
Allowances for impairment losses	**(5,623)**	(7,806)
Carrying amount of receivables from sale-leaseback transaction	**43,169**	39,113

Our receivables from sale-leaseback transaction classified as overdue and credit-impaired decreased from RMB11.7 million as of 31 December 2022 to RMB8.7 million as of 31 December 2023 mainly due to the recovery of 7 receivables of approximately RMB1.8 million from sale-leaseback transactions that were overdue for more than 90 days.

The allowances for impairment losses of finance lease receivables and receivables from sale-leaseback transaction were provided on expected credit loss model. The following tables set forth our loss allowance as of the dates indicated:

	As of 31 December 2023			
	Stage I 12-month ECL *RMB'000*	**Stage II Lifetime ECL** *RMB'000*	**Stage III Lifetime ECL** *RMB'000*	**Total** *RMB'000*
Net amount of finance lease receivables	**109**	**55**	**41,143**	**41,307**
Allowances for impairment losses	**(2)**	**(9)**	**(26,935)**	**(26,946)**
Carrying amount of finance lease receivables	**107**	**46**	**14,208**	**14,361**
Receivables from sale-leaseback transaction	**40,112**	**22**	**8,658**	**48,792**
Allowances for impairment losses	**(772)**	**(4)**	**(4,847)**	**(5,623)**
Carrying amount of receivables from sale-leaseback transaction	**39,340**	**18**	**3,811**	**43,169**

	As of 31 December 2022			
	Stage I 12-month ECL *RMB'000*	Stage II Lifetime ECL *RMB'000*	Stage III Lifetime ECL *RMB'000*	Total *RMB'000*
Net amount of finance lease receivables	5,651	180	42,471	48,302
Allowances for impairment losses	(297)	(29)	(28,139)	(28,465)
Carrying amount of finance lease receivables	5,354	151	14,332	19,837
Receivables from sale-leaseback transaction	34,459	729	11,731	46,919
Allowances for impairment losses	(1,043)	(119)	(6,644)	(7,806)
Carrying amount of receivables from sale-leaseback transaction	33,416	610	5,087	39,113

Factoring Services

In addition to finance leasing services, we also provided factoring services to our customers. Factoring service is primarily used by our customers who need working capital to fund their business operations. Shanghai Baiying, a company established in Shanghai, the PRC, lays a foundation for the development of our factoring services and expansion in the Yangtze River Delta Region.

For the year ended 31 December 2023, our revenue from factoring services was RMB4.6 million, accounting for 12.8% of our total revenue.

The following table sets forth the average monthly balance of our factoring services and the range of corresponding interest rate for the years indicated:

	For the year ended 31 December	
	2023	2022
Average monthly balance of factoring receivables *(RMB'000)*	**87,583**	76,159
Range of interest rate	**8.0% to 8.0%**	8.0% to 9.0%

The following tables set forth our loss allowance as of the dates indicated:

	As of 31 December 2023			
	Stage I 12-month ECL ***RMB'000***	**Stage II Lifetime ECL** ***RMB'000***	**Stage III Lifetime ECL** ***RMB'000***	**Total** ***RMB'000***
Factoring receivables	**–**	**36,701**	**1,983**	**38,684**
Allowances for impairment losses	**–**	**(11,010)**	**(1,983)**	**(12,993)**
Carrying amount of factoring receivables	**–**	**25,691**	**–**	**25,691**

	As of 31 December 2022			
	Stage I 12-month ECL *RMB'000*	Stage II Lifetime ECL *RMB'000*	Stage III Lifetime ECL *RMB'000*	Total *RMB'000*
Factoring receivables	502	36,009	1,983	38,494
Allowances for impairment losses	(16)	(6,226)	(1,785)	(8,026)
Carrying amount of factoring receivables	486	29,784	198	30,468

Advisory Services

Leveraging our experience in arranging finance leases for our customers, we also provide advisory services with regard to project coordination, contract drafting and negotiation, project management, project financing and its compliance with relevant regulatory requirements. For the year ended 31 December 2023, we did not recognise any revenue from the provision of advisory services despite having provided services relating to one advisory service agreement involving a construction project with a total investment of approximately RMB1,142 million, primarily due to the settlement progress of the relevant construction project had yet to meet the criteria for revenue recognition.

In addition, we recognised revenue from the provision of advisory services of approximately RMB0.1 million for the year ended 31 December 2023 for the provision of advisory services in relation to a finance lease agreement.

Lease Portfolio

Lease Portfolio by Industry

The following table sets forth our net amount of receivables arising from finance leasing services by industry as of the dates indicated:

	As of 31 December			
	2023		2022	
	RMB'000	**%**	*RMB'000*	*%*
Wholesale and retail	**38,588**	**42.2**	41,544	43.4
Services[(1)]	**11,652**	**12.8**	22,949	24.0
Manufacturing	**30,308**	**33.2**	17,096	17.9
Construction	**3,882**	**4.2**	6,333	6.6
Mining	**68**	**0.1**	1,432	1.5
Others[(2)]	**6,840**	**7.5**	6,328	6.6
Net amount of receivables arising from finance leasing services	**91,338**	**100**	95,682	100

Notes:

(1) Include equipment leasing, commercial services, software and information technology services.

(2) Include water, environment, public facilities management and electricity, heat, gas and water production and supply industries.

Lease Portfolio by Exposure Size

We primarily offered equipment-based finance leases, the terms of which generally ranged from 12 to 36 months, and the size of which generally ranged from RMB0.1 million to RMB32.6 million. The following table sets forth net amount of our receivables arising from finance leasing services by exposure size as of the dates indicated:

	As of 31 December			
	2023		2022	
	RMB'000	**%**	*RMB'000*	*%*
Up to RMB1.0 million	**11,350**	**12.4**	12,633	13.2
Over RMB1.0 million to RMB3.0 million (inclusive)	**8,452**	**9.2**	12,925	13.5
Over RMB3.0 million to RMB5.0 million (inclusive)	**18,956**	**20.8**	8,667	9.0
Over RMB5.0 million to RMB30.0 million (inclusive)	**20,000**	**21.9**	28,877	30.2
Over RMB30.0 million[(1)]	**32,580**	**35.7**	32,580	34.1
Net amount of receivables arising from finance leasing services	**91,338**	**100**	95,682	100

Note:

(1) The net amount of receivables arising from finance leasing services over RMB30.0 million as of 31 December 2022 and 2023 related to one finance leasing agreement as of each year.

Lease Portfolio by Security

The following table sets forth net amount of our receivables arising from finance leasing services by security as of the dates indicated:

	As of 31 December			
	2023		2022	
	RMB'000	%	*RMB'000*	%
Guaranteed leases	**70,424**	**77.1**	57,832	60.5
Collateral-backed leases with guarantee	**11,897**	**13.0**	14,375	15.0
Supplier-backed leases	**4,900**	**5.4**	10,625	11.1
Collateral-backed leases	**4,117**	**4.5**	12,850	13.4
Net amount of receivables arising from finance leasing services	**91,338**	**100**	95,682	100

Size and diversity of customers

For the year ended 31 December 2023, the net amount of our receivables arising from finance leasing services from our five largest customers was RMB68.3 million, accounting for 74.7% of our net amount of receivables arising from finance leasing services.

Manufacture and Sale of Vinegar and Other Condiment Products

We commenced the manufacture and sale of vinegar and other condiment products through Qiaoxin since January 2022. For the year ended 31 December 2023, the products we sold to our customers were vinegar and other condiment products and our customers were large-scale supermarkets, food distributors and retail customers.

For the year ended 31 December 2023, the revenue from sales of vinegar and other condiment products was RMB6.9 million, accounting for 19.1% of our total revenue, and our sales commission relating to the sale of vinegar and other condiment products was RMB0.7 million, accounting for 1.9% of our total revenue.

The cost of sales of vinegar and other condiment products was RMB4.7 million for the year ended 31 December 2023, mainly consisting of the procurement cost of RMB4.7 million.

For the year ended 31 December 2023, the gross profit of sale of vinegar and other condiment products business was RMB2.9 million and the gross profit margin was approximately 38.2%.

Packaging and Paper Products Trading

We conducted our packaging and paper products trading business through Baiying Paper since January 2021. For the year ended 31 December 2023, the products we sold to our customers were packaging paper and all of our customers were either in the paper industry or were trading companies.

For the year ended 31 December 2023, the revenue from sales of packaging and paper products was RMB21.0 million, accounting for 58.2% of our total revenue.

The cost of sales of packaging and paper products was RMB20.5 million for the year ended 31 December 2023 consisting of the procurement cost of RMB20.5 million.

For the year ended 31 December 2023, the gross profit of packaging and paper products trading business was RMB0.5 million and the gross profit margin was approximately 2.4%.

Compliance with Key Regulatory Requirements

The following table summarizes the key statutory capital requirements and lending restrictions applicable to us and our compliance status for the year ended 31 December 2023:

Key requirements	**Compliance status**
A foreign-funded finance leasing company shall not provide in any form of direct or indirect financing for local governments' financing platform companies that undertake public welfare duties.	Our Group complied with such requirement for the year ended 31 December 2023.
The total assets of the foreign investor(s) of a foreign-funded finance leasing company shall not be less than US$5 million and the foreign investor(s) shall not be in insolvency and ordinarily shall have been existed more than one year.	Our Group complied with such requirement for the year ended 31 December 2023.
The registered capital of a foreign-funded finance leasing company shall not be less than US$10 million and the proportion of the foreign investment shall not be lower than 25%.	Our Group complied with such requirement for the year ended 31 December 2023.
A foreign-funded finance leasing company shall have professional staff. Its senior management team shall have professional qualifications and no less than three years of experience in the relevant industries.	Our Group complied with such requirement for the year ended 31 December 2023.
The term of operation of a foreign-funded finance leasing company shall generally not exceed 30 years.	Our Group complied with such requirement for the year ended 31 December 2023.
A foreign-funded finance leasing company shall contain the words "finance leasing" (融資租賃) in its corporate name and shall not contain the words "financial lease" (金融租賃) in its corporate name or its business scope.	Our Group complied with such requirement for the year ended 31 December 2023.
A finance leasing company can conduct guarantee business only in relation with its leasing transactions, but shall not contain the word "guarantee" in its corporate name and shall not take guarantee business as its main business.	Our Group complied with such requirement for the year ended 31 December 2023.
A finance leasing company shall not engage in deposit taking (吸收存款), lending (發放貸款), entrusted lending (受託發放貸款), and without the approval of the competent authority, shall not engage in inter-bank borrowing and is prohibited from carrying out illegal fund-raising activities under the disguise of finance leasing in any circumstances.	Our Group complied with such requirement for the year ended 31 December 2023.

Key requirements	Compliance status
As a general practice and according to the Measures for the Administration of Entrusted Loans of Commercial Banks (商業銀行委託貸款管理辦法) and General Rules for Loans (貸款通則), a company is allowed to entrust a commercial bank to provide loans to a third party.	
A finance leasing company shall not accept any property to which a lessee has no disposal rights or on which any mortgage has been created, or which has been sealed or seized by any judicial organs, or whose ownership has any other defects as the subject matter of a sale-leaseback transaction.	Our Group complied with such applicable requirement for the year ended 31 December 2023.
Risk assets of a finance leasing company shall not exceed eight times of its total net assets. The portion of assets under finance leasing and other leasing of a finance leasing company shall not be less than 60% of its total assets. The fix-income securities investment business carried out by a finance leasing company shall not exceed 20% of its net assets. The aggregate balance of the financial leasing businesses conducted by the financial leasing company with a single lessee or a single related party shall not exceed 30% of its net assets. The aggregate balance of the financial leasing businesses conducted by the financial leasing company with all related parties shall not exceed 50% of its net assets. The balance of financing with a single shareholder and its related parties shall not exceed the shareholder's capital contribution to the financial leasing company and the aggregate balance of the financial leasing businesses conducted by the financial leasing company with such shareholder shall not exceed 30% of its net assets.	Our Group complied with such requirement for the year ended 31 December 2023.
A company engaged in food production, food sales and catering services should be licensed according to the applicable laws.	Our Group complied with such requirement for the year ended 31 December 2023.

Financial Overview

Results of Operations

Revenue

Our revenue consists of interest income, advisory fee income, income from sales of vinegar and other condiment products and income from sales of packaging and paper products.

During the Reporting Period, our interest income consisted of interests in installments and one-time management fees received from our finance leasing and factoring services, and our advisory fee income represented the advisory fees received from our value-added advisory services, all of our income from sales of vinegar and other condiment products were driven from sales of vinegar and other condiment products and sales commission income relating to sales of vinegar and other condiment products, and all of our income from packaging and paper products trading business were driven from sales of packaging paper. The following table sets forth our revenue by business type for the years indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Interest Income:		
Finance leasing services		
– Direct finance leasing	**177**	915
– Sale-leaseback	**2,566**	7,799
Factoring services	**4,628**	5,673
Advisory Fee Income:		
Advisory services	**113**	–
Income from sales of vinegar and other condiment products:		
Sales of vinegar and condiment products	**6,887**	458
Sales commission relating to the sale of vinegar and other condiment products	**680**	136
Income from packaging and paper products trading business:		
Sales of packaging paper	**20,976**	13,191
Total	**36,027**	28,172

Our revenue increased from RMB28.2 million for the year ended 31 December 2022 to RMB36.0 million for the year ended 31 December 2023 mainly due to i) the increase in income from our sales of packaging and paper products of RMB7.8 million, ii) the increase in income from sales of vinegar and other condiment products of RMB7.0 million, which was partially offset by the decrease in interest income of RMB7.0 million.

Other Income, Other Gains and Losses

Our other income, other gains and losses mainly consists of interest income from loans to related parties, government grants, interest income from deposits with financial institutions and net loss from financial assets at fair value through profit or loss.

Our other income, other gains and losses decreased from RMB2.0 million for the year ended 31 December 2022 to RMB1.4 million for the year ended 31 December 2023 primarily due to the decrease in government grants of RMB0.6 million.

Interest Expenses

Our interest expenses mainly consist of interest expenses on our interest-bearing borrowings and imputed interest expense on interest-free guaranteed deposits from lessees. We incur interest expenses on borrowings which are principally used to fund our finance leasing business.

Our gearing ratio was 0.12 times as of 31 December 2022 and 0.04 times as of 31 December 2023. The gearing ratio is a measure of financial leverage. It represents total interest-bearing borrowings divided by total equity as of 31 December 2023.

Our interest expenses decreased from RMB3.7 million for the year ended 31 December 2022 to RMB1.5 million for the year ended 31 December 2023 mainly due to the decrease in average monthly balance of loans.

Administrative Expenses

Our administrative expenses primarily consist of staff cost, legal expenses, depreciation, property management expenses, amortization and auditor's remuneration. The table below sets forth the components of our operating expenses by nature for the years indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Staff cost	**6,461**	4,754
Legal expenses	**858**	380
Business travel and transportation expenses	**440**	494
Amortisation cost of intangible assets	**94**	90
Depreciation charge		
– owned property, plant and equipment	**938**	951
– right-of-use assets	**901**	745
Auditor's remuneration		
– audit services	**780**	868
– other services	**594**	660
Property management expenses	**400**	400
Consulting expenses	**172**	342
Sundry expenses	**5,166**	3,583
Total administrative expenses	**16,804**	13,267

Our administrative expenses increased from RMB13.3 million for the year ended 31 December 2022 to RMB16.8 million for the year ended 31 December 2023 mainly due to i) the increase in staff cost of RMB1.7 million; ii) the increase in legal expenses of RMB0.5 million; iii) the increase in research and development expenses of RMB0.3 million; iv) the increase in service fees of RMB0.2 million.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of staff cost, business promotion expenses and logistics expenses. Our sales expenses increased from RMB5.1 million for the year ended 31 December 2022 to RMB10.6 million for the year ended 31 December 2023 mainly due to i) the increase in staff cost of RMB2.1 million; ii) the increase in business promotion expenses of RMB1.9 million, which were expenses primarily related to product promotion; iii) the increase in logistics expenses of RMB0.6 million.

Net Impairment Losses Recognised

Our impairment losses charged mainly include impairment losses charged on finance lease receivables and loans and receivables. The table below sets forth our total impairment losses charged by asset type for the years indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Finance lease receivables	**(1,704)**	6,734
Trade and other receivables	**497**	871
Loans and receivables	**2,785**	3,893
Total net impairment losses recognised	**1,578**	11,498

Our net impairment losses recognised decreased from RMB11.5 million for the year ended 31 December 2022 to RMB1.6 million for the year ended 31 December 2023 primarily due to the combined effect of (i) the impairment loss of approximately RMB4.8 million on a factoring receivables that has been overdue for more than 90 days, and (ii) reversal of impairment loss of approximately RMB3.0 million due to the recovery of certain finance lease receivables that has been overdue for more than 90 days.

For the year ended 31 December 2023, the impairment losses relating to our finance leasing business mainly consisted of finance lease receivables and loans and receivables which were overdue and credit-impaired, and such overdue and credit-impaired finance lease receivables and loans and receivables involved 19 default agreements (each, the "**Overdue and Credit-impaired Agreement**", collectively, the "**Overdue and Credit-impaired Agreements**") amongst 12 customers. We have commenced legal or arbitral proceedings against all relevant counter parties once other means of debt recovery has failed, and we have applied to the relevant courts to commence the enforcement procedure in attempt to recover the debt owed. We have also seised any security deposit collected in relation to the aforementioned default agreement and, depending on the value of the relevant asset and the ease of its disposal, have also applied to the court for recovering the relevant asset as a means of recovering part of the debt due.

As required by HKFRS 9, the Company performed impairment assessment in the end of the Reporting Period under the expected credit loss ("**ECL**") model on finance lease receivables and loans and receivables, and the accounting policy, key assumptions and inputs are stated in Notes 1(f)(vii) and 27(a) to the consolidated financial statements in this report. The main factor of our impairment recognition of the Overdue and Credit-impaired Agreements is the estimated recoverable amount.

In accordance with HKFRS 9, the Group classifies finance lease receivables and loans and receivables into three stages and make provisions for ECL, accordingly, depending on whether credit risk on that financial asset has increased significantly since initial recognition. The estimation of the amount of ECL of credit-impaired financial lease receivables and loans and receivables is based on the estimated net realisable value of any collateral provided or the estimated recovery rate from loss given default in relation to the Overdue and Credit-impaired Agreements, and if appropriate, adjusted by a discount rate depending on factors that were specific to the debtors and affecting the general economic conditions such as the nature of the collaterals, its geographical location, its rate of depreciation and cost, time and difficulty of disposal and further discounted by the estimated internal rate of return of each Overdue and Credit-impaired Agreement, as well as the estimated present value of cashflows generated from the collaterals.

Having considered the above, the Directors are of the view that such provisions of impairment were in line with the relevant accounting standards.

Risk assessment
We have implemented a comprehensive and effective risk management system with stringent procedures in place, including multi-level assessment and approval processes, to offer customers customised repayment plans and interest rates based on their respective credit profiles and historical transaction records. Before entering into agreements with our customers, we shall, regardless of the contract sum, conduct due diligence and risk assessments works as set out in our business process management ("**BPM**") regulations before entering into any financial leasing agreements. The major steps of our due diligence and risk assessments are set out below:

1. After understanding our potential customer's financing needs, we would request the potential customer to provide a series of documentation to prove that it is a legally valid entity and to understand the business production and financial situation of the potential client. Due diligence works including public searches, on-site visits, and due diligence interviews with various parties will also be conducted by our operations team to fully grasp the potential customer's financial status and business operations.

2. Upon preliminary review, the operations team will pass files which are deemed potentially feasible to the credit management department for further examination and review. Our credit management department shall conduct a full due diligence investigation and risk assessment, feasibility assessment, and raise any potential red flags, and produce a project investigation report, which shall be approved by the risk management department and provided for the project review committee's consideration.

3. Upon review of the relevant project investigation report, the project review committee shall resolve whether to proceed with the relevant project.

4. For projects which shall be proceeded with, the general manager shall also conduct a final on-site inspection.

For the year ended 31 December 2023, we had adhered to the procedures set out in the BPM and conducted regular post-grant reviews and stringent post-grant management in relation to all finance lease agreements with our customers.

Income Tax Expense/Credit
We recorded an income tax expense of RMB9.3 million for the year ended 31 December 2022 and an income tax credit of RMB0.3 million for the year ended 31 December 2023 primarily because of the tax credit of approximately RMB1.6 million arising from the impairment loss on the sale of two non-performing assets through auctions, which we have obtained the relevant tax credit supporting documents.

The Directors confirm that we have paid all relevant taxes and are not subject to any dispute or unresolved tax issues with the relevant tax authorities in the PRC.

Loss for the year
We recorded a significant decrease in loss from RMB26.3 million for the year ended 31 December 2022 to RMB16.1 million for the year ended 31 December 2023 mainly because of a reduction in income tax expense of approximately RMB9.7 million.

Liquidity and Capital Resources

We primarily funded our operations and expansions through our Shareholders' equity, interest-bearing borrowings, net proceeds from the Share Offer and cash flows from our operations. Our liquidity and capital requirements primarily relate to our finance leasing and factoring businesses and other working capital requirements. We monitor our cash flows and cash balance on a regular basis and strive to maintain liquidity that can meet our working capital needs while maintaining a healthy level of business scale and expansion.

Cash Flows

The following table sets forth a selected summary of our cash flow statement for the years indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cash and cash equivalents at beginning of the year	**70,102**	19,146
Net cash flows (used in)/generated from operating activities	**(21,260)**	71,329
Net cash flows used in investing activities	**(11,364)**	(21,174)
Net cash flows (used in)/generated from financing activities	**(23,803)**	1,020
Net (decrease)/increase in cash and cash equivalents	**(56,427)**	51,175
Effect of foreign exchange rate changes	**(26)**	(219)
Cash and cash equivalents at end of the year	**13,649**	70,102

Net cash flows used in operating activities

For the year ended 31 December 2023, we had net cash used in operating activities of RMB21.3 million, primarily as a result of operating loss before changes in working capital of RMB9.6 million and the combined effect of the changes in working capital, which consisted of: i) the decrease in cash of RMB10.1 million as a result of the increase in trade and other receivables; ii) the decrease in cash of RMB4.3 million as a result of the increase in inventories; iii) the decrease in cash of RMB1.6 million as a result of the decrease in trade and other liabilities; iv) the decrease in cash of RMB2.1 million as a result of the increase in loan and receivables; and v) the increase in cash of RMB7.2 million as a result of the decrease in finance lease receivables.

Net cash flows used in investing activities

For the year ended 31 December 2023, our net cash used in investing activities was RMB11.4 million. Our net cash flow used in investing activities mainly consisted of the payments on acquisition of investments of RMB73.9 million, partially offset by the proceeds from disposal and redemption of investments of RMB60.5 million. Furthermore, during the Reporting Period, we have dispose of an associate at a consideration of approximately RMB6.3 million, which brought in additional cash flow for our financial services business.

Net cash flows used in financing activities

For the year ended 31 December 2023, our net cash flows generated from financing activities was RMB23.8 million. Our net cash flows used in financing activities consisted of repayment of borrowings of RMB30.9 million, partially offset by proceeds from borrowings of RMB10.0 million.

Selected Items of the Consolidated Statements of Financial Position

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
Non-current assets		
Finance lease receivables	**–**	664
Loans and receivables	**22,734**	11,374
Deposits paid	**132**	132
Property, plant and equipment	**90,156**	92,160
Interest in associate	**–**	4,512
Intangible assets	**384**	348
Deferred tax assets	**7,400**	6,852
Total non-current assets	**120,806**	116,042
Current assets		
Finance lease receivables	**14,361**	19,173
Cash and cash equivalents	**13,649**	70,102
Trade and other receivables	**26,197**	15,721
Loans and receivables	**46,125**	58,207
Inventories	**16,581**	12,268
Financial assets at fair value through profit or loss	**41,099**	27,444
Total current assets	**158,012**	202,915
Current liabilities		
Borrowings	**2,000**	29,930
Trade and other liabilities	**25,632**	24,513
Income tax payable	**2,699**	3,187
Lease liabilities	**271**	419
Deferred income	**–**	100
Total current liabilities	**30,602**	58,149
Net current assets	**127,410**	144,766
Non-current liabilities		
Borrowings	**7,000**	–
Trade and other liabilities	**1,460**	4,622
Lease liabilities	**827**	1,097
Total non-current liabilities	**9,287**	5,719
Net assets	**238,929**	255,089

Our total current assets decreased from RMB203.0 million as of 31 December 2022 to RMB158.0 million as of 31 December 2023 primarily due to the decrease in cash and cash equivalents of RMB56.5 million.

Our total current liabilities decreased from RMB58.1 million as of 31 December 2022 to RMB30.6 million as of 31 December 2023 primarily due to the decrease in borrowings of RMB27.9 million.

Our net assets decreased from RMB255.1 million as of 31 December 2022 to RMB238.9 million as of 31 December 2023 mainly due to the decrease in our total assets.

Finance Lease Receivables
Carrying amount of our finance lease receivables decreased from RMB19.8 million as of 31 December 2022 to RMB14.4 million as of 31 December 2023 mainly because of the decrease in our direct finance leasing business. For the year ended 31 December 2023, all of our finance lease receivables were charged by fixed interest rates.

Loans and Receivables
Our loans and receivables mainly consist of our sale-leaseback transactions and factoring transactions. Our loans and receivables decreased slightly from RMB69.6 million as of 31 December 2022 to RMB68.9 million as of 31 December 2023.

Inventories
Our inventories consist of work in progress, finished goods and raw materials. As of 31 December 2023, our inventories was RMB16.6 million, which primarily consisted of our work in progress of RMB11.2 million.

Cash and Cash Equivalents
Cash and cash equivalents consist of our deposits with banks. Our cash and cash equivalents decreased from RMB70.1 million as of 31 December 2022 to RMB13.6 million as of 31 December 2023.

Trade and Other Liabilities
Our trade and other liabilities mainly include guaranteed deposits from lessees, accrued staff costs, VAT payable and other tax payable, and other payables. The following table sets forth our trade and other liabilities as of the dates indicated:

	As of 31 December	
	2023	2022
	RMB'000	*RMB'000*
Guaranteed deposits from lessees	**6,180**	8,070
VAT payable and other tax payable	**7,191**	7,712
Accounts payable	**263**	668
Accrued staff costs	**3,743**	2,957
Receipts in advance	**252**	169
Advances from a related party	**–**	849
Accrued liabilities	**1,123**	1,175
Trade payable	**2,047**	825
Other payables	**6,293**	6,710
Total trade and other liabilities	**27,092**	29,135

Our trade and other liabilities decreased from RMB29.1 million as of 31 December 2022 to RMB27.1 million as of 31 December 2023. The decrease is mainly due to i) the decrease in guaranteed deposits from lessees of RMB1.9 million; ii) the decrease in advances from a related party of RMB0.8 million; iii) the decrease in VAT payable and other tax payable of RMB0.5 million, partially offset by the increase in trade payable of RMB1.2 million.

Financial Assets at Fair Value through Profit or Loss

For the year ended 31 December 2023, our financial assets at fair value primarily consisted of wealth management products, listed securities.

We invest in wealth management products and listed securities with our paid-up capital, and the investment amount should match our capital structure in terms of scale and must not affect our ordinary business operations. All such financial assets, depending on their amounts and types, will be strictly reviewed and approved by our management at different levels. Our securities investment team conducts risk control and supervision over our investment to effectively manage the investment procedures. All these investment activities are subject to applicable laws and regulations. As of 31 December 2023, the balance of wealth management products and listed securities were RMB34.1 million and RMB7.0 million, respectively.

Indebtedness

Interest-bearing bank borrowings

The following table sets forth our outstanding borrowings as of the dates indicated:

	As of 31 December	
	2023	2022
	***RMB'000*[1]**	*RMB'000*
Bank borrowings:		
– within one year	**2,000**	29,930
– after one year but within two years	**2,000**	–
– after two years	**5,000**	–
Total	**9,000**	29,930

Note:

(1) As of 31 December 2023, RMB9.0 million of the borrowings were secured by pledge of property, plant and equipment.

(2) As of 31 December 2022, RMB20.0 million of the borrowings were guaranteed by Septwolves Group Holding and RMB9.9 million of the borrowings were guaranteed by Fujian Septwolves Group.

Contingent Liabilities

As of 31 December 2023, we have no contingent liability.

Capital Expenditures

Our capital expenditures consist primarily of expenditures for construction in progress, office equipment and machinery. The following table sets forth our capital expenditures for the years indicated:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Capital expenditures	**3,784**	27,116

Capital Commitments

As at 31 December 2023, the Group has outstanding commitments, contracted but not provided for in the financial statement, in respect of assets under construction, amounted to RMB32.3 million.

Key Financial Ratios

The table below sets out our key financial ratios as of the dates or for the years indicated:

	As of/for the year ended 31 December	
	2023	2022
Return on equity[(1)]	**-6.8%**	-10.3%
Return on assets[(2)]	**-5.8%**	-8.3%
Net profit margin[(3)]	**-44.8%**	-93.4%
Debt to equity ratio[(4)]	**-0.02x**	-0.16x
Gearing ratio[(5)]	**0.04x**	0.12x
Net interest spread for finance leasing business[(6)]	**2.9%**	3.1%
Net interest spread for factoring business[(7)]	**5.3%**	7.4%
Net interest margin[(8)]	**4.9%**	7.4%

Notes:

(1) Return on equity represents profit for the year by total equity as of the end of such year.

(2) Return on assets represents profit for the year by total assets as of the end of such year.

(3) Net profit margin represents profit for the year divided by revenue for the relevant year.

(4) Debt to equity ratio represents total interest-bearing borrowings, less cash and cash equivalents, divided by total equity as of the end of such year.

(5) Gearing ratio represents total interest-bearing borrowings divided by total equity as of the end of such year.

(6) Net interest spread for finance leasing business represents the difference between the interest income yield for finance leasing business and the interest expenses yield for finance leasing business.

(7) We utilized our own capital for factoring services and did not incur interest expenses for factoring services during the year. Therefore, the net interest income equals to the interest income and the net interest spread equals to the interest income yield for factoring services.

(8) Net interest margin is calculated by dividing net interest income by average monthly balance of the receivables related to our finance leasing services and factoring services and multiplied by 100%.

The net profit margin shows the amount of the revenue that translates into profit. Our net profit margin increased from -93.4% for the year ended 31 December 2022 to -44.8% for the year ended 31 December 2023 primarily due to the significant decrease in loss for the year.

The debt to equity ratio identifies companies' leverage and risk for investors. Our debt to equity ratio decreased from -0.16 times as of 31 December 2022 to -0.02 times as of 31 December 2023, which is primarily attributable to the combined effect of i) the decrease in our cash and cash equivalents; and ii) the decrease in total interest-bearing borrowings.

The gearing ratio is a measure of financial leverage. Our gearing ratio decreased from 0.12 times as of year ended 31 December 2022 to 0.04 times as of 31 December 2023 mainly due to the decrease in bank borrowings.

The net interest margin indicates the efficiency of our funds invested in our finance leasing services and factoring services. Our net interest margin decreased from 7.4% as of 31 December 2022 to 4.9% as of 31 December 2023 primarily because of the decrease in interest income of our finance leasing services and factoring services.

Foreign Currency Exposure

Since our Group's business activities are solely operated in the PRC and denominated in RMB, the Directors consider that our Group's risk in foreign exchange is insignificant.

MATERIAL INVESTMENTS, ACQUISITION AND DISPOSALS

On 1 November 2023, Xiamen Baiying sold its 5% equity interest in Fujian Jingong New Energy Technology Co., Ltd. to Shanghai Ronghe New Energy Green Carbon Investment Partnership* (上海融和新能綠碳投資合夥企業), Jiaxing Qiyuan Xuneng Venture Capital Partnership* (嘉興啟原旭能創業投資合夥企業), and Huzhou Haichuan Equity Investment Partnership* (湖州海川股權投資合夥企業) for a consideration of RMB6,250,000 (equivalent to approximately HK$6,810,625) and recorded a gain on disposal of approximately RMB2.5 million. For details, please refer to the announcement of the Company dated 1 November 2023 and 24 November 2023.

On 27 December 2023, Qiaoxin entered into a construction contract with Zhongpan Construction Group Co., Limited* (中磐建設集團有限公司) for the construction of a vinegar production factory and storage facility for a contract sum of RMB29,000,000 (equivalent to approximately HK$31,502,700). For details, please refer to the announcement of the Company dated 27 December 2023.

Save as disclosed above, we did not have any other material investments, acquisition or disposal for the year ended 31 December 2023.

As at 31 December 2023, we had no specific future plan for material investments or capital assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

Other than bank borrowings we obtained from commercial banks and save as disclosed in the section headed "Events after the Reporting Period" of this Report, we have no future plans for investments or external financing.

EMPLOYMENT AND EMOLUMENTS

As of the date of this annual report, our Group had 106 full time employees, who were all based in China. Our employees' remuneration was paid with reference to their individual responsibility and performance, as well as the actual practice of the Company. We have made contributions to social insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing funds for our employees. As of the date of this annual report, we had complied with all applicable PRC laws and regulations in all material aspects.

We invest in continuing education and training programs for our management and other employees with a view to constantly upgrading their skills and knowledge. We also arrange for internal and external professional training programs to develop our employees' skills and knowledge. These programs include further educational studies, fundamental economics and finance knowledge, skills training, and professional development courses for our management personnel. New employees are required to attend induction training courses to ensure that they are equipped with the necessary skills to perform their duties.

In 2023, we provide both online and offline training to our employees. In order to make the training more targeted and quantifiable, the Company opened an educational resource account on the education platform to share with all employees, the content of which covers financial, negotiation, business etiquette, management skills, etc., with the form of clock-in learning to encourage employees to take the initiative to improve themselves in their leisure time. At the same time, we also planned reading sharing activities, and invited departments to take turns in recommending good reading materials. In line with the newly developed vinegar business, we provide our employees with rich training on company culture, product knowledge and industry knowledge to help them familiarize themselves with the Company and start their work as soon as possible. We have set up an experience sharing mechanism in our sales team, whereby experienced management and sales champions share their successful experiences, so as to pass on their experience, strengthen interaction and enhance team cohesion.

CHARGES ON GROUP ASSETS

As at 31 December 2023, we did not have any charge over our assets.

PROSPECTS

The Group has made substantial progress in making a mark in the vinegar manufacturing and sales industry in China through our brand “Qiaoxin”. Since establishing Qiaoxin in Yongchun, Fujian Province on 23 April 2020 as a strategic move to diversify our business, the Group had taken steady steps to exploit the vinegar manufacturing and sales market through establishing production facilities, building strong brand image through research and development and improving publicity, as well as developing mature operations and distribution channels. During the past year, the Group had continued to step up its investments after we successfully won the bid for the land use rights of a piece of land in Yongchun County with a total site area of approximately 71,941 sq.m. and the structures erected thereon, which will be transformed and renovated for use as a new monascus wine and vinegar production and storage site. Qiaoxin had also successfully completed the trial production phase and commenced full production in several lines of products. Our factory was awarded HACCP (Hazard Analysis and Critical Control Points for Food Enterprises), ISO22000 (Food Safety Management System), and ISO9001 (Quality Management System) system certificates at the end of June 2023, which provides a good foundation for our sales to be fully developed. We have already obtained the certification and authorisation of geographical indication products, and we have stocked up the Yongchun aged vinegar with at least 3 years of aging in accordance with the standard of GB/T26531-2011 to be ready for sale. This batch of Yongchun aged vinegar will become the benchmark product in this market segment. Our products have been recognised by all levels of government, industry associations, the 2023 Spring Expo and other sectors of the community both in the lead-up and upon launch. Our products have been successfully launched into local markets through various distribution channels.

As a condiment with a long history, the Group believes that table vinegar has a broad market and huge market potential in China. Yongchun aged vinegar, one of the four famous vinegar products in China, is made from a distinct brewing process and has a unique flavour. It has its own advantages as a regional brand. However, due to geographical limitations, the awareness of Yongchun aged vinegar in China needs to be raised. In view of the low barriers of entry in China’s vinegar industry, low brand concentration and short industrialisation process, the Directors believe that the production and sale of Yongchun aged vinegar will become and remain a crucial segment of our Group’s business and will be integral in bringing greater returns to our shareholders.

Looking forward to the future, building on the solid foundations developed so far, the Group is confident that Qiaoxin’s production capacity will gradually be fully utilised in order to maximise our production output. The Group is also keen on improving the diversity of our product offerings by launching more condiment products to target different customer audiences. It further strives to improve its geographical reach by further develop its distribution networks through cooperating with more domestic retailers, large supermarkets and online platforms.

On the other hand, in view of the release and tightening of industrial regulatory policies and adjustment of monetary and credit policies, financial leasing as our primary business continues to face substantial restrictions and challenges. Despite steady performance of the business, business progress has stagnated, and hence the Group has slowed down the development and investment in our finance leasing business. The Company will, as always, adhere to the principle of prudent operation and risk prioritisation in providing business plans that meet customer needs and ensure its own interest and capital security in this complex environment. In order to control our business risk to the furthest extent, we will optimize our business process, increase our pre-investment due diligence efforts, improve post leaving management, and commence new business investments against the backdrop of stronger security measures, in order to strive for maximum benefit for the Company.

In addition, we stepped into the fields of sale and supply chain of paper products in 2021. We cooperated with high-quality partners and made use of their resource advantages and industry experience to try in the new fields. The paper sector has brought us certain benefits. Looking forward to 2023, we will pay continuous attention to the performance of the paper sector and make adjustments in a timely manner, with the ultimate goal of maximizing returns to the Group and our shareholders.

With the relaxation of COVID-19 related restrictions and policies in the PRC, we believe that the performance of all of our businesses in 2023 is optimistic. We will prepare ourselves for 2024, aiming to capitalise on whatever opportunities available as we think fit in order to improve the Group’s performance and returns.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Zhou Shiyuan (周士淵) ("Mr. Zhou"), aged 35, is an executive Director and the chairman of the Board. Mr. Zhou is the son of Mr. Zhou Yongwei, one of our Controlling Shareholders. Mr. Zhou is responsible for our Group's strategic planning, overall operation and management of the Board, and provides strategic advice to the business and operation of our Group. He was appointed as a director of Xiamen Baiying in July 2016, and is currently the chairman and legal representative of Xiamen Baiying. Mr. Zhou was appointed as an chairman of the board of Fujian Qicheng Holding Co., Ltd.* (福建啟誠控股股份有限公司) in January 2015 which was principally engaged in asset investment consulting and management, and is currently responsible for the overall operation and equity investment and management. Mr. Zhou has also been serving as the chairman of Septwolves Group Holding since August 2022 and is currently responsible for strategic planning and executing operation and investment plan and decisions of Septwolves Group Holding. From July 2010 to August 2012, Mr. Zhou worked as an assistant to general manager of Hangho Land (Xiamen) Co., Ltd.* (恒禾置地(廈門)股份有限公司) which was principally engaged in real estate development and management, where he was responsible for cost control and procurement. Since 28 December 2021, he has been appointed a director of China National Gem & Jewellery Imp. & Exp. Co., Ltd. (stock code: 872775, a company listed on NEEQ since 20 April 2018).

Mr. Zhou completed General English Language Course (advanced level) and graduated from Leicester College in October 2007. Mr. Zhou studied business and marketing at the Birmingham City Business School of Birmingham City University in the 2008/2009 academic session. Mr. Zhou was elected as a deputy to the 13th Fujian Provincial People's Congress in January 2018. In December 2019, Mr. Zhou was elected as the chairman of the World Jinjiang Friendship Council* (世界晉江聯誼會理事會) and awarded the Fujian Youth May Fourth Medal* (福建青年五四獎章). In August 2020, he was elected as the member of All-China Youth Federation (中華全國青年聯合會). He was elected as a representative of the 14th Fujian Provincial People's Congress in January 2023.

Mr. Chen Xinwei (陳欣慰) ("Mr. Chen"), aged 49, is an executive Director. Mr. Chen is responsible for advising on and supervising the implementation of strategic planning of our Group. Mr. Chen served as a chief executive officer of Septwolves Group Holding since March 2006. He is currently responsible for the overall operation. From July 2004 to February 2006, Mr. Chen served as a chief investment officer and the deputy general manager of Fujian Septwolves Group which was principally engaged in project investment and asset management. He was responsible for investment and financing business.

Mr. Chen obtained his bachelor's degree in mathematics and his master's degree in probability theory and mathematical statistics from Xiamen University in July 1998 and June 2001, respectively. Mr. Chen also obtained a doctor's degree in economics from Xiamen University in September 2006. He was a member of the 11th and 12th All-China Youth Federation. In 2020, Mr. Chen won the title of "Talent of Siming District" in Xiamen. Mr. Chen was qualified as a senior economist in 2021.

Mr. Huang Dake (黃大柯) ("Mr. Huang"), aged 53, our executive Director and the general manager, as well as our compliance officer since 20 October 2021, is the principal founder of our Group and has served as a director and the general manager of Xiamen Baiying since its incorporation in March 2010. Mr. Huang is primarily responsible for supervising the overall management, day-to-day operations and marketing management of our Group. Prior to joining our Group, he served as a deputy general manager of Xiamen Hongxin Boge Finance Leasing Co., Ltd.* (廈門弘信博格融資租賃有限公司) which was principally engaged in finance leasing from July 2008 to August 2009. Mr. Huang was responsible for business development and management. Mr. Huang also worked as an associate professor of Huaqiao University (華僑大學) from July 2006 to April 2017, where he was responsible for research and education projects.

Mr. Huang obtained his bachelor's degree in meteorological dynamics from Lanzhou University (蘭州大學) and his master's degree in quantitative economics from Huaqiao University (華僑大學) in June 1993 and July 2000, respectively. Mr. Huang also obtained a doctor's degree in economics from Xiamen University (廈門大學) in September 2006. Mr. Huang served as the chairman of Gansu Chamber of Commerce (Fujian branch) (福建省甘肅商會) from March 2015 to June 2020 and has served as a secretary of the Communist Party of China (中國共產黨) in Gansu Chamber of Commerce (Fujian branch) since July 2020. Mr. Huang served as a vice chairman of Xiamen Local Finance Association* (廈門地方金融協會) since December 2018. Mr. Huang also served as a member of Leasing Business Committee of China Association of Enterprises with Foreign Investment (中國外商投資企業協會租賃工作委員會) since January 2019. In 2021, he was honoured as a leading figure in finance of the year 2020 by Xiamen Municipal Association of Local Financial Institutions.

Non-executive Director

Mr. Ke Jinding (柯金鍡) ("Mr. Ke"), aged 48, is a non-executive Director. Mr. Ke is responsible for advising on and supervising the implementation of strategic planning of our Group. Mr. Ke held various positions in Jingong Machinery which was principally engaged in manufacturing engineering and fundamental agricultural machinery, including general manager, deputy sales general manager, assistant to general manager and etc. since July 1997.

Mr. Ke graduated with his diploma in business management from Huaqiao University (華僑大學) in July 1997. In October 2020, Mr. Ke elected as the chairman of supervisory committee of the second Quanzhou Equipment Manufacturing Association (泉州裝備製造業協會).

Independent Non-executive Directors

Mr. Chen Chaolin (陳朝琳) ("Mr. Chen"), aged 50, is an independent non-executive Director since 19 June 2018. Mr. Chen is responsible for supervising the compliance and corporate governance, and providing independent advice to the Board. Since December 2015, Mr. Chen served as director of Xiamen Borui Investment Co., Ltd.* (廈門博芮投資股份有限公司) where he is responsible for guiding the company's operation. From December 2019 to June 2023, Mr. Chen served as an independent non-executive director of Shangte (Xiamen) Exhibition Co., Ltd.* (上特展示(廈門)股份有限公司). Since January 2020, Mr. Chen served as an independent non-executive director of Fujian Feitong Communication Technology Co., Ltd.* (福建飛通通訊科技股份有限公司). Since November 2020, Mr. Chen served as an independent non-executive director of Renlipin Pharmaceuticals (Xiamen) Co., Ltd.* (任力品藥業(廈門)股份有限公司). He has also served as an independent director of Fujian Haixi Pharmaceuticals Co., Ltd. * (福建海西新藥創製股份有限公司) since October 2022. Mr. Chen also served successively as a teacher and the deputy professor of Xiamen National Accounting Institute (廈門國家會計學院) where he is responsible for teaching and researching since June 2011. From November 2004 to July 2008, Mr. Chen served as a project manager of Xiamen Business Management Personnel Evaluation Recommendation Center* (廈門市企業經營管理人才評價推薦中心) and was responsible for human resources management consulting services. From June 2001 to October 2004, Mr. Chen served as a project manager of Xiamen Power Capital Consulting Co., Ltd.* (廈門高能投資諮詢有限公司) which was principally engaged in securities investment services, where he was responsible for investment and consulting services. Mr. Chen served as an assistant to general manager of Lianjiang Ruibang Metal Product Company Limited* (連江瑞邦金屬製品有限公司), a company principally engaged in hardware development and production from November 1997 to August 1999, where he was responsible for assisting the general manager. From August 1995 to October 1997, Mr. Chen worked as an office clerk in Fujian Feed Industry Company* (福建省飼料工業公司) which was principally engaged in purchase and sale of primary agricultural products, where he was responsible for futures brokerage and proprietary trading.

Mr. Chen obtained his bachelor's degree in economics from Xiamen University and his master's degree in business administration from Xiamen University in July 1995 and December 2002, respectively. Mr. Chen also obtained a doctor's degree in management from Xiamen University in June 2011. Since May 2019, Mr. Chen is a member of the second session of the advisory committee of the Accounting Standards for Business Enterprises of the PRC Ministry of Finance (中國財政部第二屆企業會計準則諮詢委員會) with a term of two years.

Mr. Tu Liandong (涂連東) ("Mr. Tu"), aged 55, is an independent non-executive Director since 19 June 2018. Mr. Tu is responsible for supervising the compliance and corporate governance, and providing independent advice to the Board. In November 2019, Mr. Tu was appointed as the chairman of the board and the general manager of Xiamen Jindongshi Investment Management Co,. Ltd.* (廈門金東石投資管理有限公司) and is primarily responsible for investment management and asset management. From June 2019 to March 2023, Mr. Tu was appointed as a director and the general manager of Xiamen Liemou Consulting Co., Ltd.* (廈門獵謀諮詢服務有限公司) and is primarily responsible for investment consulting and enterprise management consulting, among other things. From July 2018 to August 2019, Mr. Tu served as an executive director of Pingtan Comprehensive Experimental Zone Shichu Investment Management Co., Ltd.* (平潭綜合實驗區時初投資管理有限公司) which was principally engaged in investment and asset management, where he was responsible for investment management and asset management. From May 2018 to April 2019, Mr. Tu served as an executive director of Xiamen Shichu Investment Consulting Co., Ltd.* (廈門時初投資諮詢有限公司) which was principally engaged in investment consulting, enterprise management consulting and business information consulting, where he was responsible for investment consulting and financial consulting, among other things. From February 2018 to March 2023, Mr. Tu was appointed as executive director and general manager of Xiamen Xuankai Investment Operation Management Co., Ltd.* (廈門宣凱投資運營管理有限公司), a company principally engaged in investment management consulting, where he was responsible for investment management and investment consulting. Mr. Tu served as executive director of Xiamen Southern Qianhe Investment Management Co., Ltd.* (廈門南方謙和投資管理有限公司) which was principally engaged in investment and asset management from November 2016 to February 2018, where he was responsible for fund management and investment consultation. From July 2016 to November 2016, Mr. Tu served as a managing partner of Xiamen Fantai Investment Management Co., Ltd* (廈門泛泰創業投資管理有限公司) which was principally engaged in investment consulting, where he was responsible for investment. From May 2003 to July 2016, Mr. Tu served as a chief financial officer and partner of Xiamen Power Capital Consulting Co., Ltd.* (廈門高能投資諮詢有限公司) which was principally engaged in investment management, where he was responsible for listing guidance, investment consulting, financial advisory and fund management. Mr. Tu worked as principal staff member of CSRC Xiamen Bureau (中國證監會廈門證監局) from March 2002 to May 2003, where he was responsible for supervision on securities and futures businesses. From July 1997 to March 2002, Mr. Tu served as a Certified Public Accountant and partner of Xiamen Zhongxing Certified Public Accountants Co., Ltd.* (廈門中興會計師事務所有限公司), a company principal engaged in audit, capital verification and accounting consultation, where he was responsible for accounting and tax consulting and auditing and property valuation. Mr. Tu worked as lecturer of Jimei University (集美大學) from September 1993 to July 1997. Mr. Tu currently also serves as an independent non-executive director and chairman of the audit committee of Fujian Supertech Advanced Material Co., Ltd.. From April 2017 to April 2023, (福建賽特新材股份有限公司) (stock code: 688398, a company listed on the Shanghai Stock Exchange since February 2020). Mr. Tu currently serves as independent non-executive director and chairman of audit committee of Guoanda Co., Ltd.* (國安達股份有限公司) (stock code: 300902, a company listed on Shenzhen Stock Exchange) since September 2020. Mr. Tu serves as an independent non-executive director of Xiamen Fengyun Technology Co., Ltd.* (廈門風雲科技股份有限公司) (stock code: 836460, accompany listed on NEEQ) since August 2020. From June 2020, Mr. Tu has been an independent non-executive director and chairman of the audit committee of Chengtun Mining Group Co., Ltd. (盛屯礦業集團股份有限公司) (stock code: 600711, a company listed on the Shanghai Stock Exchange since May 1996). From December 2023, Mr. Tu serves as independent non-executive director and chairman of audit committee of Xiamen Anne Corporation Limited (廈門安妮股份有限公司) (stock code: 2235, a company listed on Shenzhen Stock Exchange since May 2008).

Mr. Tu obtained his bachelor's degree in science from Fuzhou University (福州大學) and his master's degree in science from Xiamen University in July 1990 and September 1993, respectively. Mr. Tu also obtained the qualification of certified public accountants of the PRC in May 1997.

Mr. Xie Mianbi (謝綿陛) ("Mr. Xie"), aged 55, is an independent non-executive Director since 19 June 2018. Mr. Xie is responsible for supervising the compliance and corporate governance, and providing independent advice to the Board. Mr. Xie worked as a lecturer, vice professor and professor of JiMei University (集美大學) successively since August 1998. From August 1990 to July 1998, Mr. Xie worked as a lecturer of Sanming Medical and Polytechnic Vocational College (三明醫學科技職業學院) (formerly known as Fujian Sanming Textile Industry College* (福建三明紡織工業學校)) and Fujian Sanming Financial and Economics College* (福建三明財經學校).

Mr. Xie obtained his bachelor's degree in engineering mechanics from Northwestern Polytechnical University (西北工業大學) and his master's degree in finance from Xiamen University in July 1990 and December 1999, respectively. Mr. Xie also obtained a doctor's degree in economics from Xiamen University in June 2004.

Senior Management

Mr. Zhang Zhaowei (張兆偉) ("Mr. Zhang"), aged 50, is the deputy general manager of our Group. Mr. Zhang is responsible for sales and marketing matters of our Group. He has been the deputy general manager of Xiamen Baiying since 2011. Prior to joining our Group, Mr. Zhang worked as an analyst of HSBC Bank (Canada)* (加拿大滙豐銀行) from January 2008 to December 2009 where he was responsible for database maintenance and online application development. From September 2003 to August 2005, Mr. Zhang worked as an analyst of Lianhe Furniture Company* (聯合家具公司) which was principally engaged in sales of furniture and other products, where he was responsible for stock analysis and procurement. From July 1994 to May 2000, Mr. Zhang worked as a manager of Xiamen Xingsha Industrial General Company* (廈門星鯊實業總公司) which was principally engaged in production and sales of medicines and animal health products, where he was responsible for marketing and sales management.

Mr. Zhang graduated with a bachelor's degree in agricultural science from Huazhong Agricultural University (華中農業大學) in July 1994 and a master's degree in business administration from Xiamen University in June 2002. Mr. Zhang also obtained a bachelor of science degree in computer science from Simon Fraser University (西蒙弗雷澤大學) in September 2009.

Ms. Xu Jianxia (許建霞) ("Ms. Xu"), aged 50, is the financial manager of our Group. Ms. Xu is responsible for financial and accounting matters of our Group. Ms. Xu joined our Group as the financial manager of Xiamen Baiying in May 2012. Prior to joining our Group, Ms. Xu worked as a financial manager of Xiamen Yuancheng Managing Consulting Co., Ltd.* (廈門市元成企管諮詢有限公司), a company principally engaged in corporate management consulting, from February 2005 to December 2011, where she was responsible for financial and accounting matters. From September 1991 to December 2004, Ms. Xu worked as a deputy manager of the financial department of Fujian Naoshan Paper Co., Ltd.* (福建鐃山紙業有限公司), which was principally engaged in production and sales of paper products, where she was responsible for financial and accounting matters.

Ms. Xu graduated from Network Education School of Renmin University of China* (中國人民大學網絡教育學院) in July 2008 with a bachelor's degree in marketing. In January 2017, Ms. Xu graduated from Concordia University with a master's degree in business administration.

Mr. Long Hongbo (龍洪波) ("Mr. Long"), aged 51, is the chief marketing officer of our Group since August 2023. He is responsible for the sales and marketing matters of our Group. Before taking up the current post, Mr. Long has been the sales director of Qiaoxin, an indirectly wholly-owned subsidiary of the Group, since May 2022. He was primarily responsible for formulating and implementing marketing strategies and sales targets, internal team building and management, negotiation and coordination with customers, sales channel promotion and management, and product and corporate image promotion. Prior to joining our Group, Mr. Long worked as a sales director (South East region) of Lee Kum Kee from April 2002 to January 2021.

Mr. Long graduated from Jiangxi Tourism and Commerce Vocational College (江西旅遊商貿職業學院) in 1993 with a degree in financial accounting. Mr. Long also obtained a degree in accounting from Beijing Technology and Business University (北京工商大學) in 1996.

Board Secretary and Joint Company Secretary

Ms. Yang Lexing (楊樂興) ("Ms. Yang"), aged 31, is the secretary of the Board since June 2022 and one of our joint company secretaries since December 2022. Ms. Yang is responsible for preparing financial reports, (i.e. annual, interim and quarterly reports) and the Stock Exchange announcements, drafting environmental, social and governance reports, secretarial work for the Board, coordinating meetings of the Board and the various committees of the Company, shareholder communication, project evaluation and execution and listing compliance matters of the Group. Ms. Yang joined the Group in March 2015, initially as an auditor in the finance department. She then served as securities commissioner in the general securities affairs department of the Group, where she was heavily involved in the initial public offering process of the Company before assuming her present role.

Ms. Yang graduated from Southwest Petroleum University in June 2015 with a bachelor's degree in management. She possesses securities professional qualifications in the PRC.

* *for identification purpose only*

Report of the Directors

The Board is pleased to present this report of Directors together with the audited consolidated financial statements of our Group for the year ended 31 December 2023 to the Shareholders.

SHARE OFFER

The Company was incorporated in the Cayman Islands on 5 June 2017 as an exempted company with limited liability under the Cayman Islands Companies Law. The Shares were listed on GEM on 18 July 2018.

PRINCIPAL BUSINESS AND PRINCIPAL PLACE OF BUSINESS

Our Group principally provides finance leasing services, factoring services and advisory services to the customers in the PRC. We are also engaged in packaging and paper products trading and manufacture and sales of vinegar products and sales of other condiment products.

Our principal place of business and headquarters in the PRC is at Unit 2, 18/F, No. 77 Tai Nan Road, Siming District, Xiamen, Fujian, the PRC. Our principal place of business in Hong Kong is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

BUSINESS REVIEW

A review of our Group's business for the year ended 31 December 2023 and a discussion on our Group's future business development as required by Schedule 5 to the Companies Ordinance (Chapter 622, the laws of Hong Kong) (the "**Companies Ordinance**") are set out in the sections of "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Such discussions form part of this Report of the Directors. Certain financial key performance indicators are provided in the section of "Financial Summary" of this annual report.

Important events affecting our Group that has occurred since the end of the Reporting Period are mentioned in the section headed "Events after the Reporting Period" of this Report of the Directors.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 14 to the consolidated financial statements of this annual report.

ENVIRONMENT, SOCIAL AND GOVERNANCE

Our Group strictly complies with the requirements of Environmental, Social and Governance ("**ESG**") Reporting Guide set out in Appendix C2 of the GEM Listing Rules, and our Group is committed to incorporating sustainable development principle into our corporate development strategies and daily operation and management and the goal of acting as a responsible corporate citizen. For details, please refer to the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Our Group persists in maintaining good corporate governance and operating in compliance with the relevant laws and regulations in the PRC, the rules and provisions of the Companies Ordinance, the GEM Listing Rules and the SFO in Hong Kong. For details, please refer to the subsection headed "Compliance with Key Regulatory Requirements" set out in section headed "Management Discussion and Analysis" of this annual report.

KEY RELATIONSHIPS

Our Group endeavours to maintain sustainable development in the long run and continuously create value for our employees and customers. Our Group understands that employees are our valuable assets and the realization and enhancement of our employees' value will facilitate the achievement of our Group's overall goals. We provide comprehensive benefits package and continuing education and training programs for our employees.

Our Group also understands the importance of maintaining good relationships with our customers. We provide efficient and customized finance leasing services, satisfactory paper products and condiment products to our customers and handle their complaints in a timely manner to maintain the competitiveness of our services and our brand.

During the year ended 31 December 2023, we considered our relationship with employees was good and there was no significant and material dispute with our customers.

SEGMENT INFORMATION

Detail of segment information are set out in note 3 to the consolidated financial statements.

KEY RISK FACTORS

Credit Risk

As a finance leasing company dedicated to providing equipment-based financing solutions to SMEs and entrepreneurial individuals, credit risk is the most significant risk inherent in our business. Credit risk arises from a customer's inability or unwillingness to repay its financial obligations owed to us in a timely manner or at all.

Liquidity Risk

Liquidity risk refers to the risk of us not having sufficient funds to meet our liabilities as they fall due. This may arise from mismatch in amount or duration in respect of the maturity of our financial assets and liabilities. If any liquidity difficulty occurs, our business, financial condition and results of operations could be materially and adversely affected.

Political, Economic and Social Conditions

The majority of our operations and assets are located in China, and all of our revenue was derived from our business in China during the Reporting Period. Any negative changes in the political, economic or social conditions in China may have a material adverse effect on our present and future business operations.

These risks are not the only significant risks that may affect the value of the Shares. For more details, please refer to note 27 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the revenue from our top five customers and the largest customer accounted for 57.4% and 25.9% of our total revenue, respectively.

As of 31 December 2023, we had transactions with 2 customers from packaging and paper products trading business which accounted for more than 10% of our total revenue. These customers are all SMEs principally engaged in the sales of various mid- to high-end corrugated fiberboard boxes, cardboard and plastic packaging.

As of 31 December 2023, our sale of vinegar and other condiment products business did not have any customer which accounted for more than 10% of our total revenue.

During the Reporting Period, we do not have any major supplier in our finance leasing business.

Purchases attributable to the Group's top five suppliers in relation to our packaging and paper products trading business accounted for approximately 100% of the total of such purchases for the year, and purchases from the largest supplier included therein amounted to approximately 98.9% of the total purchase.

Purchases attributable to the Group's top five suppliers in relation to our sale of vinegar and other condiment products business accounted for approximately 38.3% of the total of such purchases for the year, and purchases from the largest supplier included therein amounted to approximately 14.4% of the total purchase.

To the best knowledge of the Directors, apart from a related party sets out in note 29 to the consolidated financial statements of this annual report, none of the Directors or their respective close associates or any Shareholders who own more than 5% of the Company's issued Shares, had any beneficial interest in any of our Group's five largest customers or suppliers during the year.

CONTINUING DISCLOSURE REQUIREMENTS UNDER THE GEM LISTING RULES

As of 31 December 2023, the Directors have confirmed that they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 and Rule 17.43 of the GEM Listing Rules.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of our Group are set out in the section of "Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements of our Group.

FINANCIAL STATEMENTS

The results of our Group for the year ended 31 December 2023 as of the date are set out in the consolidated financial statements of this annual report.

A discussion and analysis of our Group's performance during the Reporting Period and material factors underlying its results and financial position are set out in the section headed "Management Discussion and Analysis" of this annual report.

RESERVES

Details of movements in reserves of our Group during the Reporting Period are set out in the section headed "Consolidated Statement of Changes in Equity" of this annual report, of which details of reserves available for distribution to Shareholders are set out in note 26 to the consolidated financial statements of this annual report.

DIVIDEND POLICY

Subject to the applicable laws, rules, regulations and the Articles, the Company may distribute dividend by way of cash, share allotment or any other form in any currency to the Shareholders. Declaration of dividends is subject to the discretion of the Board, depending on our results of operations, working capital and capital requirements, as well as any other factors considered relevant. A separated resolution of the proposed dividend distribution plan will be submitted by the Board to the Shareholders at the general meeting for their consideration and approval. The distribution of dividend will be completed within three months upon the approval by the Shareholders at the general meeting.

DIVIDEND

The Board did not propose or recommend the distribution of any dividend for the year ended 31 December 2023.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholder's entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 24 June 2024 to Thursday, 27 June 2024, both days inclusive, during which period no Share transfers will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, no later than 4:30 p.m. on Friday, 21 June 2024.

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank and other borrowings of our Group as of 31 December 2023 are set out in note 22 to the consolidated financial statements of this annual report.

SHARE CAPITAL

On 18 July 2018, the Company issued an aggregate of 67,500,000 Shares of HK$0.01 each at the offer price of HK$1.28 per Share by way of Share Offer. There was no change in share capital of the Company since the Listing Date. For more details, please refer to the section headed "Consolidated Statement of Changes in Equity" of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules as of the date of this annual report.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of Cayman Islands, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing Shareholders in proportion to their shareholdings.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

During the Reporting Period, there had been no convertible securities, options, warrants or other similar rights issued or granted by the Company and there had been no exercise of convertible securities, option, warrants or similar rights.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the subsection headed "Share Option Scheme", no equity-linked agreements were entered into by the Company or subsisted at any time during the year ended 31 December 2023.

DIRECTORS

The following table sets forth information relating to the Directors:

Name	Age	Position	Appointment Date
Mr. Zhou Shiyuan (周士淵)	35	Chairman and executive Director	05 June 2017
Mr. Chen Xinwei (陳欣慰)	49	Executive Director	05 June 2017
Mr. Huang Dake (黃大柯)	53	Executive Director and general manager Compliance Officer	05 June 2017 20 October 2021
Mr. Ke Jinding (柯金鐤)	48	Non-executive Director	05 June 2017
Mr. Chen Chaolin (陳朝琳)	50	Independent non-executive Director	19 June 2018
Mr. Tu Liandong (涂連東)	55	Independent non-executive Director	19 June 2018
Mr. Xie Mianbi (謝綿陛)	55	Independent non-executive Director	19 June 2018

All existing Directors have been appointed for a fixed term of three years with a service contract. Pursuant to Article 84 of the Articles of Association and code provision (the "**Code Provisions**") B.2.2 of the Corporate Governance Code (the "**CG Code**") (Appendix C1 to the GEM Listing Rules), at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, each of Mr. Zhou Shiyuan, Mr. Chen Xinwei, Mr. Ke Jinding and Mr. Tu Liandong, being eligible, offers himself for re-election at the AGM.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all of the independent non-executive Directors are independent of the Company.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

SERVICE CONTRACTS OF DIRECTORS

Each of the Directors has entered into a service contract with the Company for a term of three years. Our Group has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Director which is not determinable by the employer within one year without the payment of compensation (other than statutory compensation).

INDEMNITY OF DIRECTORS

The Company has maintained appropriate Directors and officers liability insurance and the permitted indemnity provision as defined in section 469 of the Companies Ordinance for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2023.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors and five highest paid individuals for the year ended 31 December 2023 are set out in notes 9 and 10 to the consolidated financial statements of this annual report.

The remuneration to Directors is subject to the Shareholders' approval at the general meeting. The emoluments payable to the Directors and senior management and their respective contractual terms under their employment contracts or service contracts are determined by the Board with recommendations of the remuneration committee of the Company (the "**Remuneration Committee**"), having regard to their performance, our Group's operating results and comparable market statistics. No Directors, or any of their respective associates, were involved in deciding their own remuneration.

Pursuant to code provision E.1.5 of the CG Code, remuneration paid to each of the members of the senior management of the Company (except for three executive Directors) for the year ended 31 December 2023 is less than RMB420,000. No Director and senior management of the Company has waived or agreed to waive any emoluments.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of our Group were entered into or in existence during the year ended 31 December 2023.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the subsection headed "Connected Transactions and Continuing Connected Transactions" in this report, none of the Directors or entities connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, nor did such transaction, arrangement or contract subsist during the Reporting Period.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the subsection headed "Related Party Transactions" in this report, there had been no contract of significance between the Company or any of its subsidiaries and a Controlling Shareholder or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries.

COMPETING BUSINESS

None of the Directors or their respective close associates (as defined in the GEM Listing Rules) was engaged in any business which competes or was likely to compete, either directly or indirectly, with the business of the Company during the Reporting Period.

PENSION SCHEME

Our Group participates in pension scheme administered and organized by the local municipal government of the PRC. Contributions to this pension scheme are charged to profit or loss as they became payable in accordance with the rules of the central pension scheme. Our Group has no obligation for the payment of pension benefits beyond the contributions described above. There was no forfeited contribution which may be used by the Group to reduce the contribution payable in the future years.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Each of Septwolves Holdings, Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming has confirmed to the Company that, during the Reporting Period, it/he has complied with the non-competition undertakings given by them to the Company on 20 June 2018, details of the non-competition undertakings were set out in the Prospectus.

The independent non-executive Directors have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that all the undertakings thereunder have been complied with by each of Septwolves Holdings, Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2023 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were such rights exercised by them, or was the Company or any its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of the Company or any other body corporate.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Company have adopted the Code Provisions of the CG Code and reviewed its corporate governance policies and their compliance from time to time. During the Reporting Period, the Company has fully complied with the Code Provisions. For details, please refer to the section headed "Corporate Governance Report" of this annual report.

SIGNIFICANT LEGAL PROCEEDINGS

As of 31 December 2023, we had total of 9 outstanding legal proceedings initiated by us. As these proceedings arose in the ordinary course of our daily operations and relatively small amounts of finance lease receivables are involved, the Directors are of the view that these proceedings would not have any material adverse effect on our business, financial condition or results of operations. During the Reporting Period, we handled a civil litigation as a defendant relating to a dispute regarding our construction project in Yongchun county. Such litigation was adjudicated by the Quanzhou Intermediate People's Court. We did not have to bear any legal liability.

SHARE OPTION SCHEME

The share option scheme was adopted by the Company and approved by the Shareholders on 20 June 2018 (the "**Share Option Scheme**") for the primary purposes of enabling the Company to attract, retain and motivate talented participants and, to strive for future developments and expansion of our Group. Eligible participants of the Share Option Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), advisors and consultants of our Group. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 20 June 2018 and will expire on 20 June 2028. As at the date of this annual report, the remaining life of the Share Option Scheme is approximately four years and three months.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme(s) of the Company in aggregate shall not exceed 30% of the Shares in issue from time to time. In addition, under a refreshment of the 10% limit mentioned below is approved by the Shareholders pursuant to the GEM Listing Rules, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other scheme(s) of the Company shall not in aggregate exceed 10% of all the issued Shares as of 18 July 2018, being the Listing Date. As at the date hereof, the options available for grant by the Company is 27,000,000 Shares, representing 10% of the total issued Shares. As at 1 January 2023 and 31 December 2023, the number of options available for grant under the scheme mandate of the share option scheme was 27,000,000.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each eligible person in any 12-month period shall not exceed 1% of our Shares in issue on the last day of such 12-month period, unless approved by the Shareholders in accordance with the GEM Listing Rules.

An option shall be regarded as having been granted and accepted when the duplicate of the offer letter, comprising acceptance of the offer of the option, is duly signed by the grantee together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within a period of 30 days from the date of offer of the option, provided that no such offer may be accepted after the expiry of the scheme period or after the Share Option Scheme has been terminated.

There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the Board. An option shall be exercised in whole or in part within the period, in respect of an option, commencing immediately after the business day on which the option is deemed to be granted and accepted in accordance to the Share Option Scheme (the "**Commencement Date**") and expiring on such date of the expiry of the option as our Board may in its absolute discretion determine and which shall not exceed 10 years from the Commencement Date but subject to the provisions for early termination thereof contained in the Share Option Scheme.

The exercise prices of the options will be determined by the Board in its absolute discretion but shall not be less than whichever is the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the Shares on the offer date.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As of 31 December 2023, the Company has no outstanding share option under the Share Option Scheme.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2023, the following transactions constituted a connected transaction and a continuing connected transaction under the GEM Listing Rules:

Jingong Machinery Framework Agreement

On 14 January 2021, Xiamen Baiying, entered into a business cooperation agreement with Jingong Machinery (the "**Jingong Machinery Framework Agreement**") for a term of three years commencing from 14 January 2021. Pursuant to the agreement, Xiamen Baiying agreed to provide direct finance leasing services to customers referred by Jingong Machinery by purchasing equipment manufactured and/or supplied by Jingong Machinery at ex-factory price and leasing such equipment to those customers. Those customers are designated by Jingong Machinery and approved by Xiamen Baiying. In return, Jingong Machinery provides us with a guarantee for the performance of the customers under the leases.

The annual cap of the transaction for the year ended 31 December 2023 was RMB8,300,000. The total amounts paid by Xiamen Baiying for purchasing equipment manufactured by Jingong Machinery, pursuant to the direct finance leasing transactions under the Jingong Machinery Framework Agreement for the year ended 31 December 2023 were RMB0.

The principal terms of the Framework Agreement are set out below:

Date:	4 January 2021
Parties:	(1) Xiamen Baiying; and (2) Jingong Machinery.
Term:	Commencing from 14 January 2021 and expiring on 31 December 2023.
Subject matter:	Xiamen Baiying, an indirectly wholly-owned subsidiary of the Company, agreed to provide direct finance leasing services to customers referred by Jingong Machinery by purchasing the Leased Assets from Jingong Machinery at ex-factory price and lease the Leased Assets to those customers. Those customers are designated by Jingong Machinery and approved by Xiamen Baiying. The relevant Leased Assets will be dispatched to the relevant customer directly for its use, and the relevant customer will pay periodical rental payments comprising the purchase price of the Leased Assets, interest and management fee to Xiamen Baiying pursuant to the relevant finance leasing agreement between Xiamen Baiying and the relevant customer.
Leased Assets:	equipment manufactured and/or supplied by Jingong Machinery.
Purchase price:	The total amount of the purchase price for the Leased Assets is determined by the quantity and the ex-factory price of the Leased Assets, which are the results of the negotiation between Jingong Machinery and the relevant customers based on normal commercial terms after arm's length negotiation with reference to the market price of the equipment.
Obligation to repurchase:	Jingong Machinery undertakes to repurchase the Leased Assets from Xiamen Baiying if the relevant finance leasing agreement is terminated due to the default of the relevant customer or other grounds as specified in the agreement. The amount payable by Jingong Machinery to Xiamen Baiying for repurchasing the Leased Assets is the sum of the remaining amount of the lease payments and the principal under the relevant finance leasing agreement.

Jingong Machinery has long working relationship with us in direct finance leasing. Our customers, who are normally potential or existing customers of Jingong Machinery in need of financing, are introduced by Jingong Machinery. By providing finance leasing service to these customers, we could access and serve the customers sourced from Jingong Machinery. In addition, Jingong Machinery undertakes to repurchase the leased equipment from us in case of default.

As Jingong Machinery is a company directly owned by Mr. Ke Jinding and Mr. Ke Shuiyuan (brother of Mr. Ke Jinding) both as to 50%. Jingong Machinery is an associate of Mr. Ke Jinding, a non-executive Director, and hence a connected person (as defined in the GEM Listing Rules) of the Company. Therefore, the transactions contemplated under the Jingong Machinery Framework Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Our Directors, including independent non-executive Directors, are of the view that the continuing connected transaction under the Jingong Machinery Framework Agreement has been and will continue to be carried out in the ordinary and usual course of business of our Group and on normal commercial terms or better that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Board engaged the auditor of the Company to report on the Company's continuing connected transactions. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the above continuing connected transactions and confirmed that nothing has come to their attention that cause them to believe that the continuing connected transactions: (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iii) have exceeded the annual cap as set by the Company. The Board confirms that the Company is in compliance with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules during the Reporting Period.

RELATED PARTY TRANSACTIONS

Save as disclosed in the subsection headed "Connected Transactions and Continuing Connected Transaction" in this report, none of the related party transactions set out in note 29 to the consolidated financial statements constitute connected transactions or continuing connected transactions, which are subject to the reporting, annual review, announcement and/or independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, in the section headed "Management Discussion and Analysis", the Board is not aware of any other material events after the Reporting Period.

DONATION

No charitable and other donations were made by our Group during the year ended 31 December 2023.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed and discussed with the management the accounting principles and practices adopted by the Company, the Company's internal controls and financial report matters, and the Company's policies and practices on corporate governance. This annual report has been reviewed and agreed by the Audit Committee. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

AUDITOR

The consolidated financial statements for the years ended 31 December 2021 and 2022 were audited by KPMG.

KPMG retired as the auditor of the Company upon expiration of its term of office at the annual general meeting of the Company held on Wednesday, 28 June 2023 (the "**AGM**"). The Board, with the recommendation of the Audit Committee, resolved to change the auditor of the Company and proposed to appoint Moore CPA Limited ("**Moore**"), formerly known as Moore Stephens CPA Limited as the new auditor of the Company for the financial year ended 31 December 2023 following the retirement of KPMG and to hold office until the conclusion of the next annual general meeting of the Company. The shareholders of the Company approved an ordinary resolution for the appointment of Moore at the AGM.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As of 31 December 2023, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Position	Nature of interest	Number of Shares[1]	Percentage in the total issued share capital
Mr. Ke Jinding[2]	Non-executive Director	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
Mr. Huang Dake[3]	Executive Director	Interest in controlled corporation	12,430,934 Shares (L)	4.60%

Notes:

(1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares or the shares in the share capital of the relevant associated corporation.

(2) Zijiang Capital is directly interested in approximately 14.06% of the issued Shares. The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn held as to 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Jinding is deemed to be interested in Zijiang Capital's interest in the Company by virtue of the SFO.

(3) HDK Capital is directly interested in approximately 4.60% of the issued Shares. The disclosed interest represents the interest in the Company held by HDK Capital, which is wholly owned by Mr. Huang Dake. Therefore, Mr. Huang Dake is deemed to be interested in HDK Capital's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 31 December 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As of 31 December 2023, the persons or corporations (other than a Director or the chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Shareholders	Nature of interest	Number of Shares[1]	Percentage in the total issued share capital
Mr. Zhou Yongwei[2]	Interest in controlled corporation	124,143,908 Shares (L)	45.98%
Septwolves Holdings	Beneficial owner	118,968,750 Shares (L)	44.06%
Zijiang Capital	Beneficial owner	37,968,750 Shares (L)	14.06%
Mr. Ke Shuiyuan[3]	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
Shengshi Capital	Beneficial owner	15,187,500 Shares (L)	5.63%
Mr. Wong Po Nei[4]	Interest in controlled corporation	15,187,500 Shares (L)	5.63%

Notes:

(1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.

(2) The disclosed interest represents the interest in the Company held by Septwolves Holdings and SEPTWOLVES INTERNATIONAL GROUP LIMITED respectively. Septwolves Holdings is approximately 37.06%, 31.47% and 31.47% owned by Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming, respectively. SEPTWOLVES INTERNATIONAL GROUP LIMITED is approximately 82.86% indirectly owned by Fujian Septwolves Group, which in turn is approximately 37.82% owned by Mr. Zhou Yongwei. Therefore, Mr. Zhou Yongwei is deemed to be interested in Septwolves Holdings' and SEPTWOLVES INTERNATIONAL GROUP LIMITED's respective interest in the Company by virtue of the SFO.

(3) The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn held as to 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Shuiyuan is deemed to be interested in Zijiang Capital's interest in the Company by virtue of the SFO.

(4) The disclosed interest represents the interest in the Company held by Shengshi Capital, which is wholly owned by Mr. Wong Po Nei. Therefore, Mr. Wong Po Nei is deemed to be interested in Shengshi Capital's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 31 December 2023, the Directors were not aware of any other person or corporation having an interest or short position in Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

On behalf of the Board

Zhou Shiyuan
Chairman and executive Director
28 March 2024

Corporate Governance Report

The Company is committed to maintaining high standards of corporate governance and protecting the interests of its Shareholders in an open manner. The Board and the management of the Company has adopted the Code Provisions of the CG Code set out in Appendix C1 to the GEM Listing Rules and review its corporate governance practice from time to time to ensure the maintenance of high standards of business ethics and corporate governance practices. During the Reporting Period, the Company has fully complied with the Code Provisions.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith and in the best interests of the Company and its Shareholders. The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the nomination committee of the Company (the "**Nomination Committee**") (each a "**Board Committee**" and collectively the "**Board Committees**"), to oversee different areas of the Company's affairs.

As of 31 December 2023, the Board comprised three executive Directors, namely, our chairman Mr. Zhou Shiyuan, Mr. Chen Xinwei and Mr. Huang Dake, one non-executive Director, namely, Mr. Ke Jinding, and three independent non-executive Directors, namely, Mr. Chen Chaolin, Mr. Tu Liandong and Mr. Xie Mianbi.

Their biographical details are set out in the section headed "Directors and Senior Management" of this annual report. A list of the Directors identifying their roles and functions is available on the websites of the Stock Exchange and the Company.

There is no financial, business, family or other material or relevant relationships among members of the Board and members of the senior management of the Company.

DUTIES OF THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

The Board is responsible for our Group's strategic planning, advising on and supervising the implementation of strategic planning and overall operation of our Group. The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of our Group, and the training and continuous professional development of Directors and senior management of the Company. The Directors make decisions objectively in the joint interests of the Company and its Shareholders.

The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Company's businesses to the executive Directors and members of senior management of the Company. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate. In addition, the Board has established Board Committees and has delegated to these Board Committees various responsibilities as set out in their respective terms of reference. Further details of these committees are set out in section headed "Board Committees" in this report.

Each of the Board members can have separate and independent access to the Company's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at our Group's expense upon their request.

The senior management of the Company is primarily responsible for the administrative matters of the Board, risk management matters, financial and accounting matters and sales and marketing matters of the Company.

All Directors are required to declare to the Board upon their first appointment, the directorships or other positions they are concurrently holding at other companies or organizations. These interests are updated on an annual basis and when necessary.

Within the year, the Board held four meetings to approve the proposed change of the auditor, approve the proposed amendments to the memorandum and articles of association, review our financial information, review and monitor the policies and practices on corporate governance and legal and regulatory compliance of the Company. The senior management supervised the daily operations of the Company, identified and reported the potential risks to the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Zhou Shiyuan is the chairman of the Board and is responsible for our Group's strategic planning, overall operation and managing the Board. The chairman is also responsible for ensuring good corporate governance practices.

Mr. Huang Dake, as the general manager of the Company, is responsible for supervising the overall management, daily operations and marketing management of our Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05(1) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors, representing at least one-third of the Board. One of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

Each independent non-executive Director has submitted annual confirmation of his independence to the Company having regard to the criteria set under Rule 5.09 of the GEM Listing Rules. Based on such confirmations, the Company considers that all of the independent non-executive Directors are independent under these independence criteria and are capable of effectively exercising independent judgement. All independent non-executive Directors are identified in all corporate communications containing the names of Directors.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of our Group.

All directors participated in the training provided by the Group's Hong Kong legal counsel on the CG Code and the GEM Listing Rules and on the corporate governance of listed companies and the proper fulfillment of the duties of directors, supervisors and senior managers. The relevant training covers the content and implementation requirements of the latest amendments to the CG Code and the GEM Listing Rules, as well as the principles, requirements and performance bottom line of corporate governance. Training records of all Directors have been provided to the joint company secretary of the Company.

A summary of training received by the Directors for the year ended 31 December 2023 is as follows:

Name of Directors	Latest Amendments to CG Code and GEM Listing Rules	Corporate Governance of Listed Companies and Proper Fulfillment of the Duties of Directors, Supervisors and Senior Managers
Executive Directors		
Mr. Zhou Shiyuan	√	√
Mr. Chen Xinwei	√	√
Mr. Huang Dake	√	√
Non-executive Director		
Mr. Ke Jinding	√	√
Independent non-executive Directors		
Mr. Chen Chaolin	√	√
Mr. Tu Liandong	√	√
Mr. Xie Mianbi	√	√

DIRECTORS' TERM OF OFFICE, ELECTION AND RE-ELECTION

All existing Directors have been appointed for a fixed term of three years with a service contract. Pursuant to Article 84 of the Articles of Association and Code Provision B.2.2 of the CG Code, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years but shall be eligible for re-election.

DIRECTORS' INSURANCE

Our Group has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

BOARD COMMITTEES

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee and Remuneration Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. The terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee are respectively available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company. All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Audit Committee consists of three members, namely Mr. Tu Liandong (independent non-executive Director), Mr. Chen Chaolin (independent non-executive Director) and Mr. Ke Jinding (non-executive Director). An independent non-executive director, Mr. Tu Liandong, currently serves as the chairman of the Audit Committee. The three members are experienced in reviewing and analysing financial information and possess appropriate accounting and related financial management expertise. Therefore, the Company complies with the requirement under Rule 5.28 of the GEM Listing Rules.

The primary duties of the Audit Committee are to review our financial information, oversight the Company's financial reporting system, risk management and internal control systems, nominate and monitor external auditors, develop, review and monitor our corporate governance functions and to provide advice and comments to the Board.

The Audit Committee held four meetings for the year ended 31 December 2023. The Audit Committee has reviewed (i) the annual financial statements, results and report of our Group for the year ended 31 December 2022; (ii) the quarterly financial statements, results and report of our Group for the three months ended 31 March 2023; (iii) the interim financial statements, results and report of our Group for the six month ended 30 June 2023; (iv) the quarterly financial statements, results and report of our Group for the nine months ended 30 September 2023; (v) has discussed the proposed change of auditor; (vi) has authorised the auditor to provide certain non-assurance services; and (vii) the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and its effectiveness. In the opinion of the Audit Committee, the preparation of the annual, quarterly and interim results complied with the applicable accounting standards and requirements and adequate disclosure have been made.

Moore CPA Limited is the external auditor of the Company. The Audit Committee held a meeting with Moore CPA Limited, in the absence of the management of the Company, to discuss matters relevant to the audit. No matter of significance arose from this meeting. The Group has also established whistle-blowing channels which allows the Group's finance department and risk management department employees to report any misconduct behavior.

The reporting responsibilities are set out in the Independent Auditor's Report on pages 79 to 84 of this annual report.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Chen Chaolin (independent non-executive Director), Mr. Xie Mianbi (independent non-executive Director) and Mr. Huang Dake (executive Director). Mr. Chen Chaolin currently serves as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to evaluate the performance, make recommendations on the remuneration of our senior management, executive Directors and non-executive Directors to members of the Board, review and approve compensation payable to executive Directors and management for any loss or termination of office, review and approve compensation arrangements relating to dismissal or removal of the Directors for misconduct and also review and approve matters related to share scheme.

The major objective of our remuneration policy is to develop and review the remuneration package of individual executive Director and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, goals and objective of the Company, and recommend the remuneration proposals to the Board and ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held 1 meeting for the year ended 31 December 2023. The Remuneration Committee has reviewed the remuneration policy and structure relating to the Directors and senior management of the Company, assessing performance of our executive Directors and the effectiveness of the Remuneration Committee.

All our Directors are entitled to a fixed Director's fee which was recommended by the Remuneration Committee, determined by the Board and approved by Shareholders.

Details of the remuneration of the Directors are set out in note 9 to the consolidated financial statements in this report.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Zhou Shiyuan (executive Director), Mr. Tu Liandong (independent non-executive Director) and Mr. Xie Mianbi (independent non-executive Director). Mr. Zhou Shiyuan currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and Board Committees and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy, identify individuals suitably qualified to become board members and make recommendations to the Board, assess the independence of independent non-executive Directors, determine and review the Board's diversity policy and nomination policy and recommend to the Board on the appointment or re-appointment of Directors.

When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates, and also the Company's needs and other relevant statutory requirements and regulations required for the positions. All candidates much be able to meet the standards as set forth in Rules 5.01 and 5.02 of the GEM Listing rules. Qualified candidates will be recommended to the Board for approval.

The Nomination Committee held 1 meeting for the year ended 31 December 2023. The Nomination Committee has reviewed the terms of reference of the Nomination Committee, diversity policy of the Board and its effectiveness for the Company's development, and recommended to the Board on the re-election of Mr. Huang Dake, Mr. Chen Chaolin and Mr. Xie Mianbi, structure, size and composition of the Board and assessed independence of the independent non-executive Directors and its effectiveness.

BOARD MEETINGS

The Company intends to hold Board meetings regularly, at least four times a year. A notice will be given not less than 14 days for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. A Director may attend the Board meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting. The joint company secretaries of the Company are responsible for preparing and keeping the documents and records of Board meetings. Draft minutes with sufficient details of the matters considered and decisions reached and final versions of each Board meeting and Board Committee meeting will be sent to all Directors or committee members for their comments within a reasonable time after the date on which the meeting is held.

Apart from the above regular Board meetings of the year, the Board will meet from time to time on other occasions when a Board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision in advance of each Board meeting. For all the other Board meeting, reasonable notice are given to all the Directors.

Under Code Provision C.1.6 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. During the Reporting Period, Mr. Ke Jinding, Mr. Chen Chaolin, Mr. Tu Liandong and Mr. Xie Mianbi attended all Board and respective Board Committee meetings, as well as the general meeting of the Company on 28 June 2023.

In addition, in order to facilitate open discussion with all the independent non-executive Directors and to ensure independent views and input are considered, the chairman will, at the independent non-executive Directors' request, meet with them in the absence of executive Directors and senior management at least once a year after a regular Board meeting. The Board considered that such mechanism can effectively ensure independent views and input are available to the Board. The Board shall make an annual review of the implementation and effectiveness of such mechanism.

The attendance record of each of the meetings of the Board and Board Committees and general meetings held are set out in the table below. The Directors did not authorise any alternate Director to attend Board, Board Committee or general meetings.

	Attendance/Number of Meetings				
Name of Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**General**
Executive Directors					
Mr. Zhou Shiyuan	4/4	N/A	1/1	N/A	1/1
Mr. Chen Xinwei	4/4	N/A	N/A	N/A	1/1
Mr. Huang Dake	4/4	N/A	N/A	1/1	1/1
Non-executive Director					
Mr. Ke Jinding	4/4	4/4	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Chen Chaolin	4/4	4/4	N/A	1/1	1/1
Mr. Tu Liandong	4/4	4/4	1/1	N/A	1/1
Mr. Xie Mianbi	4/4	N/A	1/1	1/1	1/1

GENERAL MEETINGS

During the year ended 31 December 2023, the Company convened one general meeting held on 28 June 2023. All Directors attended this meeting.

UPDATES ON DIRECTORS' INFORMATION

Save as disclosed in the section headed "Directors and Senior Management" in this report, during the Reporting Period, there were no changes in the information of Directors which are required to be disclosed herein pursuant to Rule 17.50A(1) of the GEM Listing Rules.

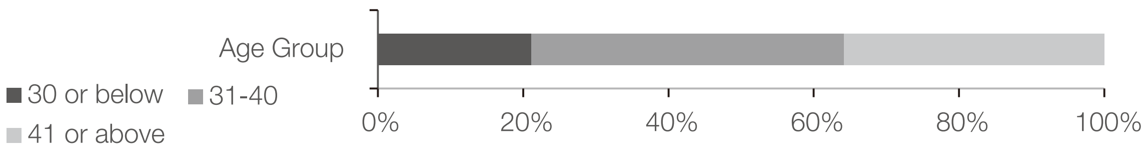
CORPORATE GOVERNANCE FUNCTIONS

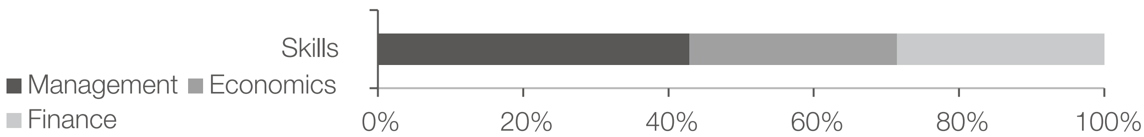
The Board is responsible for performing the functions set out in the Code Provision A.2.1 of the CG Code. During the Reporting Period, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Code of Conduct, and the Company's compliance with the CG Code and the disclosures in this Corporate Governance Report.

DIVERSITY POLICY

The Board adopted a board diversity policy (the "**Board Diversity Policy**") which follows the practice as set out in the CG Code. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, relationship with other Board members and length of service. The Board and the Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, at least annually, as appropriate, the policy to ensure the effectiveness of the policy.

Notwithstanding the fact that our Board currently comprises a single gender board, we believe that achieving diversity in our Board members is vital in improving the quality of decision making in the Board and the performance of our Group. With a view to achieve sustainable and well-rounded development and with the means to increase diversity in our Board as a critical part of achieving our strategic goals, it is our plan to appoint at least 1 female Director into our Board before 31 December 2024. A series of practices have been put into place, including insisting in not using gender as a selection criteria in our recruitment process, increasing the quality of our recruitment, and offering equal occupational opportunities in management positions to female employees in order to ensure that we can attract and nurture a pool of talents to fulfill our board diversity goals.





A detailed breakdown of our employees by gender and age group is set out in page 71 of this annual report. The Board considers that gender diversity has been achieved across the entire workforce and remains committed to maintaining gender diversity at the workforce level.

NOMINATION POLICY

In order to nominate suitable candidates to the Board for it to consider and make recommendations to Shareholders for election at general meetings, the secretary of the Nomination Committee shall call a meeting with the list and information of the candidates. For proposing candidates to stand for election at a general meeting, a circular which contains the names, brief biographies, independence, proposed remuneration and any other information as required pursuant to the applicable laws and regulations, will be sent to the Shareholders. Other than the nomination recommended by the Board for election, the Shareholders can serve a notice in writing of the intention to propose that certain person for election as a Director within the lodgment period. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee has the discretion to nominate any person as it considers appropriate and in assessing the suitability of a proposed candidate, the criteria as set out below will be used as reference:

- Reputation and integrity;

- Experience and accomplishment in finance leasing industry, including but not limited to, business development, risk control, leaseback management, relationship with customers and etc.;

- Commitment in performing the duties as a director and a member of the Board committees (if applicable);

- Board diversity, including but not limited to, gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, relationship with other Board members and length of service, and the potential contributions can be brought to the Board; and

- For the candidate who is currently an employee of the Company, his performance, contribution, employment period, integrated assessment and etc.

SERVICE CONTRACTS OF DIRECTORS

Each of the Directors has entered into a service contract with the Company and each service contract is for a term of three years. Directors shall be elected by our Shareholders at the Shareholders' general meeting with a term of three years. Each independent Director can be extended upon re-election.

Save as disclosed above, the Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors which is not determinable by the employer within one year without the payment of compensation (other than statutory compensation).

REQUIRED STANDARD OF DEALINGS FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of the Company by the Directors on terms no less exacting than the required standard of dealing concerning securities transaction by the directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Code of Conduct**") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Code of Conduct for the Reporting Period.

Pursuant to Rule 5.66 of the GEM Listing Rules, the Directors have also requested any employee of the Company or director or employee of any subsidiary of the Company who, because of his office or employment in the Company or any subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Code of Conduct as if he were a Director.

JOINT COMPANY SECRETARIES

Ms. Yang Lexing ("**Ms. Yang**"), the secretary of the Board, is one of the joint company secretaries. Ms. Ng Ka Man ("**Ms. Ng**"), a manager of the Listing Services Department of TMF Hong Kong Limited, the external service provider, is our joint company secretary. Ms. Yang is her primary contact person of the Company. Both Ms. Yang and Ms. Ng, as the joint company secretaries, have complied with the relevant professional training requirement under Rule 5.15 of the GEM Listing Rules.

Ms. Yang graduated from Southwest Petroleum University in June 2015 with a bachelor's degree in management. She possesses securities professional qualifications in the PRC. Ms. Ng obtained her master degree in Corporate Governance from The Open University of Hong Kong in 2011. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

RESPONSIBILITIES OF FINANCIAL REPORTING

The Board acknowledges its responsibility to prepare our Group's financial statements which give a true and fair view of our Group's state of affairs, results and cash flows for the quarterly, interim and annual reports and other disclosures according to the GEM Listing Rules, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Companies Ordinance.

Our Group has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The senior management has provided the Board with all necessary explanations and information for the Board to make an implementation assessment of the Company's financial data and position and for the Board's consideration and approval. To the best knowledge of the Directors, there are no material uncertainties relating to events or conditions that may affect the business of our Group or cast doubts on its ability to continue as a going concern.

The responsibilities of Moore CPA Limited, the Company's external auditor, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" of this annual report.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

Moore CPA Limited has been appointed as the external auditor of the Company on 28 June 2023 and provided an annual confirmation of their independence to the Audit Committee for the year ended 31 December 2023. They confirmed that they are not aware of any matters which could reasonably affect their independence.

The Audit Committee has been notified and has reviewed and approved of the nature and the service charges of these audit and non-audit services performed by Moore CPA Limited. For the year ended 31 December 2023, the remunerations paid or payable to Moore CPA Limited in respect of audit and non-audit services provided to our Group were (i) HK$778,000 for the audit service, and (ii) HK$600,000 for the non-audit service of interim review. The Audit Committee considered such services have no adverse effect on the independence of the external auditor.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor under the annual review.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to, via its corporate governance structure, provide all Shareholders an equal opportunity to exercise their rights in an informed manner and allow all Shareholders to engage actively with the Company. The Company ensures that information is appropriately disseminated to Shareholders on a timely basis in compliance with the GEM Listing Rules. The Company convenes the Shareholders' general meetings with the notice of the meeting and separate resolutions in printed form or electronic form by posting on the websites of the Stock Exchange and the Company in compliance with the CG code and the relevant rules and regulations.

The Company highly values the opinions, suggestions and concerns of the Shareholders. The chairman of the Board, Board Committees and the auditor will attend the annual general meeting to answer questions and Shareholders are provided with an opportunity to communicate face-to-face with the Directors.

CONVENING EXTRAORDINARY GENERAL MEETINGS

Pursuant to the Articles of Association, any Shareholder(s) at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such meeting within twenty-one days, such Shareholder(s) may do so in the same manner, and all reasonable expenses incurred by such Shareholder(s) as a result of the failure of the Board shall be reimbursed to the Shareholder(s) by the Company.

Shareholders could use the same way of convening an extraordinary general meeting as above to put forward proposals in details at general meetings. Any requisitions to convene extraordinary general meetings or proposals at general meetings can be sent to the Company for the attention of the joint company secretary of the Company at its principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

ENQUIRIES TO THE BOARD

The Company encourages Shareholders to attend Shareholders' meetings and make enquiries by either directly raising questions to the Board and Board Committees at the general meetings or providing written notice of such enquiries for the attention of the joint company secretary of the Company at its principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

CONSTITUTIONAL DOCUMENTS

Pursuant to the resolutions of the Shareholders passed on 20 June 2018, the Articles of Association was adopted with effect from the Listing Date and was amended pursuant to the resolution of the Shareholders passed at the extraordinary general meeting held on 19 June 2020 and the annual general meeting held on 28 June 2023.

The Articles of Association are available on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

During the Reporting Period, the Company has maintained corporate transparency and communications with the Shareholders through timely distribution of financial reports, latest news, announcements and/or other publications. The Company adopted a communication policy of disclosing relevant information to shareholders and public in a timely manner:

- the Company makes announcements pursuant to the requirements of the GEM Listing Rules on the Exchange's website and the Company's website;
- the Company maintains a library of corporate information, including announcements, circulars and financial reports at the Company's website for reference purpose, which also provides an effective communication platform to keep the market abreast of the latest developments;
- the Company provides a forum at the annual general meetings for shareholders to meet and communicate with management; and
- reports and circulars are distributed to all registered Shareholders.

The Company welcomes suggestions from investors, stakeholders and the public. Shareholders can express their views to our Board by providing the same to the Company for the attention of the joint company secretary of the Company at its principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company has reviewed the effectiveness of the Company's communication policy and is of the view that the communication policy of the Company is adequate in maintaining effective communication between shareholders and the Company, given that the communication policy provides for the various communication channels disclosed above.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Reporting Period, our Group is committed to maintaining comprehensive risk management and internal control systems that enhance our overall strategy and long-term strategic position while addressing various risks, including credit risks, market risks, operational risks, liquidity risks, strategic risks and reputational risks. Our Group has implemented a comprehensive and effective risk management system with stringent procedures and measures in place, including multi-level assessments and approval processes, to offer our customers customized repayment plans and interest rates based on their respective credit profiles and historical transaction records. The final review and approval are conducted by our risk management department and our general manager respectively. The major steps of our due diligence and risk assessments are set out below:

– After understanding our potential customer's financing needs, we would request the potential customer to provide a series of documentation to prove that it is a legally valid entity and to understand the business production and financial situation of the potential client. Due diligence works including public searches, on-site visits, and due diligence interviews with various parties will also be conducted by our operations team to fully grasp the potential customer's financial status and business operations.

– Upon preliminary review, the operations team will pass files which are deemed potentially feasible to the credit management department for further examination and review. Our credit management department shall conduct a full due diligence investigation and risk assessment, feasibility assessment, and raise any potential red flags, and produce a project investigation report, which shall be approved by the risk management department and provided for the project review committee's consideration.

– Upon review of the relevant project investigation report, the project review committee shall resolve whether to proceed with the relevant project.

– For projects which shall be proceeded with, the general manager shall also conduct a final on-site inspection.

We also, depending on the location of our customers, conduct regular post-grant reviews to monitor our customers' financial condition and the sustainability of their business operations. We adopt more stringent debt recovery and post-grant management when dealing with customers who has defaulted or with default risk to prevent the deterioration of default situation, and proactively communicate with customers on the onset regarding potential solutions. With regards to customers with severe defaults, our operations and risk management department will proactively explores potential solutions. For instance, our operations team will contact our customers 3 days before and on each payment date to remind our customers of payment, and will issue further letters if payment is not made. If the cases involve legal proceedings, our legal department will take charge and collect sufficient evidential documentation to assists in bringing legal actions. We have compiled and prepared, as well as regularly perfected according to regulatory requirements, internal control policies tailor-made to each of the specific business nature and industry of our business lines.

The Board oversees and manages the overall risks associated with our operations. Our risk management department is responsible for assessing, managing risks and discussing solutions at the operational level. The Audit Committee meets with the head of the risk management department to address material internal control defects (if any) and the results of risk assessment to the Board for its review. The Board oversees our Group's risk management and internal control systems on an ongoing basis. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness, and the Board has been conducting annual review of the effectiveness of our risk management and internal control systems covering all material aspects. During the Reporting Period, we have improved our internal reporting procedure to ensure our further compliance. For the year ended 31 December 2023, the Board has conducted a review of the effectiveness of the risk management and internal control system of the Group and considered the risk management and internal control systems were effective and adequate in all material aspects in both design and operation.

The Company is fully aware of its obligations under Chapter 17 of the GEM Listing Rules and the SFO and the overriding principle that inside information of the Company should be announced immediately. The Company reviews from time to time its internal policies and guidelines on inside information or potentially price sensitive information with reference to its own and industry circumstances and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission.

During the Reporting Period, the Company followed the rules and procedures on regulating the disciplines and actions of all employees in external media communications. The purpose of streamlining the communications of the Company with the media is to regulate all media communication activities, protect the interests of the Company and to keep inside information strictly confidential prior to its disclosure. The Company does not have in place an independent internal audit function as the Board is of the view that the appointment is not imminent under the current circumstances, taking into account the current structure and scope of the Company's operations.

Environmental, Social and Governance Report

INTRODUCTION

Baiying Holdings Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") is pleased to present the Environmental, Social and Governance report (the "**ESG Report**") of the Group in accordance with guidelines of Appendix C2 to the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This ESG report covers the overall performance of the Group in ESG aspects during the period from 1 January 2023 to 31 December 2023 (the "**Reporting Period" or the "Year**").

Our history can be traced back to March 2010, in which our principal operating subsidiary, Xiamen Baiying Leasing Co. Ltd (廈門百應融資租賃有限責任公司) ("**Xiamen Baiying**")., was incorporated in Xiamen. We were officially listed on GEM on 18 July 2018 (stock name: Baiying, stock code: 8525). We are a finance leasing company in Fujian Province, dedicated to providing equipment-based financing solutions to Small and medium enterprises ("**SMEs**") and entrepreneurial individuals. As we move forward enhancing our finance leasing and factoring businesses, with an aim to diversify our business, we founded Fujian Yongchun Qiaoxin Brewing Co., Ltd (福建永春僑新釀造有限責任公司) ("**Qiaoxin**"), a condiment manufacturer focusing on edible vinegar, in the PRC on 23 April 2020. We established Fujian Baiying Paper Co., Ltd. (福建百應紙業有限公司) ("**Baiying Paper**"), mainly engaged in the trading business of paper products, in the PRC on 13 January 2021.

In the finance leasing business segment, we continued provide customised services to meet specific needs and requirements of our customers by closely interacting with them to determine the appropriate interest rates, repayment plans and terms of our services based on their businesses, cash flows and source of payment. Over the years, we have accumulated experience in meeting financing needs of customers from different sectors and we have more than 1,000 customers spreading over 20 provinces since our establishment. Since the establishment of Baiying Paper, we have cooperated with well-known paper mills in the industry to provide paper products to meet customer needs. For Qiaoxin, we are committed to providing customers with high-quality, safe and healthy condiments.

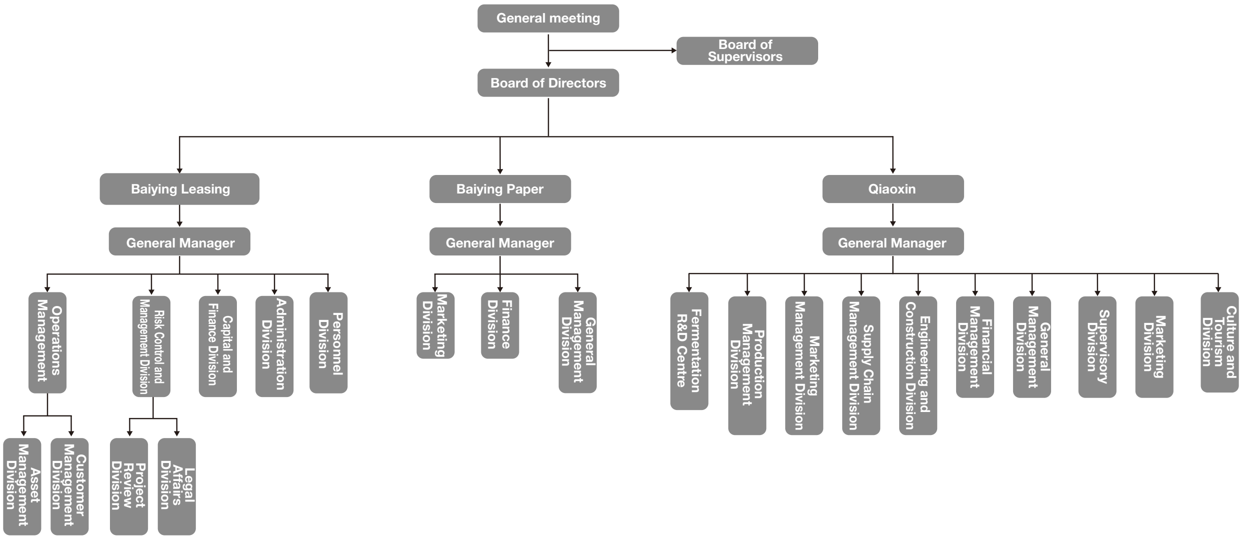
Looking ahead, we will continuously increase investment in new businesses while consolidating our main business of finance leasing to diversify our businesses. In terms of social responsibility, we will adhere to the development of inclusive finance, insist on serving SMEs and individuals, and constantly improve the scale and scope of services. As for environment, we will advocate environmental protection in an all-round way and reduce environmental costs. As far as corporate governance is concerned, we will actively improve the corporate management system and strengthen risk management and compliance management. Meanwhile, we will actively serve the real economy, meet customer needs through trade transactions, and devote ourselves to the food industry, so as to contribute to shaping a harmonious and sustainable social environment.

MESSAGE FROM THE BOARD

Governance Structure and Overall Approach

Our Group strictly complies with relevant laws and regulations, including but not limited to, the Company Law of the PRC (中華人民共和國公司法) and the GEM Listing Rules. We are committed to ensuring a sound corporate governance structure and maintaining a high standard of corporate governance to safeguard the interests of investors and other stakeholders (see "Corporate Governance Report" for details).

The governance structure of the Group is as below:



In 2023, we continue to strengthen our ESG management and incorporate that into our business management to promote our Group's sustainable development, as well as realize and protect the most important interests of our investors, employees and other stakeholders. The Board proactively participates in relevant processes of ESG reporting, and are responsible for assessing and determining the ESG – related risk, ensuring the development of a suitable and effective ESG risk management and internal control system and finally approving the ESG policies and ESG report. ESG executive team included the Group's management and representatives of administration and personnel departments. They are responsible for preparing the ESG report and compiling information on relevant performance indicators, promoting the execution of ESG policies in all departments and reporting to the Board on the implementation of ESG projects. Under the supervision of the Board and ESG executive team, each department of the Company will actively work together for the implementation of ESG report.

The Board is responsible for supervising the design, implementation and supervision of the risk management and internal control systems conducted by the management. The Board annually reviews the effectiveness of the risk management and internal control systems of our Group, assesses whether the risk management institutions, management process and staff deployment meet the requirements of the risk management, as well as supervises whether the overall regulatory requirements are satisfied in terms of finance, operation and compliance. The Board reports to the Shareholders the risk management and internal control work during the Reporting Period in the Corporate Governance Report annually.

REPORTING PRINCIPLES

This ESG report is prepared in accordance to the ESG Reporting Guide and the rules of "Comply or Explain" and the four reporting principles as set out in the Appendix C2 of the GEM Listing Rules.

Materiality	In consideration of the demands of internal and external stakeholders, the Group determines and prioritises the substantive environmental and social issues based on the requirements of the "ESG Reporting Guide" and the feedbacks from the questionnaire
Quantitative	The Group conducts and publicly report the quantitative measurement to correctly evaluate the effectiveness of ESG policy and measures
Balance	The Report provides an unbiased picture of the Group's performance during the Reporting Period to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader
Consistency	The Group adopts consistency methodology and, where feasible, makes meaningful comparisons of ESG KPI. The relevant information of this report is extracted from statistics in the internal system of our Group

REPORTING BOUNDARY

The Board have reviewed financial impacts and discussed which entities or operations to be included in the ESG report on an annual basis. The scope of the Report focuses on the Group's principal activities for the period from 1st January 2023 to 31st December 2023 (the "**Reporting Period**"). The reporting boundary for the Reporting Period remains unchanged as that for the financial year 2022 and the relevant key subsidiaries include:

- **Xiamen Baiying** which focusing on finance leasing business and factoring business;
- **Baiying Paper** which focusing on trading of packaging and paper products; and
- **Qiaoxin** which focusing on manufacture and sale of vinegar and other condiment products.

The KPIs required to be disclosed under the ESG Reporting Guide are included in the "Environmental Sustainability" and "Social Sustainability" sections of the Report. In addition to the reporting principles of the ESG Reporting Guide, the Report also discloses the relevant laws and regulations that have been complied with.

STAKEHOLDER ENGAGEMENT

We place great emphasis on fulfilling our environmental, social and governance responsibilities. Apart from ensure our operation is conducted in compliance with the laws and regulations, our Group attaches great importance to communication with the stakeholders, including government, shareholders and investors, customers, suppliers and employees. By establishing an effective and diversified communication platform, we could timely understand their demands and actively make corresponding responses.

Stakeholders	Demands	Communication Platform	Responses
Government	• Promoting economic development • Anti-corruption • Green operation	• Government document • Special report • Government visit receptions • On-site checking and inspection	• Serving the real economy • Supporting the SMEs • Promoting paperless operation
Shareholders and Investors	• Strengthen corporate governance	• General meeting • Regular notice • The Group's website	• Steady operation, optimising the distribution of dividend • Improving operation performance
Customers	• Safeguarding customers' information • Product quality assurance	• Regular communication • Regular visit • Customer feedback • Complaint mechanism	• Ensuring product quality • Improving service quality • Strengthening the protection of customer rights and interests • Enhancing the support for small and micro enterprises • Product information disclosure • Assuring product quality
Suppliers	• Fair procurement • Long-term stable partnerships • Mutual benefit and win-win result	• Regular assessment • Customer specification	• Refining management system of suppliers • Establishing long-term partnership with suppliers • Fair and open procurement principles
Employees	• Employee career development • Protecting employee rights and interests • Employee remuneration and benefits • Employee trainings	• Internal website • Employee trainings • Mailbox of Human Resources Department	• Protecting employee basic rights and interests • Refining remuneration and incentive schemes • Listening to employees' opinions

MATERIALITY ASSESSMENT

In accordance with the ESG Reporting Guide issued by the Stock Exchange, the Group has formulated models to analyse environmental and social aspects. Through the aforementioned engagement activities and the subsequent internal analysis, the Company has identified and confirmed the material environmental and social issues applicable to the Group with reference to the main concerns of stakeholders, evaluated and weighted these environmental and social issues, and prioritised the relevant risks.

The Group adopted a three-steps process to identify, prioritise and validate the materiality analysis, as follows:

1. **Identification**: During the Reporting Period, the Group identified 28 topics by reviewing the previous stakeholder engagement and analysing the megatrend or international ESG standards.

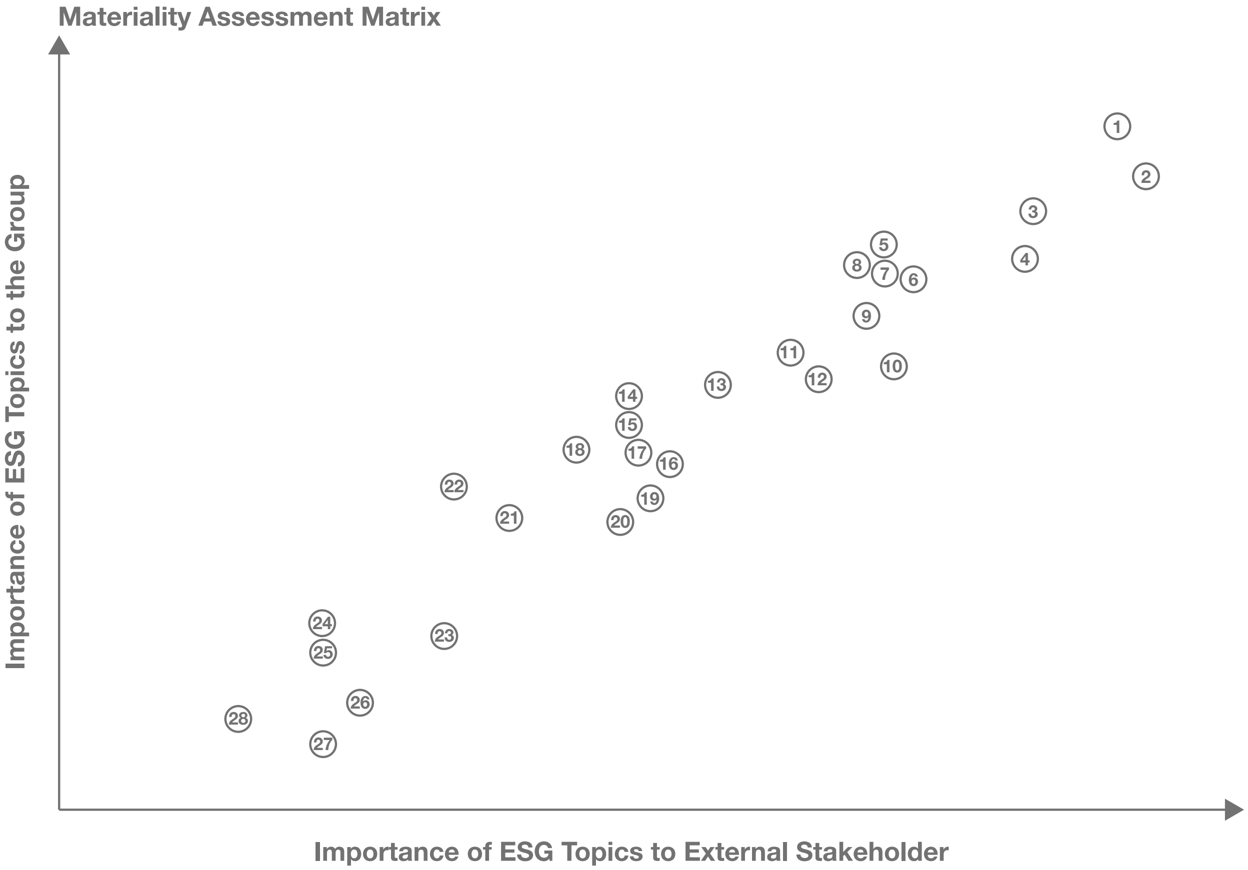
2. **Prioritisation**: Online surveys were conducted. External and internal stakeholders were engaged to understand the comprehensive materiality issues to the Group. ESG topics were ranked and prioritised based on the strategic importance to the business and stakeholders.

3. **Validation**: Feedback was discussed and validated by the Group to ensure that the results align with the Group's value.

The table below illustrates the significant ESG issues identified by the Group:

Item	ESG Topic	Item	ESG Topic
1.	Customer satisfaction	15.	Selection and monitoring of suppliers
2.	Customer information and privacy	16.	Hazardous waste production
3.	Product health and safety	17.	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering
4.	Occupational health and safety	18.	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
5.	Marketing communications (e.g. advertisement)	19.	Anti-corruption policies and whistle-blowing procedure
6.	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	20.	Cultivation of local employment
7.	Preventing child and forced labour	21.	Use of materials (e.g. paper, packaging, raw materials)
8.	Employee development and training	22.	Anti-corruption training provided to directors and staff
9.	Observing and protecting intellectual property rights	23.	Greenhouse gas emissions
10.	Product and service labelling	24.	Energy use (e.g. electricity, gas, fuel)
11.	Diversity and equal opportunity of employees	25.	Community support (e.g. donation, volunteering)
12.	Environmentally preferable products and services	26.	Climate change
13.	Water use	27.	Air emissions
14.	Mitigation measures to protect environment and natural resources	28.	Non-hazardous waste production

The assessment results are summarised in the following graph:



The issues located at the top right corner are the relatively more important ESG areas. Based on the materiality analysis performed, the Group identified (i) Customer satisfaction; (ii) Customer information and privacy; and (iii) Product health and safety, as issues with top importance. Given the high degree of concerns on the material issues mentioned above, the Group has carefully priced the risks and opportunities behind those matters and elaborated in detail under different sections of this ESG report.

A. ENVIRONMENT

For Xiamen Baiying and Baiying Paper, the usage of electricity in office area and travelling activities are the contributors to the air emissions and greenhouse gas (GHG) emissions of the Group while the production activities of Qiaoxin is considered as the key contributor on the Group's air emissions and usage of natural resources in the Reporting Period as the usage of natural gas, electricity and waters are unavoidable during the production process. In addition, Qiaoxin had commence the expansion project for its production base in November 2023 which will likely increase the volume of construction waste in coming years.

As an environmentally responsible corporation, we have demonstrated in the past that we conducted a full detailed environmental assessment before commencement of new business. In light of that, the Quanzhou Municipal Bureau of Ecology and Environment of Fujian Province recognises that the control measures proposed by the Group for exhaust gas, wastewater and solid waste that may be generated in the construction and production process can alleviate and control the adverse impact on the environment. During the Reporting Period, we continued to monitor and assess the environmental impact of our production activities on a monthly basis and we will continue to implement the same controls as we did in the past.

Our climate is changing rapidly. In the past decade, there has been a surge in natural disasters and extreme weather events which were caused by climate change. The Group's primary environmental objective for the forthcoming reporting periods is to sustain the current level of emissions including air and water pollutants, solid waste (hazardous and non-hazardous) and GHG emission and prevent significant increases. Nonetheless, the Group will actively monitor its performance in ESG aspects for analysis and may consider establishing achievable quantitative targets in the future.

We identified and evaluated various environmental factors which effectively improved the efficiency of resource and energy use, reduced emissions of gas, wastewater and waste, and took the initiative to assume more environmental responsibilities.

During the Reporting Period, our Group continued to urge and encourage employees to implement a number of feasible measures which aimed to achieve the target of rational use of electricity, water conservation, low-carbon travel and green office:

Rational Use of Electricity

- Use energy-efficient appliances, and switch off unnecessary lighting and replace incandescent lamps. Switch to low-power sleep mode when the equipment is not in use. Set the air conditioner's temperature based on the weather, and keep the indoor temperature no lower than 26 degrees Celsius in summer.
- Use air conditioners or heaters wisely, turn off the power when you leave the office for a long time, and close doors and windows when using air conditioners or heaters to reduce the leakage of warm or cold air.
- Make full use of natural lighting, and try not to turn on the lighting in the office during the day when there is enough light.
- Computers, printers, laboratories and other office test equipment such as power-saving mode should be turned on, not used for a long time or after work there is to turn off the power to reduce equipment standby energy consumption.

Water Conservation

- Raise the awareness of water conservation by posting notices to remind employee to save water and close the tap whenever possible. Foster good water consumption habits and learn to recycle water resources.
- Check whether there are dripping and leakage on a regular basis. Production areas conserve water resources, are regularly inspected, and problems are repaired promptly.

Low-carbon Mobility

- Encourage employees to go out by public transportation to minimise the frequency of using company cars.
- Choose vehicles or new energy vehicles with low energy consumption and less pollution when acquiring new company cars.

Green Office

- Opt for paperless procedures wherever practicable, reduce the frequency of printing and faxes and promote two-sided printing and copying.
- Lower the brightness of the display in the extent that not affecting the vision and turn off the display when not in use for a long time.

A1 Emissions

Compliant emission is the Group's minimum requirement. On this basis, the Group actively explores effective measures to reduce emissions. In accordance with relevant laws, regulations and standards, including:

- Environmental Protection Law of the PRC (中華人民共和國環境保護法);
- Law on the Prevention and Control of Atmospheric Pollution of the PRC (中華人民共和國大氣污染防治法); and
- Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (中華人民共和國固體廢物污染環境防治法);
- Regulations on Safe Management of Hazardous Chemicals (危險化學品安全管理條例);
- Law on the Prevention and Control of Water Pollution of the PRC (中華人民共和國水污染防治法);
- The National Catalogue of Hazardous Wastes (國家危險廢物名錄);
- The Measures on the Prevention and Control of Environmental Pollution of Hazardous Chemical Waste (危險化學廢物環境污染防治辦法); and
- The Measures on the Management of Hazardous Waste Manifests (危險廢物管理辦法清單);
- Integrated Wastewater Discharge Standard (污水綜合排放標準);
- Limits for Indirect Discharge of Nitrogen and Phosphorus Pollutants from Wastewater of Industrial Enterprises (工業企業廢水氮、磷污染物間接排放限值)

The Group formulated a strict emission management system combining production techniques, which minimised pollution to the environment and we have performed monitoring procedures on the emissions data on a monthly basis.

The Group committed to reducing emissions and promoting resources conservation, the Group had included guidance for energy saving and environmental protection in the staff handbook also. Our management will continue to monitor the business activities that generate air pollutants and GHG gas impose necessary measures.

Air emission management

Since 2018, our Group, which attaches great importance to air emission and greenhouse gas ("**GHG**") emission management, has begun to record statistics on and calculate air emission and greenhouse gas emissions caused by our businesses.

For Baiying Paper, the logistics and transportation of trading paper products are arranged by the supplier and for Qiaoxin Products, the logistic is arranged by the external transport fleets managed by the Group according to the supplier management system.

During the Reporting Period, we identified that Qiaoxin production activities and usage of motor vehicles would be the primary activities that generate air emission of the Group.

To efficiently manage the air emission from the production activities which includes standard dry flow, oxygen content and NO_x. Qiaoxin has engaged an independent party to perform monthly inspection on both organised and unorganised emissions, the inspection performed in our Boiler exhaust pipe (鍋爐廢氣排氣筒) and multiple sampling locations. Based on the monthly inspection result, we have not identified incompliance related to the air emission from our production activities during the Reporting Period.

During the Reporting Period, the Group's air emissions are calculated as follows:

Air emission[2,3]	Unit	2022[1]	2023	Percentage change[4]
Emission of nitrogen oxides (NO_x)	kg	3.80	**5.64**	+48.42%
Emission of sulfur dioxides (SO_2)	kg	0.07	**0.08**	+16.40%
Particle emission	kg	0.28	**0.42**	+50.27%

Note:

1: The ESG data in 2022 has been restated due to enhancement of the calculation.

2: The emission factor and calculation methodology were referenced to "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

3: Due to the limitation of the collected data, the air emission calculation is limited to the usage of motor vehicle.

4: As COVID-19 ends in 2023 and operations begin to increase, there is an increase in vehicle use from 2022, resulting in more emissions than the previous year.

GHG emission management

Regarding the GHG emission, our Scope I GHG emissions mainly arise from the direct emission generated by the usage of diesel and petrol fuel of the company cars of the Group, usage of natural gas of our Group and GHG releases from refrigeration and air conditioning equipment; Scope II GHG emissions mainly arise from indirect emissions generated from purchased electricity; and Scope III GHG emissions mainly arise from other indirect GHG emission from employees' business travel by plane.

During the Reporting Period, the Group's GHG emissions are calculated as follows:

GHG emission[2]	Unit	2022[1]	2023	Percentage change
Scope I: GHG emission – Direct	tCO_2e	12.54	**27.54**	+119.62%
Scope II: GHG emission – Indirect	tCO_2e	385.07	**274.99**	–28.59%
Scope III: GHG emission – Other Indirect	tCO_2e	22.04	**13.75**	–37.61%
Total GHG Emission	tCO_2e	419.65	**316.28**	–24.63%
Intensity of GHG emission[3]	tCO_2e/ production unit	0.31	**0.16**	–48.39%

Note:

1: The ESG data in 2022 has been restated due to the enhancement of the calculation.

2: The emission factor and calculation methodology were referenced to "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the Guidance for Quantification and Reporting of the Organization's Greenhouse Gas Emissions in Shenzhen.

Waste

Solid waste management

To standardise the solid waste treatment process, and prevent the resource waste, the Group had formulated the Waste Management Policy.

During the Reporting period, our hazardous waste is mainly office electronic waste such as ink cartridges, toner cartridges and ribbons. In order to properly dispose of hazardous wastes, all used ink cartridges and toner cartridges we collected were returned to suppliers for recycling. Most hazardous waste are recycled and the remaining amount are considered minimal. We will continue monitoring the hazardous waste amount and treatment and consider making further disclosure after assessment.

For non-hazardous wastes of our Group includes construction waste, recyclable production waste, general office waste and food waste.

The main non-hazardous waste was the construction waste generated from the reinforcement of the first phase of the factory and the construction work of the security room. The construction wastes generated mainly include steel bars, ordinary muck and other construction waste. The steel bars, ordinary muck and construction waste were transported out of the factory by the builder for further recycled or treatment.

The Group encourages its employees to segregate different types of solid waste before discarding them, so that some of the waste can be recycled and landfills and incineration of waste can be reduced. Apart from the general office waste and food waste generated from office disposal and operations, our production process also generate waste during vinegar production which are distiller grains and vinegar residue. Instead of direct disposal, we choose to entered into cooperation with a local swine farm company, under which, distiller grains will be recycled and sold to the company for the production of pig feed. Vinegar residue is used as organic fertilizer for recycling by suppliers.

The Group's recycling practice shows our attitude towards maintaining an environmental friendly value chain. In future, we will continue actively communicates with relevant units and surrounding farmers.

During the Reporting Period, the Group's non-hazardous waste discharge is as follows:

Non-hazardous wastes	Unit	2022	2023	Percentage change
Disposed				
General office waste	Tonnes	0.32	**0.47**	+46.88%
Food waste[2]	Tonnes	N/A	**1.56**	–
Total	Tonnes	0.32	**2.03**	+534.38%
Recycled				
Production waste (distiller grains)[3]	Tonnes	124.96	**15.66**	–87.47%
Production waste (vinegar residue)	Tonnes	20.30	**14.52**	–28.47%
Total	Tonnes	145.26	**30.18**	–79.22%
Other disposal operations				
Construction waste[1]	Tonnes	–	**20.00**	–

Note:

1: Construction waste was generated from the reinforcement of the first phase of the factory and the construction of the security room.

2: In 2023, we have further maintained records of food waste to strengthen the management of solid waste.

3: In 2022, the company began to put into production which will produce a large amount of production waste. In 2023, it is still in the fermentation stage therefore the production waste is significantly reduced compared to 2022.

Wastewater management
There are two types of wastewater, namely production sewage and domestic sewage, are generated from Qiaoxin production and operation process respectively. Before sewage is discharged into the sewer system, the normal amount of pollutants in the wastewater should be lower than the limits stipulated in the Integrated Wastewater Discharge Standard (污水綜合排放標準) and Limits for Indirect Discharge of Nitrogen and Phosphorus Pollutants from Wastewater of Industrial Enterprises (工業企業廢水氮、磷污染物間接排放限值).

All production and domestic sewage generated by Qiaoxin is treated by the sewage treatment equipment to ensure the meet the required standards before being discharged into the municipal sewer system. Qiaoxin was equipped with sewage treatment equipment with a daily treatment capacity of 35 Tonnes disposed waste water generated during production and operation. Due to the limitation of the waste water volume record, we may not able to estimate the total waste water nor total water pollutants discharged to the municipal sewer system.

To monitor the quality of the wastewater from the production activities, Qiaoxin has engaged an independent party to perform monthly inspection on the wastewater at our wastewater discharge outlet. The amount of major pollutants, such as ammonia nitrogen, chemical oxygen demand (COD_{cr}), Biochemical oxygen demand (BOD_5), Suspended Solids (SS), total phosphorus and total nitrogen in the wastewater are being inspected. Based on the monthly inspection result, we have not identified incompliance related to the wastewater from our production activities during the Reporting Period and all sewage discharged into the municipal sewer system complies with the standards.

A2 Use of Resources

After continuous exploration and attempts, we standardised the whole process of the utilisation of electricity, water, packaging materials and other resources in the production process of Qiaoxin, so as to increase the resource use efficiency and reduce the resource consumption in the operation process.

To encourage energy conservation, the Group had formulated relevant policies and regulations in the staff handbook, including the relevant regulations of the office area, production area, canteen area and dormitory area, so as to save the company's energy to the greatest extent.

During the Reporting Period, we collected the data regarding the use of resources of the headquarter of our Group and principal place of business of the in-scope entities.

Energy consumption

The following table presents the use of energy of the in-scope entities during the Reporting Period:

Use of Resources	Unit	2022	2023	Percentage change
Direct fuel consumption				
– Petrol	MWh	45.31	**52.79**	+16.51%
– Diesel	MWh	–	**0.54**	–
– Natural gas	MWh	405,440.60	**422,510.00**	+4.21%
Indirect energy consumption				
– Electricity consumption[1]	MWh	675.20	**482.19**	–28.59%
Total energy use	MWh	406,161.11	**423,045.52**	+4.16%
Intensity of energy use[2]	MWh/ production unit	295.39	**207.48**	–29.76%

Note:

1: The reason for the lower electricity consumption in 2023 compared to 2022 is that the vinegar process requires fermentation and brewing, and the plant is in the start-up phase of production in 2022.

2: The decrease in total energy consumption compared to last year is because last year's consumption was greater during the start-up phase compared to this year. In addition, the Group is focusing on energy emissions and on the possible impact of production on the environment in order to minimize energy consumption as much as possible.

The Group's energy consumption mainly derives from daily production of factory and office operation. Reducing energy consumption will reduce air emission and GHG emissions. Therefore, the Group encourages employees to reduce energy consumption, and provides energy-conservation guidance to the staff to ensure that all staff comply with and implement energy-saving measures. In conjunction, the Group actively explores the adoption of more environmentally friendly technologies in business operations. The Group's measures on energy conservation are listed out in section headed "A. Environment" of this report.

Water consumption

The following table presents the water consumption of the in-scope entities during the Reporting Period:

Use of Resources	Unit	2022[1]	2023	Percentage change
Water consumption[2]	Tonnes	9,175.67	**6,815.00**	–25.75%
Intensity of water consumption[3]	Tonnes/ production unit	6.67	**3.34**	–49.93%

Note:

1: The ESG data in 2022 has been restated for comparability purpose.

2: The reason for the lower water consumption in 2023 compared to 2022 is that the vinegar process requires fermentation and brewing, and the plant is in the start-up phase of production in 2022.

3: The production period of our old vinegar is three years while 2023 was the harvest year. The production volume of this products is increased, but since the water consumption of the related products was mainly concentrated in the first year of production, hence our intensity of water consumption in the current year was reduced due to this production cycle impact.

The Group's water consumption arises from daily production of factory and office operations. The majority of our water usage comes from municipal water supplies and did not face any issue in sourcing water.

According to production techniques and relevant local laws, regulations and standards, Qiaoxin has set out the rules for water use by employees in the employee handbook to ensure the scientific, rational and efficient use of water resources and to standardise water use behaviour. In the meantime, we actively advocated water conservation culture and stepped up efforts on the conservation of water resources.

The Group continued to monitor water consumption level and applied measures to ensure stable use of water resources. For further improvement on utilisation efficiency of water resources, the Group's measures on energy conservation are listed out in page 62 of this report.

Packaging materials

The sustainable management of packaging materials is critical to enhance the efficiency of resource usage. There are no packaging materials for Xiamen Baiying and Baiying Paper. The packaging materials used in the production of Qiaoxin are mainly glass, paper and plastic.

To enhance the efficiency of the use of packaging materials, we will explore ways on packaging material reduction, lightness and substitution of packaging to minimize the impact on the environment.

The following table presents the packaging materials consumption of the in-scope entities during the Reporting Period:

Use of packaging materials	Unit	2022	**2023**	**Percentage change[1]**
Glass	Tonnes	34.93	**358.83**	+927.28%
Paper	Tonnes	1.81	**30.83**	–1603.31%
Plastic	Tonnes	–	**23.72**	–
Total	Tonnes	36.74	**413.38**	+1025.15%
Intensity of packaging materials	Tonnes/usage	0.84	**1.04**	+23.81%

Note:

1: The product is three-year-old vinegar, which needs to be brewed for three years, and the product will be sold in 2023, so the volume of bulk procurement and packaging has increased significantly compared to last year.

A3 The Environment and Natural Resources

Due to the nature of our business, the operation of our Group should be most affect the environment but the company has ongoing monitor the impacts of the activities such as recycling. we are still proactive in making efforts to minimize all adverse effects on the environment. We take a number of factors into our consideration during the procurement process, including performance on saving energy, low carbon and recyclability. We also improve employees' awareness on environmental issues and incorporate being environmental friendly and low carbon in the Staff Handbook as a reminder. Our Group focuses on sustainable development and upholds its commitment to operate in an environmentally friendly manner.

A4 Climate Change

Climate change remains a top global environmental issue, and investors increasingly value climate-related commitments. The Group is committed to assessing the impact of climate change on its strategic planning and operational resilience, and actively manages related risks to seize development opportunities.

The Group's finance leasing customers are from real estate construction, machinery, electronics and other industries. Among them, customers in the real estate construction industry may be directly affected by climate change. For example, extreme weather (including typhoons and high temperatures) may cause business interruption and affect construction progress and construction methods, which will pose credit risks to the Group. Under the national policies, customers in other industries may consider leasing more energy-saving and eco-friendly machinery and equipment to cut carbon emissions and reduce its negative impact on the climate.

Baiying Paper trades mainly in paper products, and trade is also affected by climate change. For example, extreme weather prevents normal trade from taking place, creating credit risk for the Group. And ships, trucks and planes transport goods around the world, increasing greenhouse gas emissions. In order to successfully address this challenge and promote a just and inclusive green transition, Baiying Paper needs to develop bold policies to facilitate coordination and incentivize businesses to actively decarbonize.

Qiaoxin also faces the impact from climate change. The risks found after discussion include Water scarcity hinders production. Changes in climate patterns affect the harvest of crops that are our raw materials. The construction progress and approach of the second phase may be subject to the impact of extreme weather, etc.

In response to the above risks, we have discussed the possible climate impacts on the industries involved and service areas, assessed the associated risks and opportunities, and communicated with stakeholders to understand their point of view. We also actively communicated with our employees to encourage them to reduce carbon emissions from day-to-day operations where feasible. Moreover, we took climate change into account in our procurement and production process and encouraged the use of low-carbon and energy-efficient materials and production methods.

B. SOCIAL

B1 Employment

Our Group considers our employees as our most valued asset for promoting the long-term and sustainable development of the Group. We are strictly in compliance with relevant laws and regulations, such as the Labour Law of the PRC (中華人民共和國勞動法), Labour Contract Law of the PRC (中華人民共和國勞動合同法) and Social Insurance Law of the PRC (中華人民共和國社會保險法).

Our Group has formulated staff handbook according to the Labour Law of the PRC (中國勞動法) covering the policies of human resource and working conditions. Such as recruitment and promotion programme, training, performance appraisal, remuneration and welfare, working hours, leaves and other holidays (including wedding leave, compassionate leave and maternity leave), equal opportunity, diversity, anti-discrimination. Such policies could clearly define the rights and obligations of both parties and safeguard the legal rights of the employees.

All of our employees are full time employee. The distribution of our workforce by gender, age group, education level and geographical region are as follows:

	Number of Employees[1] (Percentage)		Percentage change
	2022	2023	
Total workforce[1]	84	**106**	+26.19%
Workforce per category			
Gender			
– Male	47	**64**	+36.17%
– Female	37	**42**	+13.51%
Age Group			
– 30 or below	19	**22**	+15.79%
– Between 31–40	36	**46**	+27.78%
– 41 or above	29	**38**	+31.03%
Education Level			
– Employee with Doctoral degree	1	**1**	+0.00%
– Employee with Master degree	3	**5**	+66.67%
– Employee with Bachelor degree	29	**33**	+13.79%
– Employee with Diploma or below	51	**67**	+31.37%
Geographical Region			
– Employees in Fujian Province	66	**96**	+45.44%
– Employees outside Fujian Province	18	**10**	–44.44%

Note:

1: Due to the operation needs of Qiaoxin, new positions was created and lead to increasing of total no. of employees.

Our Group attaches importance to improve the management of employee turnover. Pursuant to the relevant national laws and regulations, we standardize the procedures for departure, safeguard the legitimate rights and interests of resigned employees and ensure the stable operation of our Group.

The employee turnover rate by gender, age group and geographical region is presented in the table below:

	Employee turnover rate (Percentage)		Percentage change
	2022[2]	2023	
Total turnover rate[1]	37.80%	**43.16%**	+14.17%
Turnover rate per category			
Gender			
Male	27.66%	**42.19%**	+52.52%
Female	29.73%	**33.33%**	+12.12%
Age Group			
30 or below	57.89%	**59.09%**	+2.07%
Between 31–40	25.00%	**47.83%**	+91.30%
41 or above	13.79%	**15.79%**	+14,47%
Geographical region			
Mainland China	36.36%	**42.71%**	+17.45%

Note:

1: The high turnover rate relates to the high mobility of the sales force in the FMCG industry.

2: Restated the ESG data in 2022 for comparable purpose.

B2 Health and Safety

Our Group always values employees' health and safety. In order to ensure the occupational health and safety of employees, the Group has formulated relevant policies and procedures, including the issuance of management system notices on safety production and occupational health rules and regulations. We provide medical examination for our employees annually and have maintained personal medical and accident insurance for them. In order to better protect employees' rights and interests, the Group purchased additional traffic accident insurance and accident injury insurance for them this year. Additionally, we conduct regular fire drills and first aid training every year to improve employees' safety skills and prevent employees from occupational safety risks. In order to enhance the physical fitness of employees, there are sports and health activities organized by the company.

We implement a working hour system of not working more than 8 hours a day and not more than 40 hours a week, which complies with the requirements of national and local government. We do not suggest overtime work and encourage employees to do exercise after work.

There was no work-related death or injury of employees at the workplace in the past three years including the Reporting Period. There were also no non-compliance cases noted in relation to laws and regulations for health and safety.

Our Group proactively carried out employee caring activities, such theme activities as birthday parties, Women's Day and Children's Day, and created a quality working environment for employees. We also focused on their work-life balance, in which we actively organised a variety of activities, such as archery and ice skating, to develop their friendship and foster a united and friendly corporate atmosphere and thereby heightening their belongingness and well-being.

B3 Development and Training

Our Group attaches great importance to employee training. We provide employees with diverse on- the-job training to enhance their work capabilities and strengthen our competitiveness. In accordance with the requirements of the Staff Handbook, induction and job skill trainings are provided for all newly recruited employees to help them familiarise with our corporate culture and group background. To raise awareness of anti-money laundering and warn against the risks of corruption and embezzlement, we arrange relevant training and knowledge updates for all staff. Based on the Group's development and work duties, team management training, including but not limited to improving team emotional intelligence and effectively coaching employees on work problems, were provided to middle and senior management to strengthen team cohesion. To ensure our Group acts in compliance with finance and tax laws and regulations, various finance trainings were organised to keep finance staffs abreast of the latest developments in laws and regulations, including but not limited to financial training delivered by Golden Finance and Certified Public Accountant (CPA) training. Trainings such as those organised by The Hong Kong Chartered Governance Institute were also conducted to ensure listing compliance.

During the Reporting Period, all employees (2022: 100%) were provided with trainings. The percentage of employees trained by gender and employee category are shown as follows:

Category	Percentage of Employees Trained 2022	2023	Percentage change
Gender			
– Male	55.95%	**60.38%**	+7.91%
– Female	44.05%	**39.62%**	–10.05%
Employee category			
– Senior management	9.52%	**6.60%**	–30.66%
– Middle management	19.05%	**17.92%**	–5.90%
– General employees	71.43%	**75.47%**	+5.66%

The average training hours completed by the employees of the Group is 1,468 hours (2022: 349 hours). The average training hours by gender and employee category are shown as follows:

Category	Average Training hours		Percentage change
	2022	2023	
Gender			
– Male	3.60	**15.52**	+331.21%
– Female	4.86	**11.30**	+132.49%
Employee category			
– Senior management	5.47	**20.36**	+272.06%
– Middle management	6.78	**17.92**	+164.27%
– General employees	3.31	**12.31**	+271.45%

1: In 2023, the training hours per employee had been increase comparing to 2022 showing the training arrangement had been return of normalcy after COVID-19.

Our Group offers employees with career ladders not merely a job. In addition to diverse trainings, our Group encourages employees to enhance their own performance through a well-established performance appraisal system and management measures on promotion. Official evaluation on employees' performance will be conducted on an annual basis. Furthermore, employees will discuss the performance evaluation report for the year with the persons-in-charge of the departments they belong to.

B4 Labour Standards

We treat applicants and employees fairly and equally, and provide equal employment opportunity for them regardless of race, gender, religion, age, marital status and other social identities. The Group prohibits the employment of child, forced or compulsory labour. We comply with the Protection of Minors Law of the PRC (中華人民共和國未成年人保護法) and Provisions on the Prohibition of Using Child Labour (禁止使用童工規定) and stipulated the basic requirement of employment in the Staff Handbook that all employees shall be aged 18 or above.

During the Report Period, there is no event involved child employment or forced labour. If the Group identifies any cases of forced labour or child labour in the future, the relevant employment contract will be terminated immediately and the relevant employees responsible for the management of human resources will be disciplined accordingly.

B5 Supply Chain Management

The Group has a total of 46 suppliers (2022:44), of which 36 are from Fujian and 10 are outside the province. They mainly include suppliers who provide us with finance leasing equipment, suppliers of software and hardware such as office supplies, logistics service and insurance, and suppliers of paper products to Baiying Paper, as well as suppliers of brewing raw materials to Qiaoxin.

During Year 2023, the number of suppliers of the Group by geographical region is as follows:

Region	2022	2023	Percentage change[1]
In Fujian Province	29	**36**	+24.14%
Outside Fujian Province	15	**10**	+33.33%
Total	44	**46**	+4.55%

Note:

1: At the end of COVID-19 in 2023, the Group increased its industrial development efforts and looked for more suppliers to develop its business.

Our Group believes that establishing sustainable supply chains and facilitating interaction and communication with suppliers can boost confidence in our Group and products among customers and other stakeholders. Therefore, our Group only sustains long-term cooperation relationships with suppliers which possess high credibility, stable reputation, high-quality products and services as well as sound records and act in compliance with laws. The quality and reliability of the raw materials provided by the supply chain can seriously affect the production of Qiaoxin, and can even have a significant impact on our business performance. In addition, by communicating with stakeholders and inviting them to participate in the materiality assessment process, we identified "Management on Suppliers" as one of the material issues.

The Group regards business ethics as the primary condition for long-term business operations, and continuously attaches great importance to the establishment of a corporate culture and a work style that venerate honesty and trustworthiness. It has established a system to require employees to treat suppliers fairly and not ask for or accept gifts or illegal rewards from suppliers. A multi-level and multi-channel reporting mechanism was set up to combat commercial bribery and other violations of laws and disciplines. It strives to create a fair, transparent, honest and healthy business environment.

We have formulated management systems for evaluation, selection and supervision of suppliers. In regard to the supplier evaluation, suppliers which provide better quality will be opted for within reachable scope in a bid to cut down unnecessary loss and reduce resource waste. Meanwhile, our Group also considers environmental factors, and selects suppliers which produce products with low pollution and low energy consumption. Following the selection of suppliers, our Group will oversee the performance of suppliers on an ongoing basis. If there are issues concerning the quality, environment and social responsibility, our Group will immediately terminate its cooperation with them. The Group is not aware of any significant actual or potential negative influences caused by any supplier's lack of business ethics or improper environmental and labour protection measures.

B6 Product Responsibility

Improving Service Quality

As at the end of the Reporting Period, the Group had three service lines in normal operation: finance leasing, trade of paper products and Qiaoxin. We offer customised finance leasing services according to the equipment required according to customers' business operations, and provide customers with value-added consulting services. We actively respond to customer needs to formulate a complete procurement and sales management process, control the intermediate circulation, and offer paper products trade services. In addition, we standardise production operations and actively respond to customer complaints while ensuring product safety and quality. Our Group has extensive experience and stable management team, which enables us to deliver reliable and efficient services to customers.

Our Group places great emphasis on opinions and complaints from each customer. Complaints and related matters from customers will be handled by Operation Management Department in a timely manner and will be reported to the general manager and deputy general manager. We will continue to optimize our complaint-handled mechanism, enhance service management standards and increase customers' satisfaction. We did not receive any customer complaints this year.

Product Health and Safety

The Group followed strict quality requirements in every part of the entire production process from procurement of raw materials to completion of finished products, and strictly complied with relevant laws and regulations, including the Food Safety Law of the PRC. It controlled the quality and safety of products from the aspects of brewing techniques, equipment and environmental control, management architecture, etc. Quality control measures were implemented in multiple dimensions to ensure the food safety of products. The Group's vinegar products will undergo quality inspection in accordance with the GB 18187-2000 National Standard for Brewing Vinegar and the GB 2719-2018 National Food Safety Standard – Vinegar. Hongqujiu (Huangjiu) will be tested according to the GB 13662-2018 National Standard for Huangjiu. Raw materials and finished products will be tested in the laboratory to ensure food safety.

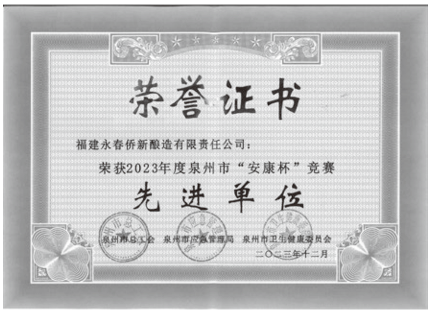
During the Reporting Period, we had no recalls of sold or shipped products for safety and health reasons.

Well-functioning equipment and a clean production environment are necessary factors to ensure food safety. We carry out regular maintenance and overhaul tests on production equipment to ensure the accuracy and safety of equipment operation, and perform regular supervision and inspection on the hygiene of production environment, tools and equipment, employees' personal hygiene and other aspects to guarantee food safety.

Meanwhile, we will assign the responsibility of cleaning the working environment to individuals, and will punish those in negligent during production in accordance with relevant internal and external regulations. From the top down, we will take the initiative to identify the potential risks during raw material storage, production, shelf life of finished products, product labelling and product tracking to prevent these risks.

Honours and Awards

Qiaoxin, a subsidiary of the Group, won the Grand Gold Awardard (大金獎) in the International Traditional Fermented Food Innovation Competition 2023 (2023傳統發酵食品創新大賽) in July. Qiaoxin is also committed to promoting industry exchanges and publicising traditional aged vinegar technology and culture. Qiaoxin Kung Fu Vinegar Gift Box products (僑新功夫醋禮盒) won the Most Popular Souvenir Award in the "Cross-Strait Good Agricultural Goods" (兩岸好農貨) high-quality agricultural product brand selection activity of the 16th Cross-Strait (Quanzhou) Agricultural Products Procurement and Ordering Fair held in September 2023. Qiao Xin won the reputation of an advanced unit in the 2023 Quanzhou "Ankang Cup" (安康杯) competition. Qiaoxin actively joined various industry associations and became a member of the China Condiment Association in May 2022. Ms. Guo Shuangshuang, the manager of the Culture and Tourism Division of the Company, served as the vice president of Yongchun Aged Vinegar Association in December 2021, and became an executive director of Fujian Food Industry Association in August 2022. Mr. Huang Dake, General Manager of the Group, was recognised as "High-level Talents in Yongchun County (5th Level)" in November 2021.



Protecting Consumer Rights and Interests

We strictly comply with the Consumer Protection Law of the PRC (中華人民共和國消費者權益保護法), the Company Law of the PRC (中華人民共和國公司法) and the Contract Law of the PRC (中華人民共和國合同法). To protect legitimate rights and interests of customers and safeguard the safety of customer information, we have formulated Records Management System (檔案管理制度) and Confidentiality System (保密制度), which set out procedures for handling customers and group materials by employees, and required them to strictly comply with the relevant procedures. For instance, for confidential documents, information and other items, we have set up a specialized record room for storage, prohibited copying and extraction without approval of general manager.

During the Reporting Period, the Group did not violate any laws and regulations regarding data protection and privacy rights.

B7 Anti-Corruption

All businesses operated by our Group complied with the national and local laws and standards regarding anti-bribery and anti-money laundering. In accordance with the Anti-Money Laundering Law of the PRC (中華人民共和國反洗錢法), Anti-Money Laundering Regulations for Financial Institutions (金融機構反洗錢規定) and relevant regulations, we have established a series of internal policies and procedures, such as anti-money laundering system, and anti-bribery and anti-corruption code of conduct, in order to avoid the risks of financial crime.

As of 31 December 2023, there was no corruption cases in our Group, neither any outstanding or concluded litigations regarding corruption have brought against our Group or our employees.

Employees of our Group must strictly comply with the relevant local laws and regulations concerning anti-bribery and anti-corruption. Our employees shall report to the senior management and general management department and wait for feedbacks in the event that they have conflict of interest with their duties during their terms of employment. If employees find violations of relevant laws and regulations regarding corruption and bribery and the requirements of our Group, all confirmed cases will be seriously dealt with; and for the case of violation of national laws and regulations, it shall be passed to the judicial authority for handling.

Our Group has set up a leading team for anti-money laundering and the general manager acts as the leader. The team is responsible for organising and planning the anti-money laundering work, establishing a sound management mechanism for anti-money laundering as well as organising and arranging the drafting and revision of relevant policies and procedures. The team also monitored the information and status of the anti-money laundering work in accordance with actual business conditions and made corresponding recommendations. Besides, it issued the latest anti-money laundering laws and regulations and case data on a regular basis, and conducted necessary promotion and training on anti-money laundering to our directors and employees.

B8 Community Investment

Since the incorporation of our Group, we are committed to making continuous contribution for building stable and sustainable society.

During the Reporting Period, the Group took an active part in organising open day activities for local primary and secondary school students in Yongchun to visit the vinegar factory as part of its efforts to give back to the society with love.

Independent Auditor's Report

MOORE

Moore CPA Limited

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大華馬施雲
會計師事務所有限公司

To the Shareholders of Baiying Holdings Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Baiying Holdings Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 85 to 153, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KEY AUDIT MATTER (Continued)

Allowances for impairment losses of finance lease receivables and loans and receivables *Refer to notes 16 and 17 to the consolidated financial statements.* **The Key Audit Matter**	**How the matter was addressed in our audit**
As at 31 December 2023, the carrying amounts of finance lease receivables and loans and receivables of the Group amounted to approximately RMB83.22 million in aggregate, representing approximately 29.85% of the Group's total assets. Allowances for impairment losses of finance lease receivables and loans and receivables amounting to approximately RMB45.56 million in aggregate, were provided by management. The Group uses the expected credit loss ("**ECL**") model to calculate the loss allowance in accordance with HKFRS 9 Financial instruments ("**HKFRS 9**"). The Group classifies finance lease receivables and loans and receivables into three stages and recognises an impairment allowance based on the expected credit loss for the next 12 months or the entire lifetime of the receivable, depending on whether credit risk on that receivable has increased significantly since initial recognition.	Our audit procedures to assess allowances for impairment losses of finance lease receivables and loans and receivables included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of finance lease receivables and loans and receivables, the identification of the three stages of ECL model, and the measurement of impairment loss allowances; • assessing the reliability of the ECL model used by management in determining allowances for impairment losses, and the appropriateness of the key parameters and assumptions in the ECL model, which includes the identification of credit-impaired stage, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other management adjustments;

KEY AUDIT MATTER (Continued)

Allowances for impairment losses of finance lease receivables and loans and receivables (continued) *Refer to notes 16 and 17 to the consolidated financial statements.* **The Key Audit Matter**	 **How the matter was addressed in our audit**
The determination of allowances for impairment losses using the ECL model is subject to a number of key parameters and assumptions, including the identification of credit-impaired stage, estimates of probability of default, loss given default, exposures at default, adjustments for forward-looking information and other adjustment factors. Management's judgement is involved in the selection of those parameters and the application of the assumptions. We identified the impairment of finance lease receivables and loans and receivables as a key audit matter because of the inherent uncertainty and management's judgement involved and because of its significance to the financial results and capital of the Group.	• assessing the completeness and accuracy of data used for the key parameters in the ECL model: ➢ for key parameters derived from internal data relating to the finance leasing and loans agreements, by selecting samples and comparing individual finance lease receivables and loans and receivables information with the underlying agreements and other related documentation to assess the accuracy of compilation of the finance lease receivables and loans and receivables list; and ➢ for key parameters involving judgement, by seeking evidence from external sources and comparing to the Group's internal records including historical loss experience and type of collateral and leased asset. As part of these procedures, we assessed management's revisions to estimates and input parameters by comparing with prior period and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

KEY AUDIT MATTER (Continued)

Allowances for impairment losses of finance lease receivables and loans and receivables (continued) *Refer to notes 16 and 17 to the consolidated financial statements.* **The Key Audit Matter**	 **How the matter was addressed in our audit**
	• for selected samples of finance lease receivables and loans and receivables that are credit-impaired, evaluating the rationality of the loss rate of default. In this process, we evaluated the appropriateness of management's assessment of the value of any property collateral held by the Group in comparison with market prices based on the location and use of the property and the prices of neighbouring properties. We also evaluated the timing and means of realisation of collateral, evaluated its forecast cash flows, assessed the viability of the Group's recovery plans and considered other repayment sources identified by the management; and • based on the above work, selecting samples to re-examine the accuracy of the calculation of impairment loss provisions for finance lease receivables and loans and receivables by using the ECL model.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 24 March 2023.

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

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditors report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Moore CPA Limited
Certified Public Accountants

Ng Ngai Yan
Practising Certificate Number: P07422

Hong Kong, 28 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023
(Expressed in Renminbi)

	Notes	2023 RMB	2022 RMB
Sales revenue		**27,862,904**	13,648,749
Interest income		**7,371,095**	14,387,841
Other revenue		**792,775**	135,844
Revenue	3	**36,026,774**	28,172,434
Cost of sales		**(25,115,370)**	(13,079,866)
Other income, other gains and losses	4	**1,393,961**	1,976,787
Interest expenses	5	**(1,544,191)**	(3,662,513)
Net impairment losses recognised	6	**(1,577,605)**	(11,498,038)
Administrative expense		**(16,803,854)**	(13,266,833)
Selling and distribution expenses		**(10,575,898)**	(5,125,731)
Share of losses of an associate	15	**(760,709)**	(487,563)
Gain on disposal of an associate	15	**2,498,272**	–
Loss before income tax	7	**(16,458,620)**	(16,971,323)
Income tax credit/(expense)	8	**325,683**	(9,349,940)
Loss for the year		**(16,132,937)**	(26,321,263)
Attributable to:			
Equity shareholders of the Company		**(16,204,544)**	(26,391,305)
Non-controlling interests		**71,607**	70,042
Loss for the year		**(16,132,937)**	(26,321,263)
Loss per share			
Basic and diluted (RMB cents)	11	**(6.00)**	(9.77)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

(Expressed in Renminbi)

	2023 RMB	2022 RMB
Loss for the year	**(16,132,937)**	(26,321,263)
Other comprehensive loss for the year (after tax)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(26,317)**	(219,074)
Total comprehensive loss for the year	**(16,159,254)**	(26,540,337)
Attributable to:		
Equity shareholders of the Company	**(16,230,861)**	(26,610,379)
Non-controlling interests	**71,607**	70,042
Total comprehensive loss for the year	**(16,159,254)**	(26,540,337)

Consolidated Statement of Financial Position

At 31 December 2023
(Expressed in Renminbi)

	Notes	2023 RMB	2022 RMB
Non-current assets			
Property, plant and equipment	12	**90,156,302**	92,159,871
Intangible assets	13	**384,228**	347,536
Interest in an associate	15	**–**	4,512,437
Loans and receivables	16	**22,734,197**	11,374,497
Finance lease receivables	17	**–**	664,076
Deposits paid	18	**132,342**	131,642
Deferred tax assets	25(b)	**7,399,478**	6,851,508
		120,806,547	116,041,567
Current assets			
Inventories	20	**16,580,910**	12,268,065
Loans and receivables	16	**46,125,049**	58,206,629
Finance lease receivables	17	**14,360,907**	19,173,102
Trade and other receivables	18	**26,197,321**	15,721,572
Financial assets at fair value through profit or loss	19	**41,098,654**	27,444,382
Cash and cash equivalents	21	**13,649,340**	70,101,732
		158,012,181	202,915,482
Current liabilities			
Borrowings	22	**2,000,000**	29,930,079
Trade and other liabilities	23	**25,632,314**	24,513,155
Lease liabilities	24	**270,731**	418,580
Income tax payable	25(a)	**2,699,416**	3,187,339
Deferred income		**–**	100,000
		30,602,461	58,149,153
Net current assets		**127,409,720**	144,766,329
Total assets less current liabilities		**248,216,267**	260,807,896

At 31 December 2023
(Expressed in Renminbi)

	Notes	**2023 RMB**	2022 RMB
Non-current liabilities			
Borrowings	*22*	**7,000,000**	–
Trade and other liabilities	*23*	**1,460,000**	4,621,644
Lease liabilities	*24*	**826,909**	1,097,640
		9,286,909	5,719,284
NET ASSETS		**238,929,358**	255,088,612
CAPITAL AND RESERVES			
Share capital	*26(c)*	**2,301,857**	2,301,857
Share premium	*26(d)*	**238,097,760**	238,097,760
Reserves	*26(e)*	**(3,843,767)**	12,387,094
Total equity attributable to equity shareholders of the Company		**236,555,850**	252,786,711
Non-controlling interests		**2,373,508**	2,301,901
TOTAL EQUITY		**238,929,358**	255,088,612

The consolidated financial statements on pages 85 to 153 were approved and authorised for issue by the board of directors on 28 March 2024 and are signed on its behalf by:

Huang Dake
Director

Chen Xinwei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(Expressed in Renminbi)

	Attributable to equity shareholders								
	Share capital *(note 26(c))* RMB	Share premium *(note 26(d))* RMB	Capital reserve *(note 26(e)(i))* RMB	Surplus reserve *(note 26(e)(ii))* RMB	Exchange reserve *(note 26(e)(iii))* RMB	Retained profits/ (accumulated losses) RMB	Total RMB	Non-controlling interests RMB	Total equity RMB
Balance at 1 January 2022	2,301,857	238,097,760	(6,640,176)	9,364,503	1,806,670	34,466,476	279,397,090	2,231,859	281,628,949
Changes in equity for 2022:									
(Loss)/profit for the year	–	–	–	–	–	(26,391,305)	(26,391,305)	70,042	(26,321,263)
Other comprehensive loss	–	–	–	–	(219,074)	–	(219,074)	–	(219,074)
Total comprehensive loss	–	–	–	–	(219,074)	(26,391,305)	(26,610,379)	70,042	(26,540,337)
Balance at 31 December 2022 and 1 January 2023	**2,301,857**	**238,097,760**	**(6,640,176)**	**9,364,503**	**1,587,596**	**8,075,171**	**252,786,711**	**2,301,901**	**255,088,612**
Changes in equity for 2023:									
(Loss)/profit for the year	**-**	**-**	**-**	**-**	**-**	**(16,204,544)**	**(16,204,544)**	**71,607**	**(16,132,937)**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(26,317)**	**-**	**(26,317)**	**-**	**(26,317)**
Total comprehensive loss	**-**	**-**	**-**	**-**	**(26,317)**	**(16,204,544)**	**(16,230,861)**	**71,607**	**(16,159,254)**
Balance at 31 December 2023	**2,301,857**	**238,097,760**	**(6,640,176)**	**9,364,503**	**1,561,279**	**(8,129,373)**	**236,555,850**	**2,373,508**	**238,929,358**

Consolidated Cash Flow Statement

For the year ended 31 December 2023
(Expressed in Renminbi)

	Notes	2023 RMB	2022 RMB
Operating activities			
Cash (used in)/generated from operations	*21(b)*	**(20,549,581)**	74,179,359
Income tax paid	*25(a)*	**(710,210)**	(2,849,975)
Net cash (used in)/generated from operating activities		**(21,259,791)**	71,329,384
Investing activities			
Interest received from deposits with financial institutions	*4*	**231,058**	113,276
Proceeds from disposal and redemption of investments		**60,458,807**	196,284,730
Proceeds from disposal of an associate	*15*	**6,250,000**	–
Proceeds from disposal of property, plant and equipment		**3,308**	–
Payments on acquisition of investments		**(73,890,000)**	(188,302,539)
Payment of purchase of intangible assets		**(130,896)**	–
Payment of purchase of property, plant and equipment		**(4,285,550)**	(29,493,782)
Proceeds from asset-related government grant	*12*	**–**	223,615
Advances to related parties		**–**	(8,000,000)
Repayment from related parties		**–**	8,000,000
Net cash used in investing activities		**(11,363,273)**	(21,174,700)
Financing activities			
Proceeds from borrowings	*21(c)*	**10,000,000**	63,361,750
Repayment of borrowings	*21(c)*	**(30,891,750)**	(60,564,000)
Advances from a related party	*21(c)*	**–**	848,610
Repayment to a related party	*21(c)*	**(848,610)**	–
Capital element of lease rentals paid	*21(c)*	**(613,915)**	(471,464)
Interest element of lease rentals paid	*21(c)*	**(59,181)**	(59,711)
Other interest paid	*21(c)*	**(1,389,555)**	(2,095,275)
Net cash (used in)/generated from financing activities		**(23,803,011)**	1,019,910
Net (decrease)/increase in cash and cash equivalents		**(56,426,075)**	51,174,594
Cash and cash equivalents at 1 January		**70,101,732**	19,146,212
Effect of foreign exchange rate changes		**(26,317)**	(219,074)
Cash and cash equivalents at 31 December	*21(a)*	**13,649,340**	70,101,732

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands as an exempted company with limited liability on 5 June 2017. The Company is an investment holding company and the address of registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business and headquarters in the PRC and Hong Kong are located at Unit 2, 18/F, No. 77 Tai Nan Road, Siming District, Xiamen, Fujian, the PRC, and 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong respectively.

The Company's issued shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 18 July 2018.

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also include the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The HKICPA has issued certain new and amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**").

The preparation of consolidated financial statements in accordance with HKFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The consolidated financial statements are presented in Renminbi ("**RMB**") and the functional currency of the Company is Hong Kong dollars ("**HK$**"). As the Group mainly operates in the PRC, RMB is used as the presentation currency of the consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 2.

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Changes in accounting policies

The HKICPA has issued several new and amendments to HKFRSs that are first effective for the current accounting period of the Group.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and related amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except for the below, the application of the above new and amendments to HKFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in this note to the consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The Group has not adopted any amendments to HKFRSs that is not yet effective for the current accounting period (Note 31).

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Associates

An associate is an entity in which the Group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(i)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, investments in associates and are stated at cost less impairment losses (see note 1(i)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Financial instruments

(i) Recognition and initial measurement

The Group initially recognises financial asset or financial liability on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**") , transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Financial instruments (Continued)

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("**FVOCI**") or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("**SPPI**").

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(iii) Derecognition

a. *Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

b. *Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Financial instruments (Continued)

(iv) Credit losses from financial instruments and finance lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, and loans and receivables); and

– finance lease receivables.

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– loans and receivables: discount rate used in the measurement of loans and receivables;

– finance lease receivables: discount rate used in the measurement of the finance lease receivables;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Financial instruments (Continued)

(iv) Credit losses from financial instruments and finance lease receivables (Continued)

Measurement of ECLs (Continued)

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises an allowance for impairment losses equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the allowance for impairment losses is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Financial instruments (Continued)

(iv) Credit losses from financial instruments and finance lease receivables (Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Write-off policy

The gross carrying amount of a financial asset or finance lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Property, plant and equipment

The following items of property, plant and equipment held for own use are stated at cost less accumulated depreciation and impairment losses (see note 1(i)):

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see note 1(i)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Plant	20 years
–	Right-of-use assets are depreciated over the unexpired term of lease	
–	Land use right of land (included in right-of-use assets)	50 years
–	Motor vehicles	4 years
–	Office equipment	3–5 years
–	Machinery	10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(i)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to financial assets. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets in "property, plant and equipment" and lease liabilities as a separate line item on consolidated statement of financial position.

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Leased assets (Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a loans and receivable equal to the transfer proceeds within the scope HKFRS 9.

(i) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the non-financial assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased, if any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest Group of cash-generating units if otherwise.

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

(k) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Borrowing costs are expensed in the period in which they are incurred.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(m) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant laws and regulations the PRC, the Group’s subsidiaries in the PRC have joined defined contribution schemes for the employees, such as basic pension scheme, housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes contributions to the above mentioned schemes at the applicable rates based on the amounts stipulated by the government organisation. The contributions are charged to the consolidated statement of profit or loss on an accrual basis.

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(o) Revenue

Income is classified by the Group as revenue when it arises from the sales of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or a service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Revenue (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash payments and receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(ii) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

The Group provides packaging and paper products trading services. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. The Group is acting as the principal if it obtains control over the goods and services before they are transferred to customers. Generally, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Group acts as the principal and revenue is recorded on a gross basis.

Revenue from sales of vinegar and other condiment products are recognised when the control over the goods is transferred to customers, which is generally at the point in time when the goods leave the Group's own warehouses or designated warehouses for sales, in accordance with the terms of sales contracts with customers, since only by that time the Group passes control of the vinegar and other condiment products to the customer.

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Revenue (Continued)

(iii) Advisory fee income

The Group collects advisory fee by providing consulting services to customers.

a. If one of the following conditions is met, the Group will recognise the revenue according to the performance progress in the period:

   – the customer obtains the economic benefits through the Group's performance;

   – the customer is able to control the services performed by the Group in the performance process;

   – the services performed by the Group in the performance process have irreplaceable uses, and the Group has the right to collect the payment for the part of performance that has been completed.

b. In other cases, the Group recognises the revenue when the customer obtains the relevant service control right.

(iv) Commission income from sales of vinegar and other condiment products

Commission income from sales of vinegar and other condiment products are recognised at point in time when the Group arranged the products owned by another party to the customers. The Group does not control the specified goods provided by another party before that goods are transferred to the customer. The Group recognised revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods to be provided by the other party.

(p) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

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(Expressed in Renminbi unless otherwise indicated)

2. ACCOUNTING JUDGEMENT AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Critical accounting judgements in applying the Group's accounting policies

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

– Note 1(f)(iv): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2023 is included in the following notes.

– Note 1(f)(iv): the management reviews its finance lease receivables and loans and receivables to assess impairment on a regular basis. The methodologies and assumptions used in estimating the ECL are reviewed regularly. This includes the selection of models, inputs and determination of whether the credit risk of an asset has significantly increased by taking into account forward-looking information. The impairment provision of ECL is sensitive to changes in estimates which involve high degree of judgment and uncertainty. The carrying amounts of finance lease receivables and loans and receivables of the Group as at 31 December 2023 were amounted to RMB14,360,907 (2022: RMB19,837,178) and RMB68,859,246 (2022: RMB69,581,126) respectively. Allowances for impairment losses of finance lease receivables and loans and receivables as at 31 December 2023 were amounted to RMB26,946,447 (2022: RMB28,465,405) and RMB18,616,083 (2022: RMB15,831,995) respectively.

– Note 1(g): the management determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The net carrying amount of property, plant and equipment of the Group as at 31 December 2023 was amounted to RMB90,156,302 (2022: RMB92,159,871).

– Note 1(n): recognition of deferred tax assets: the management has established subsidiaries in several regions. Deferred tax assets should generally be recognised for deductible temporary differences relating to subsidiaries respectively, unless the Group is able to control the timing of the reversal of the temporary differences or to determine it is probable that the temporary differences would not be reversed in the foreseeable future. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised for each subsidiary, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The net carrying amount of deferred tax assets of the Group recognised in the consolidated statement of financial position as at 31 December 2023 was amounted to RMB7,399,478 (2022: RMB6,851,508).

(Expressed in Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

The principal activities of the Group are providing equipment based financing solutions and factoring services to customers, packaging and paper products trading and manufacture and sales of vinegar and other condiment products in the PRC. The amount of each significant category of revenue recognised during the year ended 31 December 2023 and 2022 is as follows:

	2023 RMB	2022 RMB
Revenue from contract with customers within the scope of HKFRS 15, types of goods or services, recognised at point in time		
Sales of products arising from		
Sales of packaging and paper products	**20,975,826**	13,190,527
Sales of vinegar and other condiment products	**6,887,078**	458,222
	27,862,904	13,648,749
Other revenue from		
Commission income from sales of vinegar and other condiment products	**679,568**	135,844
Advisory fee income	**113,207**	–
	792,775	135,844
	28,655,679	13,784,593
Revenue from other source		
Interest income from		
Finance lease receivables	**177,230**	1,081,189
Receivables from sale – leaseback transaction under loans and receivables	**2,565,961**	7,633,262
Factoring receivables	**4,627,904**	5,673,390
	7,371,095	14,387,841
	36,026,774	28,172,434

(i) The Group has two customers for the years ended 2023 and 2022 respectively, with whom transactions have exceeded 10% of the Group's aggregate revenues. Such revenue from the customers is set out below:

	2023 RMB	2022 RMB
Customer A (Packaging and paper products trading segment)	**9,096,745**	4,633,762
Customer B (Packaging and paper products trading segment)	**4,411,872**	4,074,305

(ii) All sales of products are completed within one year. As presented under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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(Expressed in Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Financial services segment: providing financial leasing service, factoring service and advisory service in the PRC. Income of financial leasing service, factoring service and advisory service constitute financial services for the years;

- Packaging and paper products trading segment: starting from the year 2021, the Group set up Fujian Baiying Paper Co., Ltd. ("**Baiying Paper**") to diversify the business of the Group. The main business of Baiying Paper is sales of packaging and paper products in the PRC; and

- Manufacture and sale of vinegar and other condiment products segment: starting from the year 2021, the Group set up Fujian Yongchun Qiaoxin Brewing Co., Ltd. ("**Qiaoxin**") to diversify the business of the Group. The main business of Qiaoxin is manufacturing and selling of vinegar and other condiment products in the PRC.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets. Segment liabilities include borrowings, trade and other liabilities, lease liabilities, income tax payable with the exception of deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit or loss is "loss for the year". To arrive at loss for the year the Group's losses are further adjusted for items, such as other head office or corporate administration costs.

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3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Disaggregation of revenue by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

	For the year ended 31 December 2023			
	Financial services RMB	Packaging and paper products trading RMB	Manufacture and sale of vinegar and other condiment products RMB	Total RMB
Reportable segment revenue	7,484,302	20,975,826	7,566,646	36,026,774
Cost of sales	–	(20,457,636)	(4,657,734)	(25,115,370)
Other income, other gains and losses	828,949	24,560	488,074	1,341,583
Interest expenses	(1,273,923)	(7,945)	(262,323)	(1,544,191)
Impairment losses charged	(1,349,010)	(5,434)	(223,161)	(1,577,605)
Administrative expense	(2,550,891)	(296,101)	(10,892,922)	(13,739,914)
Selling and distribution expenses	–	(23,962)	(10,551,936)	(10,575,898)
Share of loss of an associate	(760,709)	–	–	(760,709)
Gain on disposal of an associate	2,498,272	–	–	2,498,272
Reportable segment profit/(loss) before income tax	4,876,990	209,308	(18,533,356)	(13,447,058)
Income tax credit/(expense)	31,810	(50,181)	344,054	325,683
Reportable segment profit/(loss) for the year	4,908,800	159,127	(18,189,302)	(13,121,375)
Reportable segment assets	227,618,755	5,547,244	124,123,111	357,289,110
Reportable segment liabilities	(17,502,719)	(284,767)	(107,528,372)	(125,315,858)

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

	For the year ended 31 December 2022			
	Financial services RMB	Packaging and paper products trading RMB	Manufacture and sale of vinegar and other condiment products RMB	Total RMB
Reportable segment revenue	14,387,841	13,190,527	594,066	28,172,434
Cost of sales	–	(12,791,650)	(288,216)	(13,079,866)
Other income, other gains and losses	1,767,314	16,158	113,614	1,897,086
Interest expenses	(3,647,808)	–	(14,705)	(3,662,513)
Impairment losses (charged)/written back	(11,742,944)	244,906	–	(11,498,038)
Administrative expense	(5,215,494)	(325,422)	(6,267,500)	(11,808,416)
Selling and distribution expenses	–	(109,246)	(5,016,485)	(5,125,731)
Share of loss of an associate	(487,563)	–	–	(487,563)
Reportable segment (loss)/profit before income tax	(4,938,654)	225,273	(10,879,226)	(15,592,607)
Income tax expense	(9,026,932)	(52,348)	(270,660)	(9,349,940)
Reportable segment (loss)/profit for the year	(13,965,586)	172,925	(11,149,886)	(24,942,547)
Reportable segment assets	261,205,016	5,458,176	115,214,465	381,877,657
Reportable segment liabilities	(52,734,782)	(353,466)	(80,087,041)	(133,175,289)

(Expressed in Renminbi unless otherwise indicated)

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment profit or loss, assets and liabilities

	2023 RMB	2022 RMB
Loss for the year		
Reportable segment loss	**(13,121,375)**	(24,942,547)
Unallocated head office and corporate expenses	**(3,011,562)**	(1,378,716)
Consolidated loss	**(16,132,937)**	(26,321,263)

	2023 RMB	2022 RMB
Assets		
Reportable segment assets	**357,289,110**	381,877,657
Elimination of inter-segment receivables	**(86,548,624)**	(70,307,189)
	270,740,486	311,570,468
Deferred tax assets	**7,399,478**	6,851,508
Unallocated head office and corporate assets	**678,764**	535,073
Consolidated total assets	**278,818,728**	318,957,049

	2023 RMB	2022 RMB
Liabilities		
Reportable segment liabilities	**125,315,858**	133,175,289
Elimination of inter-segment payable	**(86,548,624)**	(70,307,189)
	38,767,234	62,868,100
Unallocated head office and corporate liabilities	**1,122,136**	1,000,337
Consolidated total liabilities	**39,889,370**	63,868,437

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(Expressed in Renminbi unless otherwise indicated)

4. OTHER INCOME, OTHER GAINS AND LOSSES

	Notes	**2023 RMB**	2022 RMB
Net gain/(loss) from financial assets at fair value through profit or loss		**223,079**	(203,366)
Interest income from deposits with financial institutions		**231,058**	113,276
Government grants	*(i)*	**848,584**	1,478,322
Interest income from loan to related parties	*29(c)*	**–**	221,246
Foreign exchange gains		**52,091**	80,203
Others		**39,149**	287,106
		1,393,961	1,976,787

Note:

(i) During the year ended 31 December 2023, the government grants mainly represented the unconditional value-add tax reimbursement and enterprise development support received from PRC local government authorities.

5. INTEREST EXPENSES

	2023 RMB	2022 RMB
Borrowings	**1,351,226**	2,094,122
Imputed interest expense on interest-free guaranteed deposits from lessees	**133,784**	1,508,680
Interest on lease liabilities	**59,181**	59,711
	1,544,191	3,662,513

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(Expressed in Renminbi unless otherwise indicated)

6. NET IMPAIRMENT LOSSES RECOGNISED

	Notes	2023 RMB	2022 RMB
Loans and receivables	16	**2,784,088**	3,892,988
Finance lease receivables	17(b)	**(1,703,745)**	6,734,126
Trade and other receivables	18	**497,262**	870,924
		1,577,605	11,498,038

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Note	2023 RMB	2022 RMB
(a) Staff cost (including director's emolument)			
Salaries, wages and other benefits		**10,043,465**	6,530,270
Contributions to defined contribution retirement plan		**620,338**	609,710
Sub-total		**10,663,803**	7,139,980
(b) Other items			
Amortisation cost of intangible assets		**94,204**	90,380
Depreciation charge			
– owned property, plant and equipment		**4,872,026**	4,459,704
Less: transfer to inventories		**(3,893,230)**	(3,500,237)
Charged to profit and loss		**978,796**	959,467
– right-of-use assets		**1,095,945**	744,274
Auditor's remuneration			
– audit services		**779,895**	867,924
– other services		**594,308**	660,377
Cost of inventories	20	**25,484,274**	13,079,866
Consulting expenses		**640,017**	625,419
Legal expenses		**858,127**	379,563
Loss/(gain) on disposal of property, plant and equipment		**11,357**	(41,489)

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(Expressed in Renminbi unless otherwise indicated)

8. INCOME TAX (CREDIT)/EXPENSE

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

	Notes	2023 RMB	2022 RMB
Current			
– PRC Enterprise Income Tax (“**EIT**”) provision for the year		**583,868**	2,467,145
– Over provision in prior years		**(361,581)**	(9,317)
	25(a)	**222,287**	2,457,828
Deferred tax			
– (Origination)/reversal of temporary differences	*25(b)*	**(547,970)**	6,892,112
		(325,683)	9,349,940

(b) Reconciliation between income tax (credit)/expense and accounting loss at applicable tax rates:

	Notes	2023 RMB	2022 RMB
Loss before income tax		**(16,458,620)**	(16,971,323)
Notional tax on profit before income tax, calculated at the rates applicable in the jurisdictions concerned		**(3,348,647)**	(3,487,470)
Tax effect of non-deductible expenses/ losses	*(i)*	**733,904**	187,432
Income not taxable for tax purpose		**–**	(73,178)
Tax effect of utilisation of unused tax loss previously not recognised		**(1,643,134)**	–
Tax effect of unused losses not recognised		**4,233,528**	2,947,929
Tax effect of deductible temporary difference not recognised		**60,247**	9,784,544
Over provision in prior years		**(361,581)**	(9,317)
Income tax (credit)/expense for the year		**(325,683)**	9,349,940

(i) Non-deductible expenses consist of entertainment and welfare expenses, which exceed the tax deduction limits in accordance with PRC tax regulations.

(ii) Pursuant to the rules and regulation of the Cayman Islands and the British Virgin Islands (the “**BVI**”), the Group is not subject to any income tax in the Cayman Islands and the BVI, respectively.

(iii) No provision for Hong Kong Profits Tax has been made for the Company and Byleasing Capital Limited (the “**Byleasing Capital**”) as the Company and Byleasing Capital had not derived any income subject to Hong Kong Profits Tax during the year (2022: nil).

(iv) Pursuant to the CIT Law and its related regulations, non-PRC-resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax.

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9. DIRECTORS' EMOLUMENTS

Directors' remuneration is as follows:

	Year ended 31 December 2023				
	Fees RMB	Salaries, allowances and benefits in kind RMB	Discretionary bonuses RMB	Retirement scheme contributions RMB	Total RMB
Executive Directors					
Zhou Shiyuan (周士淵)	–	–	–	–	–
Chen Xinwei (陳欣慰)	–	–	–	–	–
Huang Dake (黃大柯)	–	668,221	75,000	19,715	762,936
Non-executive Director					
Ke Jinding (柯金鏘)	–	–	–	–	–
Independent non-executive Directors					
Tu Liandong (涂連東)	60,000	–	–	–	60,000
Xie Mianbi (謝綿陛)	60,000	–	–	–	60,000
Chen Chaolin (陳朝琳)	60,000	–	–	–	60,000
Total	180,000	668,221	75,000	19,715	942,936

	Year ended 31 December 2022				
	Fees RMB	Salaries, allowances and benefits in kind RMB	Discretionary bonuses RMB	Retirement scheme contributions RMB	Total RMB
Executive Directors					
Zhou Shiyuan (周士淵)	–	–	–	–	–
Chen Xinwei (陳欣慰)	–	–	–	–	–
Huang Dake (黃大柯)	–	614,934	94,000	17,763	726,697
Non-executive Director					
Ke Jinding (柯金鏘)	–	–	–	–	–
Independent non-executive Directors					
Tu Liandong (涂連東)	60,000	–	–	–	60,000
Xie Mianbi (謝綿陛)	60,000	–	–	–	60,000
Chen Chaolin (陳朝琳)	60,000	–	–	–	60,000
Total	180,000	614,934	94,000	17,763	906,697

During the year ended 31 December 2023, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 10 below as an inducement to join or upon joining the Group or as a compensation for loss of office.

For the year ended 31 December 2023, there were no arrangements under which a director waived or agreed to waive any emoluments. No inducement for joining the Group or compensation for loss of office was paid or payable to any directors during the year (2022: nil).

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10. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, there is one (2022: one) director of the Group whose emoluments are disclosed in note 9.

The aggregate of the emoluments in respect of the other individuals for the years ended 31 December 2023 and 2022 are as follows:

	2023 RMB	2022 RMB
Salaries, allowances and benefits in kind	**1,071,633**	1,071,853
Discretionary bonuses	**80,337**	138,780
Retirement scheme contributions	**78,860**	47,463
Total	**1,230,830**	1,258,096

The emoluments of the four (2022: four) individuals with the highest emoluments are all within the following band:

	2023	2022
Nil-HKD1,000,000	**4**	4

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB16,204,544 (2022: RMB26,391,305) and the weighted average of 270,000,000 ordinary shares (2022: 270,000,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2023	2022
Issued ordinary shares at 1 January and 31 December	**270,000,000**	270,000,000

(b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the year ended 2023 (2022: nil), and hence the diluted loss per share are the same as basic loss per share.

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12. PROPERTY, PLANT AND EQUIPMENT

		Plant RMB Note (ii)	Construction in progress RMB	Office equipment RMB	Motor vehicles RMB	Machinery RMB	Right-of-use assets RMB Note (iii)	Total RMB
Cost								
As at 1 January 2022		45,651,999	19,362,161	3,287,168	898,790	534,531	4,498,848	74,233,497
Additions		–	5,236,480	369,511	–	1,165,266	24,354,316	31,125,573
Deduction by government grant	Note (i)	(223,615)	–	–	–	(2,154,271)	–	(2,377,886)
Transfer from construction in progress		1,384,431	(21,568,679)	311,023	–	19,873,225	–	–
Disposal		–	–	–	–	–	(2,076,035)	(2,076,035)
As at 31 December 2022 and 1 January 2023		46,812,815	3,029,962	3,967,702	898,790	19,418,751	26,777,129	100,905,149
Additions		–	3,415,524	105,800	–	262,408	195,335	3,979,067
Transfer from construction in progress		1,155,718	(2,920,610)	–	–	1,764,892	–	–
Disposal		–	–	(201,509)	–	(53,638)	(2,925,080)	(3,180,227)
As at 31 December 2023		47,968,533	3,524,876	3,871,993	898,790	21,392,413	24,047,384	101,703,989
Accumulated depreciation								
As at 1 January 2022		–	–	(915,543)	(568,611)	(2,662)	(2,556,751)	(4,043,567)
Charge for the year		(2,163,861)	–	(448,408)	(156,625)	(1,690,810)	(744,274)	(5,203,978)
Eliminated on disposals		–	–	–	–	–	502,267	502,267
As at 31 December 2022 and 1 January 2023		(2,163,861)	–	(1,363,951)	(725,236)	(1,693,472)	(2,798,758)	(8,745,278)
Charge for the year		(2,254,021)	–	(597,582)	(48,740)	(1,971,683)	(1,095,945)	(5,967,971)
Eliminated on disposals		–	–	191,519	–	48,963	2,925,080	3,165,562
As at 31 December 2023		(4,417,882)	–	(1,770,014)	(773,976)	(3,616,192)	(969,623)	(11,547,687)
Net carrying amount								
As at 31 December 2022		44,648,954	3,029,962	2,603,751	173,554	17,725,279	23,978,371	92,159,871
As at 31 December 2023		43,550,651	3,524,876	2,101,979	124,814	17,776,221	23,077,761	90,156,302

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) During the year ended 31 December 2023, there is no government grant provided to the Group for its new-built plant (2022: RMB223,615, which was deducted from the carrying amount of related plants).

During the year ended 31 December 2023, there is no government grant provided to the Group for its new acquisition of manufacturing equipment and machinery (2022: RMB2,154,271, which was deducted from the carrying amount of related equipment and machinery).

(ii) As at 31 December 2023, certain of the Group's plants with aggregate net book value of RMB43,363,290 (2022: nil) was pledged to secure the Group's certain bank borrowings as set out in Note 22.

(iii) Right of use assets include land use right which was fully paid and lease of premises under lease liabilities. The land use right has an estimated useful life of 50 years and lease of premises has lease term of two to five years (2022: two to five years). As at 31 December 2023, the carrying amounts of land use right and lease of premises were RMB22,040,849 (2022: RMB22,495,300) and RMB1,036,912 (2022: RMB1,483,071) respectively. There is no restrictions or covenants in the lease agreements.

13. INTANGIBLE ASSETS

	2023 **RMB**	2022 RMB
Cost		
At the beginning of the year	**923,258**	923,258
Additions	**130,896**	–
At the end of the year	**1,054,154**	923,258
Accumulated amortisation		
At the beginning of the year	**575,722**	485,342
Charge for the year	**94,204**	90,380
At the end of the year	**669,926**	575,722
Carrying amount		
At the beginning of the year	**347,536**	437,916
At the end of the year	**384,228**	347,536

Intangible assets mainly represent the enterprise system software. The estimated useful life of this software is 10 years.

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14. INTERESTS IN SUBSIDIARIES

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

Name of company	Place and date of incorporation/ establishment	Place of incorporation and kind of legal entity	Place of operation	Registered capital	Paid-in capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by the subsidiary	Principal activities
Byleasing Capital	BVI 15 June 2017	BVI Ltd.	Hong Kong	US$1	US$1	100%	–	Investment holding
Hong Kong Byleasing Holding Co., Limited ("**Hong Kong Byleasing**")	Hong Kong 8 January 2015	Hong Kong Ltd.	Hong Kong	RMB100,000,000	RMB100,000,000	–	100%	Investment holding
Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司) ("**Xiamen Baiying**")	People's Republic of China 9 March 2010	The PRC Ltd.	People's Republic of China	RMB237,000,000	RMB237,000,000	–	100%	Finance leasing
Shanghai Baiying Brewing Co., Ltd.* (上海百應釀造有限公司) ("**Shanghai Baiying**")	People's Republic of China 11 January 2019	The PRC Ltd.	People's Republic of China	RMB50,000,000	RMB50,000,000	–	100%	Commercial factoring
Fujian Yongchun Qiaoxin Brewing Co., Ltd.* (福建永春僑新釀造有限責任公司) ("**Qiaoxin**")	People's Republic of China 23 April 2020	The PRC Ltd.	People's Republic of China	RMB50,000,000	RMB50,000,000	–	100%	Manufacture and sale of vinegar and other condiment products
Fujian Baiying Paper Co., Ltd. (福建百應紙業有限公司) ("**Baiying Paper**")	People's Republic of China 13 January 2021	The PRC Ltd.	People's Republic of China	RMB30,000,000	RMB30,000,000	–	55%	Packaging and paper products trading
Qiaoxin Food (Xiamen) Co., Ltd. (僑新食品(廈門)有限公司) ("**Qiaoxin Food**")	People's Republic of China 5 September 2023	The PRC Ltd.	People's Republic of China	RMB50,000,000	–	–	100%	Sales of vinegar

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

None of the subsidiaries had issued debt securities at the end of the year.

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15. INTEREST IN AN ASSOCIATE

	2023 RMB	2022 RMB
At 1 January	**4,512,437**	–
Investment in an associate	**–**	5,000,000
Share of losses	**(760,709)**	(487,563)
Gain on disposal	**2,498,272**	–
Disposal of investment in an associate	**(6,250,000)**	–
At 31 December	**–**	4,512,437

On 29 November 2021, Xiamen Baiying, Fujian Jingong Machinery Co., Ltd. and Xiamen Qifeng Investment Partnership jointly established Fujian Jingong New Energy Technology Co., Ltd. with a registered capital of RMB100,000,000. And Fujian Jingong New Energy Technology Co., Ltd. principally engaged in the manufacturing and sale of new energy construction machinery in the PRC. Xiamen Baiying agreed to contribute RMB5,000,000, being 5% of the registered capital. Xiamen Baiying appointed 1 out of 3 directors to the board of directors of Fujian Jingong New Energy Technology Co., Ltd., thus, it was classified as associate of the Group. As of 31 December 2022, Xiamen Baiying had fully paid its subscribed capital, which accounted for 5.56% of the total paid-in capital.

On 1 November 2023, Xiamen Baiying signed an investment agreement with Shanghai Ronghe New Energy Green Carbon Investment Partnership (Limited Partnership), Jiaxing Qiyuan Xuneng Entrepreneurship Investment Partnership (Limited Partnership), and Huzhou Haichuan Equity Investment Partnership (Limited Partnership). Xiamen Baiying transferred all of its registered capital of RMB5,000,000 and corresponding equity of Fujian Jingong New Energy Technology Co., Ltd. to the three aforementioned companies for a cash consideration of RMB6,250,000 and the gain on disposal was RMB2,498,272. After the completion of transfer, Xiamen Baiying would no longer hold any equity of Fujian Jingong New Energy Technology Co., Ltd..

The following table illustrates the summarised financial information of Fujian Jingong New Energy Technology Co., Ltd. as at 1 November 2023:

(i) Summarised consolidated statement of financial position

	As at 1 November 2023 RMB	As at 31 December 2022 RMB
Current assets	**77,855,143**	90,475,708
Current liabilities	**(11,828,433)**	(9,433,942)
Non-current assets	**1,494,290**	181,994
Non-current liabilities	**–**	–
Net assets	**67,521,000**	81,223,760

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15. INTEREST IN AN ASSOCIATE (Continued)

(ii) Summarised consolidated statement of comprehensive income

	For ten months ended 31 October 2023 RMB	For the year ended 31 December 2022 RMB
Revenue	**37,442,150**	44,990,875
Loss for the year	**(13,702,760)**	(8,776,140)
Total comprehensive loss	**(13,702,760)**	(8,776,140)

(iii) Summarised consolidated statement of cash flows

	For ten months ended 31 October 2023 RMB	For the year ended 31 December 2022 RMB
Cash flow from operating activities	**548,827**	(87,779,909)
Cash flow from investing activities, net	**(1,037,055)**	(169,478)
Cash flow from financing activities	**–**	90,000,000
Net cash (outflows)/inflows	**(488,228)**	2,050,613

16. LOANS AND RECEIVABLES

	2023 RMB	2022 RMB
Factoring receivables with recourse	**38,683,957**	38,494,135
Less: Allowances for impairment losses	**(12,993,322)**	(8,025,749)
Sub-total	**25,690,635**	30,468,386
Receivables from sale-leaseback transaction	**48,791,372**	46,918,986
Less: Allowances for impairment losses	**(5,622,761)**	(7,806,246)
Sub-total	**43,168,611**	39,112,740
Total	**68,859,246**	69,581,126

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16. LOANS AND RECEIVABLES (Continued)

(i) The allowances for impairment losses of loans and receivables were provided on expected credit loss model. As at 31 December 2023, the overdue gross loans and receivables analysed by overdue period are as follows:

	2023 RMB	2022 RMB
Overdue within 30 days (inclusive)	**213,279**	276,380
Overdue 31 to 90 days (inclusive)	**21,678**	729,131
Overdue above 90 days	**10,640,868**	13,714,447
At the end of the year	**10,875,825**	14,719,958

(ii) Analysis for reporting purpose as:

	2023 RMB	2022 RMB
Non-current assets	**22,734,197**	11,374,497
Current assets	**46,125,049**	58,206,629
	68,859,246	69,581,126

(iii) Loans and receivables and allowance for impairment losses are as follows:

	As at 31 December 2023			
	Stage I 12-month ECL RMB	Stage II Lifetime ECL RMB	Stage III RMB	Total RMB
Factoring receivables	**–**	**36,700,907**	**1,983,050**	**38,683,957**
Less: Allowances for impairment losses	**–**	**(11,010,272)**	**(1,983,050)**	**(12,993,322)**
Carrying amount of factoring receivables	**–**	**25,690,635**	**–**	**25,690,635**
Receivables from sale-leaseback transaction	**40,111,876**	**21,678**	**8,657,818**	**48,791,372**
Less: Allowances for impairment losses	**(772,178)**	**(3,555)**	**(4,847,028)**	**(5,622,761)**
Carrying amount of receivables from sale-leaseback transaction	**39,339,698**	**18,123**	**3,810,790**	**43,168,611**
Total carrying amount of loans and receivables	**39,339,698**	**25,708,758**	**3,810,790**	**68,859,246**

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16. LOANS AND RECEIVABLES (Continued)

(iii) Loans and receivables and allowance for impairment losses are as follows: (Continued)

	As at 31 December 2022 Stage I 12-month ECL RMB	Stage II Lifetime ECL RMB	Stage III RMB	Total RMB
Factoring receivables	501,778	36,009,307	1,983,050	38,494,135
Less: Allowances for impairment losses	(16,413)	(6,224,591)	(1,784,745)	(8,025,749)
Carrying amount of factoring receivables	485,365	29,784,716	198,305	30,468,386
Receivables from sale-leaseback transaction	34,458,458	729,131	11,731,397	46,918,986
Less: Allowances for impairment losses	(1,042,933)	(119,577)	(6,643,736)	(7,806,246)
Carrying amount of receivables from sale-leaseback transaction	33,415,525	609,554	5,087,661	39,112,740
Total carrying amount of loans and receivables	33,900,890	30,394,270	5,285,966	69,581,126

(iv) Movements of allowance for impairment losses on loans and receivables:

	2023 Stage I 12-month ECL RMB	**Stage II Lifetime ECL RMB**	**Stage III RMB**	**Total RMB**
Balance at 1 January	**1,059,346**	**6,344,168**	**8,428,481**	**15,831,995**
Transfer:				
Stage I to stage II	**(11,554)**	**11,554**	**–**	**–**
Net remeasurement of loss allowance	**–**	**4,785,681**	**152,700**	**4,938,381**
Partial settlement of receivables	**(459,530)**	**(7,999)**	**(1,253,560)**	**(1,721,089)**
New financial assets originated or Purchased	**513,930**	**–**	**–**	**513,930**
Financial assets that have been derecognised due to settlement	**(330,014)**	**(119,577)**	**(497,543)**	**(947,134)**
Balance at 31 December	**772,178**	**11,013,827**	**6,830,078**	**18,616,083**

	2022 Stage I 12-month ECL RMB	Stage II Lifetime ECL RMB	Stage III RMB	Total RMB
Balance at 1 January	3,538,298	–	8,400,709	11,939,007
Transfer:				
Stage I to stage II	(9,909)	9,909	–	–
Stage I to stage III	(147,577)	–	147,577	–
Net remeasurement of loss allowance	(422,563)	28,732	1,902,164	1,508,333
New financial assets originated or purchased	217,101	6,305,527	620,938	7,143,566
Financial assets that have been derecognised due to settlement	(2,116,004)	–	(2,642,907)	(4,758,911)
Balance at 31 December	1,059,346	6,344,168	8,428,481	15,831,995

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17. FINANCE LEASE RECEIVABLES

	2023 RMB	2022 RMB
Minimum finance lease receivables		
Not later than one year	**43,894,560**	50,340,842
Later than one year and not later than five years	**–**	777,752
Gross amount of finance lease receivables	**43,894,560**	51,118,594
Less: Unearned finance income	**(2,587,206)**	(2,816,011)
Net amount of finance lease receivables	**41,307,354**	48,302,583
Less: Allowances for impairment losses	**(26,946,447)**	(28,465,405)
Carrying amount of finance lease receivables	**14,360,907**	19,837,178
Present value of minimum finance lease receivables		
Not later than one year	**41,307,354**	47,587,897
Later than one year and not later than five years	**–**	714,686
Total	**41,307,354**	48,302,583

Analysis for reporting purpose as:

	2023 RMB	2022 RMB
Non-current assets	**–**	664,076
Current assets	**14,360,907**	19,173,102
	14,360,907	19,837,178

Analysis by security:
Finance lease receivables are mainly secured by leased assets which are used in infrastructure, manufacturing, construction and other industries, lessees' deposits and leased assets repurchase arrangement where applicable.

Additional collateral may be obtained from lessees to secure their repayment obligation and such collateral include residential properties, car parks, etc. Due to restriction of the collateral registration procedure, finance lease receivables with carrying amount of RMB422,089 was arranged through an entrusted loan with properties as the collateral as at 31 December 2023 (2022: RMB467,694).

Lessees' deposits are calculated and collected based on a certain percentage of the entire value of the lease contract. The deposits are returned to the lessees in full by end of lease period according to the terms of the lease contracts. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments for the corresponding lease contract.

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17. FINANCE LEASE RECEIVABLES (Continued)

Overdue gross finance lease receivables analysed by overdue period:

	2023 RMB	2022 RMB
Overdue within 30 days (inclusive)	–	1,711,795
Overdue 31 to 90 days (inclusive)	55,252	180,374
Overdue above 90 days	41,142,657	42,471,452
At the end of the year	41,197,909	44,363,621

Finance lease receivables overdue related to a number of lessees failing to pay the instalments, but the Group could collect the remaining balance from the guaranteed deposits from lessees, the suppliers under the leased assets repurchase arrangements or from the disposal of leased assets.

(a) Finance lease receivables and allowances for impairment losses:

	As at 31 December 2023			
	Stage I 12-month ECL RMB	Stage II Lifetime ECL RMB	Stage III RMB	Total RMB
Net amount of finance lease receivables	109,445	55,252	41,142,657	41,307,354
Less: Allowances for impairment losses	(2,364)	(9,061)	(26,935,022)	(26,946,447)
Carrying amount of finance lease receivables	107,081	46,191	14,207,635	14,360,907

	As at 31 December 2022			
	Stage I 12-month ECL RMB	Stage II Lifetime ECL RMB	Stage III RMB	Total RMB
Net amount of finance lease receivables	5,650,757	180,374	42,471,452	48,302,583
Less: Allowances for impairment losses	(296,587)	(29,581)	(28,139,237)	(28,465,405)
Carrying amount of finance lease receivables	5,354,170	150,793	14,332,215	19,837,178

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17. FINANCE LEASE RECEIVABLES (Continued)

(b) Movements of allowances for impairment losses on finance lease receivables

	2023			
	Stage I 12-month ECL RMB	Stage II Lifetime ECL RMB	Stage III RMB	 Total RMB
Balance at 1 January	**296,588**	**29,581**	**28,139,236**	**28,465,405**
Transfer:				
Stage I to Stage II	**(14,722)**	**14,722**	**–**	**–**
Stage I to Stage III	**(13,420)**	**–**	**13,420**	**–**
Net remeasurement of loss allowance	**–**	**–**	**2,396**	**2,396**
Partial settlement of receivables	**–**	**(5,660)**	**(1,012,881)**	**(1,018,541)**
New financial assets originated or Purchased	**2,364**	**–**	**–**	**2,364**
Financial assets that have been derecognised due to settlement	**(268,446)**	**(29,582)**	**(391,936)**	**(689,964)**
Recoveries of amounts previously write-off	**–**	**–**	**184,787**	**184,787**
Balance at 31 December	**2,364**	**9,061**	**26,935,022**	**26,946,447**

	2022			
	Stage I 12-month ECL RMB	Stage II Lifetime ECL RMB	Stage III RMB	 Total RMB
Balance at 1 January	440,992	6,300	27,519,821	27,967,113
Transfer:				
Stage I to Stage II	(6,209)	6,209	–	–
Net remeasurement of loss allowance	(170,996)	23,372	8,732,972	8,585,348
New financial assets originated or purchased	207,683	–	159,937	367,620
Financial assets that have been derecognised due to settlement	(174,882)	(6,300)	(2,037,660)	(2,218,842)
Write-offs	–	–	(6,235,834)	(6,235,834)
Balance at 31 December	296,588	29,581	28,139,236	28,465,405

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18. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID

	Notes	**2023 RMB**	2022 RMB
Non-current assets			
Rental deposits		**132,342**	131,642
		132,342	131,642
Current assets			
Interest receivables	*(i)*	**4,187,947**	3,557,491
Less: Allowances for impairment losses	*(ii)*	**(70,977)**	(614,950)
		4,116,970	2,942,541
Trade receivables	*(iii)*	**7,073,773**	2,076,498
Less: Allowances for impairment losses	*(ii)*	**(226,705)**	(6,856)
		6,847,068	2,069,642
Other receivables		**2,804,686**	926,727
Less: Allowances for impairment losses	*(ii)*	**(1,399,266)**	(577,880)
		1,405,420	348,847
Note receivables		**–**	363,623
		12,369,458	5,724,653
Deductible value-added tax		**7,829,729**	7,376,584
Prepaid expenses		**5,802,308**	2,498,823
Prepayment for leased assets		**195,826**	121,512
		26,197,321	15,721,572
Total		**26,329,663**	15,853,214

Notes:

(i) Interest receivables arise from:

	2023 RMB	2022 RMB
Factoring receivables	**4,187,947**	3,322,970
Less: Allowances for impairment losses	**(70,977)**	(574,411)
	4,116,970	2,748,559
Receivables from a related party	**–**	234,521
Less: Allowances for impairment losses	**–**	(40,539)
	–	193,982
Total	**4,116,970**	2,942,541

As of the end of the year, based on the maturity date, the ageing of the overdue interest receivables amounted to RMB4,116,970 (2022: RMB2,942,541) is within 3 months.

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18. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID (Continued)

Notes: (Continued)

(ii) Movements of allowances on trade and other receivables

	2023			2022		
	Interest receivables RMB	Trade receivables RMB	Other receivables RMB	Interest receivables RMB	Trade receivables RMB	Other receivables RMB
At 1 January	614,950	6,856	577,880	–	250,645	78,117
Addition	70,977	226,705	821,386	614,950	6,856	499,763
Reversal	(614,950)	(6,856)	–	–	(250,645)	–
(Credited)/Charged to profit or loss	(543,973)	219,849	821,386	614,950	(243,789)	499,763
At 31 December	70,977	226,705	1,399,266	614,950	6,856	577,880

(iii) The following is an ageing analysis of trade receivables, net of allowances for impairment losses, presented based on the invoice date at the end of the year:

	2023 RMB	2022 RMB
Within 3 months	5,981,178	2,069,642
Over 3 months but within 6 months	562,197	–
Over 6 months but within 1 year	303,693	–
At the end of the year	6,847,068	2,069,642

Trade receivables are due within 1-60 days from the date of billing. Trade receivables that are more than 60 days past due are requested to settle all outstanding balances before any further credit is granted. The following is an ageing analysis of trade receivables, net of provision for credit loss allowances, presented based on the past due dates:

	2023 RMB	2022 RMB
Current (not past due)	5,884,954	2,069,642
Less than 3 months past due	575,085	–
3-6 months past due	276,725	–
6-12 months past due	110,304	–
At the end of the year	6,847,068	2,069,642

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19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB	2022 RMB
Wealth management products *(Note)*	**34,135,944**	20,030,101
Listed securities in the PRC	**6,962,710**	7,414,281
	41,098,654	27,444,382

Note: The above wealth management products were issued by commercial banks in the PRC. They were classified as FVTPL as their contractual cash flows are not solely payments of principal and interest.

20. INVENTORIES

	2023 RMB	2022 RMB
Raw materials	**1,156,196**	599,696
Work in progress	**11,165,199**	10,173,793
Finished goods	**4,259,515**	1,494,576
	16,580,910	12,268,065

The analysis of the amount of inventories included in profit or loss is as follows:

	2023 RMB	2022 RMB
Carrying amount of inventories sold	**25,115,370**	13,079,866

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21. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2023 RMB	2022 RMB
Deposits with banks	**13,649,340**	70,101,732

The Group's main operation in the PRC are conducted in RMB. RMB is not a freely convertible currency and the remittance of RMB out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of loss before income tax to cash generated from operations:

	Notes	2023 RMB	2022 RMB
Loss before income tax		**(16,458,620)**	(16,971,323)
Adjustments for:			
Net (gain)/loss on financial assets at fair value through profit or loss	*4*	**(223,079)**	203,366
Share of losses of an associate	*15*	**760,709**	487,563
Gain on disposal of an associate	*15*	**(2,498,272)**	–
Interest income from deposits with financial institutions	*4*	**(231,058)**	(113,276)
Interest expense		**1,410,407**	2,153,833
Net impairment losses recognised	*6*	**1,577,605**	11,498,038
Depreciation	*12*	**5,967,971**	5,203,978
Amortisation	*7(b)*	**94,204**	90,380
Loss/(gain) on disposal of property, plant and equipment	*7(b)*	**11,357**	(41,489)
Operating (loss)/profit before changes in working capital		**(9,588,776)**	2,511,070
Changes in working capital:			
Increase in inventories		**(4,312,845)**	(11,417,623)
(Increase)/decrease in loans and receivables		**(2,062,208)**	71,274,269
Decrease in finance lease receivables		**7,180,016**	28,535,703
Increase in trade and other receivables		**(10,125,101)**	(2,706,334)
Decrease in trade and other liabilities		**(1,640,667)**	(14,017,726)
Cash (used in)/generated from operations		**(20,549,581)**	74,179,359

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21. CASH AND CASH EQUIVALENTS (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	2023			
	Bank loans RMB *(Note 22)*	Repayment to a related party (included in trade and other liabilities) RMB	Lease liabilities RMB *(Note 24)*	Total RMB
As at 1 January 2023	29,930,079	848,610	1,516,220	32,294,909
Changes from financing cash flow:				
Proceeds from borrowings	10,000,000	–	–	10,000,000
Repayment of borrowings	(30,891,750)	–	–	(30,891,750)
Repayment to a related party	–	(848,610)	–	(848,610)
Interest paid	(1,389,555)	–	–	(1,389,555)
Capital element of lease rentals paid	–	–	(613,915)	(613,915)
Interest element of lease rentals paid	–	–	(59,181)	(59,181)
Total changes from financing cash flows	(22,281,305)	(848,610)	(673,096)	(23,803,011)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	195,335	195,335
Interest expense	1,351,226	–	59,181	1,410,407
As at 31 December 2023	9,000,000	–	1,097,640	10,097,640

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21. CASH AND CASH EQUIVALENTS (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	2022			
	Bank loans RMB *(Note 22)*	Advance from a related party (included in trade and other liabilities) RMB	Lease liabilities RMB *(Note 24)*	Total RMB
As at 1 January 2022	27,133,482	–	1,971,150	29,104,632
Changes from financing cash flow:				
Proceeds from borrowings	63,361,750	–	–	63,361,750
Repayment of borrowings	(60,564,000)	–	–	(60,564,000)
Advance from a related party	–	848,610	–	848,610
Interest paid	(2,095,275)	–	–	(2,095,275)
Capital element of lease rentals paid	–	–	(471,464)	(471,464)
Interest element of lease rentals paid	–	–	(59,711)	(59,711)
Total changes from financing cash flows	702,475	848,610	(531,175)	1,019,910
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	1,631,790	1,631,790
Decrease in lease liabilities from the existing lease	–	–	(1,615,256)	(1,615,256)
Interest expense	2,094,122	–	59,711	2,153,833
As at 31 December 2022	29,930,079	848,610	1,516,220	32,294,909

(d) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2023 RMB	2022 RMB
Within financing cash flows	**673,096**	531,175

These amounts relate to the following:

	2023 RMB	2022 RMB
Lease rentals paid	**673,096**	531,175

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22. BORROWINGS

	Notes	**2023 RMB**	2022 RMB
Bank loans			
– secured	*(i)*	**9,000,000**	–
– guaranteed	*(ii)*	**–**	29,930,079
		9,000,000	29,930,079

Analysis for reporting purpose as:

	2023 RMB	2022 RMB
Non-current liabilities	**7,000,000**	–
Current liabilities	**2,000,000**	29,930,079
	9,000,000	29,930,079

(i) As of 31 December 2023, loans amounted to RMB9,000,000 (2022: nil) was secured by pledge of certain property, plant and equipment of the Group with carrying amounts of RMB43,363,290 (2022: nil) as detailed in note 12(ii).

(ii) As of 31 December 2022, loans amounted to RMB20,022,917 was guaranteed by Septwolves Group Holding Co., Ltd. and loans amounted to RMB9,907,162 was guaranteed by Fujian Septwolves Group Co., Ltd.. As of 31 December 2023, the Group had repaid all of these loans, and there is no loan that are guaranteed by any third party.

As at 31 December 2023 and 2022, the borrowings were repayable as follows:

	2023 RMB	2022 RMB
Within one year	**2,000,000**	29,930,079
After 1 year but within 2 years	**2,000,000**	–
After 2 years	**5,000,000**	–
	9,000,000	29,930,079

The ranges of effect interest rates on the borrowings are as follows:

	2023 RMB	2022 RMB
Range of interest rates	**4.10%**	3.75%–5.31%

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23. TRADE AND OTHER LIABILITIES

	Notes	2023 RMB	2022 RMB
Non-current liabilities			
Guaranteed deposits from lessees	*(i)*	**1,460,000**	4,517,255
VAT payable		**–**	104,389
		1,460,000	4,621,644
Current liabilities			
Guaranteed deposits from lessees	*(i)*	**4,719,528**	3,552,359
VAT payable and other tax payable		**7,191,257**	7,607,445
Accounts payable	*(ii)*	**262,611**	668,330
Accrued staff costs		**3,743,259**	2,957,166
Advances from a related party		**–**	848,610
Accrued liabilities		**1,123,326**	1,174,527
Trade payable	*(iii)*	**2,047,287**	825,433
Payables for purchase of property, plant and equipment		**4,656,980**	5,158,798
Other payables		**1,888,066**	1,720,487
		25,632,314	24,513,155
Total		**27,092,314**	29,134,799

(i) Guaranteed deposits from lessees for reporting purpose:

	2023 RMB	2022 RMB
Current portion	**4,719,528**	3,552,359
Non-current portion	**1,460,000**	4,517,255
Total	**6,179,528**	8,069,614

(ii) The accounts payable on 31 December, 2023 and 2022 are RMB262,611 and RMB668,330 respectively, to be repaid to certain equipment suppliers under the leased assets repurchase arrangements. As such, there was no relevant invoice or demand notes as the basis to the ageing analysis. Alternatively, from the perspective of credit term, all the accounts payable were payable on demand.

(iii) As at 31 December 2023, the ageing analysis of trade payables amounted to RMB883,952 (2022: RMB825,433), based on the invoice date, is within 3 months; RMB609,191 (2022: nil) is within 3 to 6 months; RMB527,264 (2022: nil) is within 6 to 12 months; and RMB26,880 (2022: nil) is over 12 months.

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24. LEASE LIABILITIES

As at 31 December 2023, the lease liabilities were repayable as follows:

	2023 Present value of the minimum lease payments RMB	2023 Total minimum lease payments RMB	2022 Present value of the minimum lease payments RMB	2022 Total minimum lease payments RMB
Within 1 year	**270,731**	**311,589**	418,580	473,895
After 1 year but within 2 years	**293,133**	**321,806**	270,731	311,589
After 2 years but within 5 years	**533,776**	**552,434**	826,909	874,240
	826,909	**874,240**	1,097,640	1,185,829
	1,097,640	**1,185,829**	1,516,220	1,659,724
Less: total future interest expenses		**(88,189)**		(143,504)
Present value of lease liabilities		**1,097,640**		1,516,220

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payable

	Note	2023 RMB	2022 RMB
At the beginning of the year		**3,187,339**	3,579,486
Provision for income tax for the year	*8(a)*	**222,287**	2,457,828
Income tax paid		**(710,210)**	(2,849,975)
At the end of the year		**2,699,416**	3,187,339

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25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Allowance for impairment losses RMB	Revenue recognition RMB	Fair value change gains and losses RMB	Asset-related government grant RMB	Others RMB	Total RMB
At 1 January 2022	13,424,074	(1,303,062)	445,901	557,438	619,269	13,743,620
(Charged)/credited to profit or loss	(7,253,468)	195,158	372,570	5,838	(212,210)	(6,892,112)
At 31 December 2022 and at 1 January 2023	6,170,606	(1,107,904)	818,471	563,276	407,059	6,851,508
Credited/(charged) to profit or loss	391,022	25,827	86,614	(55,704)	100,211	547,970
At 31 December 2023	6,561,628	(1,082,077)	905,085	507,572	507,270	7,399,478

(ii) Reconciliation to the consolidated statement of financial position

	2023 RMB	2022 RMB
Deferred tax assets	**8,481,555**	7,959,412
Deferred tax liabilities	**(1,082,077)**	(1,107,904)
Net deferred tax assets recognised in the consolidated statement of financial position	**7,399,478**	6,851,508

(c) Deferred tax liabilities not recognised

At 31 December 2023, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB33,632,089 (2022: RMB28,419,975). Deferred tax liabilities of RMB3,363,209 (2022: RMB2,841,998) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

(d) Deferred tax assets not recognised

At 31 December 2023, temporary differences relating to the loss of segment of manufacture and sale of vinegar and other condiment products amounted to RMB28,725,825 (2022: RMB11,791,715). Deferred tax assets of RMB7,181,456 (2022: RMB2,947,929) have not been recognised in respect of cumulative tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

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26. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Share capital RMB	Share premium RMB	Exchange reserve RMB	Accumulated losses RMB	Total equity RMB
Balance at 1 January 2022	2,301,857	238,097,760	(8,545,751)	(2,838,104)	229,015,762
Changes in equity for 2022					
Total comprehensive income for the year	–	–	21,139,975	(1,412,398)	19,727,577
Balance at 31 December 2022 and 1 January 2023	2,301,857	238,097,760	12,594,224	(4,250,502)	248,743,339
Changes in equity for 2023					
Total comprehensive loss for the year	–	–	3,381,386	(35,172,986)	(31,791,600)
At 31 December 2023	2,301,857	238,097,760	15,975,610	(39,423,488)	216,951,739

(b) Dividends

There were no dividends payable or proposed to equity shareholders of the Company attributable to the years ended 31 December 2023 and 2022.

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26. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

(i) Issued share capital

	2023 Number of shares	2023 RMB	2022 Number of shares	2022 RMB
Ordinary shares, issued and fully paid:				
At 1 January	**270,000,000**	**2,301,857**	270,000,000	2,301,857
At 31 December	**270,000,000**	**2,301,857**	270,000,000	2,301,857

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Share premium

The share premium represents the difference between the par value of the shares of the Company and consideration for the issuance of the shares of the Company. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributed to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(e) Reserves

(i) Capital reserve

The capital reserve mainly represented the difference between the share capital and share premium of the Company and the paid-in capital of Xiamen Baiying, net of the increase of RMB1,321,238 in the Group's total equity arising from reorganisation in prior years.

(ii) Surplus reserve

The entities established in the PRC are required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC ("**MOF**"), to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserves may be used to net off against accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital before capitalisation.

After making the appropriation to the statutory surplus reserve, the Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

26. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Distributability of reserves

At 31 December 2023, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB198,674,272 (2022: RMB233,847,258).

(g) Capital management

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

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

There were no changes in the Group's approach to capital management during the year ended 31 December 2023.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, market and liquidity risks arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk arises from a customer's inability or unwillingness to meet its financial obligations to make timely payments. Credit risk is considered as one of the most significant risk to the Group's business operations. Management therefore carefully manages its exposure to credit risk. Credit risk primarily arises from finance leasing business.

Credit risk management

The Group establishes industry risk management framework and measurements which the Group will perform research by industry, implement credit evaluation, estimate the value on lease assets, monitor lessee business status and evaluate the impact from change in technology to lease assets, to strengthen the credit risk control and management.

The Group enters into transactions only with recognised and creditworthy third parties. In accordance with the policies of the Group, the Group examines and verifies the credit risk of all customers with which the Group has credit transactions. In addition, the Group monitors and controls the leases receivable regularly to mitigate the risk of significant exposures from non-performing assets. The Group reduces the loss from non-performing assets through legal remedies such as litigation or arbitration, or achieves rapid realisation through disposing of non-performing assets to independent third-party asset management companies.

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27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Measurement of Expected Credit Loss (ECL)

In accordance with HKFRS 9, the Group classifies finance lease receivables and loans and receivables into three stages and makes provisions for expected credit losses, accordingly, depending on whether credit risk on that financial assets has increased significantly since initial recognition.

(i) *Stage of financial instruments*

The three stages are defined as follows:

– Stage I (12-month ECL): A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECL is recognised as loss allowance;

– Stage II (Lifetime ECL not credit-impaired): A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired, indicators usually include financial asset overdue more than 31 days but less than 91 days. The amount equal to lifetime ECL is recognised as loss allowance; and

– Stage III (Lifetime ECL credit-impaired): A financial instrument is considered to be credit-impaired as at statement of financial position date, indicators usually include financial asset overdue more than 91 days. The amount equal to lifetime ECL is recognised as loss allowance.

(ii) *Description of parameters, assumptions, and estimation techniques*

ECL is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

ECL is the product of the Probability of Default ("**PD**"), Loss Given Default ("**LGD**"), and Exposure at Default ("**EAD**"), considering the time value of money. Related definitions are as follows:

– Probability of Default (PD): is an estimate of the likelihood of default over 12 months or lifetime horizon;

– Loss Given Default (LGD): is the proportion of the loss arising on default to the exposure at default;

– Exposure at Default (EAD): represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount at the time of default.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs change are periodically monitored and reviewed by the Group. These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

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27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Measurement of Expected Credit Loss (ECL) (Continued)

(iii) Forward-looking information contained in ECL

According to the risk characteristics of financial assets, the Group identifies macro indicators related to credit risks, and establishes regression models. The Group uses forward-looking information that is available without undue cost or effort and predict the macro-economic assumptions. External information includes macro-economic data, forecast information issued by government or regulatory agencies, for example, gross domestic fixed investment, consumer price index and M2 money supply, etc. The Group measures PD as a weighted average of PD under optimistic, neutral and pessimistic scenarios, with the combination of the LGD of different business, the Group calculates the forward-looking adjusted ECL.

As at the end of 2023, the Group conducted stress testing on the macro-economic data used in forward-looking measurement. When the weights of optimistic scenario increase by 10% and neutral scenario decrease by 10% or pessimistic scenario increase by 10% and neutral scenario decrease by 10%, the impact on the Group's ECL is insignificant.

Other financial assets of the Group include cash and cash equivalents, trade receivable and other financial assets. The credit risk of these financial assets arises from the counterparty's inability to meet its obligations. The maximum exposure to credit risk is equal to the carrying amounts of these assets.

Maximum credit risk exposure

Maximum exposure to credit risk before collateral held and other credit enhancement is as follows:

	2023 **RMB**	2022 RMB
Financial assets		
Loans and receivables	**68,859,246**	69,581,126
Finance lease receivables	**14,360,907**	19,837,178
Trade and other receivables	**12,501,800**	5,856,295
Cash and cash equivalents	**13,649,340**	70,101,732
	109,371,293	165,376,331

The above table represents a worst case scenario of credit risk exposure to the Group as at 31 December 2023 and 2022, without taking account of any collateral held or other credit enhancements attached.

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27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Concentration risk of credit exposure

An analysis of finance lease receivables by industry is set out below:

	2023 RMB	%	2022 RMB	%
Wholesale and retailing	**35,374,783**	**86%**	35,676,569	74%
Manufacturing	**1,893,187**	**5%**	4,834,235	10%
Services	**3,867,302**	**9%**	4,805,032	10%
Construction	**104,132**	**0%**	1,554,307	3%
Others	**67,950**	**0%**	1,432,440	3%
Total	**41,307,354**	**100%**	48,302,583	100%

An analysis of loans and receivables by industry is set out below:

Factoring receivables

	2023 RMB	%	2022 RMB	%
Wholesale and retailing	**36,700,907**	**95%**	36,511,085	95%
Manufacturing	**1,983,050**	**5%**	1,983,050	5%
Total	**38,683,957**	**100%**	38,494,135	100%

Receivables from sales-leaseback

	2023 RMB	%	2022 RMB	%
Rental and business services	**4,206,886**	**9%**	13,263,008	28%
Manufacturing	**28,415,203**	**58%**	12,261,699	26%
Wholesale and retailing	**3,213,503**	**7%**	5,867,336	13%
Ecological protection and environmental management	**2,721,662**	**5%**	5,321,571	11%
Services	**7,695,616**	**16%**	4,880,473	10%
Others	**2,538,502**	**5%**	5,324,899	12%
Total	**48,791,372**	**100%**	46,918,986	100%

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27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Concentration risk of credit exposure (Continued)

The following table provides information about the Group's overall ECL rate for trade receivables:

	As at 31 December 2023			As at 31 December 2022		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
Current (not past due)	**2.90%**	**6,061,022**	**176,067**	0.33%	2,076,498	6,856
Past due within 1 year	**5.00%**	**1,012,751**	**50,638**	–	–	–
		7,073,773	**226,705**		2,076,498	6,856

(b) Market risk

Market risk arises when the adverse changes in market prices (interest rates, exchange rates, as well as equity prices and other prices) lead to losses from the Group's business. The Group's market risk mainly arises from currency risk and interest rate risk.

(i) ***Currency risk***

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in Renminbi, which is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group's exposure to currency risk primarily arises from cash balances denominated in a foreign currency, i.e. a currency other than the functional currency of the operation to which the transaction related. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded during the assessment.

The directors consider the Group's exposure to foreign currency risk is not significant during the reporting period.

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27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Market risk (Continued)

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rate. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its cash flow risks.

The following table details the interest rate profile of the Group's interest-bearing financial instruments as at 31 December 2023 and 2022.

	2023 RMB	2022 RMB
Fixed rate financial instruments		
Financial assets/(liabilities)		
Loans and receivables	**68,859,246**	69,581,126
Finance lease receivables	**14,360,907**	19,837,178
Bank borrowings	**(9,000,000)**	(29,930,079)
Lease liabilities	**(1,097,640)**	(1,516,220)
	73,122,513	57,972,005
Variable rate financial instruments:		
Financial assets		
Cash and cash equivalents	**13,649,340**	70,101,732
Net exposure	**86,771,853**	128,073,737

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in all financial instruments' yield rate on the Group's retained profits, based on the Group's positions of variable interest-generating assets and variable interest-bearing liabilities at the end of 31 December 2023 and 2022.

	2023 RMB	2022 RMB
Retained profits		
+ 100 basis points	**102,370**	525,763
– 100 basis points	**(102,370)**	(525,763)

(iii) Price risk

The Group is exposed to equity price change arising from its financial assets at FVTPL. The Group's financial instruments are equity securities which are subject to change in market prices of the securities. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

For those equity investments at FVTPL with quoted market price. The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. If equity prices had been 10% higher/lower (2022: 10% higher/lower), loss after tax for the year ended 31 December 2023 would decrease/increase by RMB522,203 (2022: RMB556,071) due to the change in fair value of financial assets at FVTPL.

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27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk

Management regularly monitors the Group's liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The following tables show the remaining contractual maturities at the end of the each reporting period of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	As at 31 December 2023					
	Indefinite/ Overdue/ On demand RMB	Within 1 year RMB	1 to 2 years RMB	2 to 5 years RMB	Total undiscounted cash flows RMB	Carrying amounts RMB
Loans and receivables	45,882,577	21,410,052	24,499,354	–	91,791,983	68,859,246
Finance lease receivables	43,675,694	218,866	–	–	43,894,560	14,360,907
Trade and other receivables	4,187,947	9,399,096	316,316	295,389	14,198,748	12,501,800
Financial assets at fair value through profit or loss	41,098,654	–	–	–	41,098,654	41,098,654
Cash and cash equivalent	13,649,340	–	–	–	13,649,340	13,649,340
Total financial assets	148,494,212	31,028,014	24,815,670	295,389	204,633,285	150,469,947
Borrowings	–	2,332,613	2,259,724	5,285,633	9,877,970	9,000,000
Trade and other liabilities	113,612	6,888,934	6,571,926	1,460,000	15,034,472	15,034,472
Lease liabilities	–	311,589	321,806	552,434	1,185,829	1,097,640
Total financial liabilities	113,612	9,533,136	9,153,456	7,298,067	26,098,271	25,132,112
Net exposure	148,380,600	21,494,878	15,662,214	(7,002,678)	178,535,014	125,337,835

	As at 31 December 2022					
	Indefinite/ Overdue/ On demand RMB	Within 1 year RMB	1 to 2 years RMB	2 to 5 years RMB	Total undiscounted Cash flows RMB	Carrying amounts RMB
Loans and receivables	9,066,395	67,523,000	12,426,843	–	89,016,238	69,581,126
Finance lease receivables	45,046,723	5,294,119	777,752	–	51,118,594	19,837,178
Trade and other receivables	4,484,218	2,440,121	42,944	88,698	7,055,981	5,856,295
Financial assets at fair value through profit or loss	27,444,382	–	–	–	27,444,382	27,444,382
Cash and cash equivalent	70,101,732	–	–	–	70,101,732	70,101,732
Total financial assets	156,143,450	75,257,240	13,247,539	88,698	244,736,927	192,820,713
Borrowings	–	30,788,707	–	–	30,788,707	29,930,079
Trade and other liabilities	1,976,143	5,395,879	9,755,578	–	17,127,600	17,127,600
Lease liabilities	–	473,895	311,589	874,240	1,659,724	1,516,220
Total financial liabilities	1,976,143	36,658,481	10,067,167	874,240	49,576,031	48,573,899
Net exposure	154,167,307	38,598,759	3,180,372	(785,542)	195,160,896	144,246,814

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27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair values

(i) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

Fair value hierarchy:

	At 31 December 2023			
	Level 1 RMB	**Level 2 RMB**	**Level 3 RMB**	**Total RMB**
Financial assets at fair value through profit or loss				
– Wealth management products	**–**	**34,135,944**	**–**	**34,135,944**
– Listed securities	**6,962,710**	**–**	**–**	**6,962,710**
	6,962,710	**34,135,944**	**–**	**41,098,654**

	At 31 December 2022			
	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets at fair value through profit or loss				
– Wealth management products	–	20,030,101	–	20,030,101
– Listed securities	7,414,281	–	–	7,414,281
	7,414,281	20,030,101	–	27,444,382

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair values (Continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products is determined with reference to the quotation published by the issuing bank as at the end of the year.

(iii) The movement during the year of 2022 in the balance of Level 3 fair value measurements is as follows:

	At 31 December 2022 RMB
Unlisted equity investment:	
At 1 January	181,000
Net realised gain recognised in profit or loss during the period	5,237
Disposal of investment	(186,237)
At 31 December	–

(iv) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair value of financial assets and financial liabilities which are at amortised cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in financial statements approximate their fair values due to short maturity.

28. COMMITMENTS

Commitments outstanding at 31 December 2023 not provided for in the consolidated financial statements were as follows:

	2023 RMB	2022 RMB
Contracted for:		
Assets under construction	**32,289,101**	–
Research and development service	**–**	1,600,000

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(Expressed in Renminbi unless otherwise indicated)

29. MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Relationship	Name of the entities
One of ultimate controlling shareholders of the Group	Mr. Zhou Yongwei (周永偉先生)
A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming	Septwolves Group Holding Co., Ltd.* (七匹狼控股集團股份有限公司) (“**Septwolves Group Holding**”)
	Fujian Septwolves Group Co., Ltd.* (福建七匹狼集團有限公司) (“**Fujian Septwolves Group**”)
	Xiamen Septwolves Asset Management Co., Ltd.* (廈門七匹狼資產管理有限公司) (“**Septwolves Asset Management**”)
	Xiamen Huakai Fugui Property Management* (廈門花開富貴物業管理有限公司) (“**Huakai Fugui Property Management**”)
	Xiamen Huishangcheng Trade Co., Ltd.* (廈門匯尚成貿易有限責任公司) (“**Huishangcheng Trade**”)
	Sichuan Qingxiangyuan Condiments Co., Ltd.* (四川清香園調味品股份有限公司) (“**Sichuan Qingxiangyuan**”)
	Henghe Property (Fujian) Co., Ltd. 恒禾物業（福建）有限公司.* (“**Henghe Property**”)
	Lianhua (Xiamen) Aviation Food Co., Ltd.* (聯華（廈門）航空食品有限責任公司) (“**Lianhua Food**”)
	Xiamen Zhipuxing Information Service Co., Ltd.* (廈門知璞行信息服務有限公司) (“**Zhipuxing Information**”)
One of shareholders of the Group	Zijiang Capital Limited (“**Zijiang Capital**”)
A company controlled by Chen Pengling (close member of Zhou Yongwei)	Hong Kong Li Hong Co., Ltd.* (香港莉鴻責任有限公司) (“**Hong Kong Li Hong**”)
A company of which 50% interest held by Ke Jinding	Fujian Jingong Machinery Co., Ltd.* (福建晉工機械有限公司) (“**Jingong Machinery**”)
A company controlled by Chen Chunruo, close member of the Executive Director Huang Dake	Pirates Media. Co., Ltd.* (廈門市派若文化傳播有限公司) (“**Pirates Media**”)

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

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2023 **RMB**	2022 RMB
Short-term employee benefits	**1,782,369**	1,245,550
Post-employment benefits	**74,885**	55,837
	1,857,254	1,301,387

Total remuneration is included in "staff costs" (see note 7(a)).

(c) Related party transactions

The Group entered into below transactions in the ordinary course of business under normal commercial terms and at the market rates.

	2023 **RMB**	2022 RMB
Payment for leased assets		
– Jingong Machinery	**–**	4,574,300
Interest income		
– Huishangcheng Trade	**–**	221,246
Interest expense		
– Septwolves Group Holding	**184,493**	337,299
– Fujian Septwolves Group	**92,736**	168,585
Rental and property management fee		
– Septwolves Asset Management	**167,416**	494,134
– Huakai Fugui Property Management	**43,164**	142,950
– Henghe Property	**181,163**	259,730
– Lianhua Food	**198,035**	58,608
Disposal of unlisted equity investment		
– Zhipuxing Information	**–**	186,237

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(Expressed in Renminbi unless otherwise indicated)

29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Related parties transactions (Continued)

	2023 RMB	2022 RMB
Lending to related parties		
– Huishangcheng Trade	**–**	8,000,000
Repayment from related parties		
– Huishangcheng Trade	**–**	8,000,000
Payment for marketing expense		
– Pirates Media	**143,333**	416,271
Purchase of condiment products		
– Sichuan Qingxiangyuan	**1,149,567**	1,856,167
Sales commission income		
– Sichuan Qingxiangyuan	**571,534**	135,844
Sales income		
– Sichuan Qingxiangyuan	**891,374**	–
Sales expense		
– Sichuan Qingxiangyuan	**76,849**	–
Advances from a related party		
– Hong Kong Li Hong	**–**	848,610

For the year ended 31 December 2023
(Expressed in Renminbi unless otherwise indicated)

29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balance with related parties

	2023 RMB	2022 RMB
Trade related		
Trade receivables		
– Sichuan Qingxiangyuan	**–**	850,484
Other receivables		
– Jingong Machinery	**–**	460,119
Prepayment for leased assets		
– Jingong Machinery	**173,531**	99,216
Deposit for rental and property management		
– Septwolves Asset Management	**29,298**	29,298
– Huakai Fugui Property Management	**9,146**	9,146
Accounts payable and trade payable		
– Jingong Machinery	**–**	115,148
– Sichuan Qingxiangyuan	**1,344,792**	567,679
– Septwolves Group Holding	**9,784**	–
– Lianhua Food	**52,290**	–
Non-trade related		
Other receivables		
– Zijiang Capital	**81,819**	80,650
Interest receivables from a related party		
– Huishangcheng Trade	**–**	234,521
Interest payable for guarantees		
– Septwolves Group Holding	**–**	103,537
– Fujian Septwolves Group	**–**	97,800
Advances from a related party		
– Hong Kong Li Hong	**–**	848,610

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(Expressed in Renminbi unless otherwise indicated)

29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(e) Guarantees provided by related parties

The guarantees provided by related party to the Group as the end of the year were as follows:

	2023 RMB	2022 RMB
– Fujian Septwolves Group	**40,000,000**	100,000,000
– Septwolves Group Holding	**–**	150,000,000

(f) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of payment for leased assets above constitute continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. The disclosures required by Chapter 20 of the GEM Listing Rules are provided in the Directors' Report.

30. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2023 RMB	2022 RMB
Non-current assets			
Interests in subsidiaries		**226,688,267**	255,324,385
Current assets			
Cash and cash equivalents		**288,595**	58,693
Current liabilities			
Other liabilities		**10,025,123**	6,639,739
Net current liabilities		**(9,736,528)**	(6,581,046)
Total assets less current liabilities		**216,951,739**	248,743,339
NET ASSETS		**216,951,739**	248,743,339
CAPITAL AND RESERVES	*26*		
Share capital		**2,301,857**	2,301,857
Share premium		**238,097,760**	238,097,760
Reserves		**(23,447,878)**	8,343,722
TOTAL EQUITY		**216,951,739**	248,743,339

Huang Dake
Director

Chen Xinwei
Director

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31. POSSIBLE IMPACT OF AMENDMENTS TO HKFRSs AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 DECEMBER 2023

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amendments to HKFRSs, which are not yet effective for the year ended 31 December 2023 and which have not been early adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

The directors of the Company anticipate that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

"AGM"	the annual general meeting of the Company to be held at Unit 2, 18/F, No. 77 Tai Nan Road, Siming District, Xiamen, Fujian Province, the PRC at 10 a.m. on 27 June 2024
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company as amended from time to time
"Baiying Paper"	Fujian Baiying Paper Product Co., Ltd.* (福建百應紙業有限公司), a company established in the PRC on 13 January 2021, a subsidiary of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this report to "China" and "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
"Company"	Baiying Holdings Group Limited (百應控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 5 June 2017, the Shares of which are listed on GEM (stock code: 8525)
"Controlling Shareholder"	has the meaning ascribed thereto under the GEM Listing Rules and in case of the Company, refers to Septwolves Holdings, Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming
"Director(s)"	the director(s) of the Company
"Fujian Province" or "Fujian"	Fujian Province (福建省), a province located in the southeastern coast of China
"Fujian Septwolves Group"	Fujian Septwolves Group Co., Ltd.* (福建七匹狼集團有限公司), a company established in the PRC, is approximately 37.82% owned by Mr. Zhou Yongwei, a controlling Shareholder, 31.09% owned by Mr. Zhou Shaoxiong and 31.09% owned by Mr. Zhou Shaoming
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group","we", "us" or "our"	the Company and its subsidiaries from time to time
"HDK Capital"	HDK Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017
"HKFRSs"	Hong Kong Financial Reporting Standards
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Third Party(ies)"	independent third party(ies) who are not connected person(s) (as defined in the GEM Listing Rules) of the Company and are independent of and not connected with the Company and its Directors, chief executive, and any shareholder who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company, or any of its subsidiaries or their respective associates
"Jingong Machinery"	Fujian Jingong Machinery Co., Ltd.* (福建晉工機械有限公司), a company established in the PRC with limited liability on 27 August 1993, which was owned as to 50% by Mr. Ke Jinding, non-executive Director and 50% by Mr. Ke Shuiyuan
"Listing Date"	18 July 2018, the day on which the Shares dealings in the Shares first commenced on GEM
"Prospectus"	the prospectus of the Company dated 30 June 2018 in connection with the Share Offer
"Qiaoxin"	Fujian Yongchun Qiaoxin Brewing Co., Ltd. (福建永春僑新釀造有限責任公司), a company established in the PRC on 23 April 2020, an indirectly wholly-owned subsidiary of the Company
"Reporting Period"	the period for year ended 31 December 2023
"RMB"	Renminbi, the lawful currency for the time being of the PRC
"Septwolves Group Holding"	Septwolves Group Holding Co., Ltd.* (七匹狼控股集團股份有限公司), a company incorporated in the PRC with limited liability on 25 February 2000, which is principally engaged in project investment and asset management
"Septwolves Holdings"	Septwolves Holdings Limited, a company incorporated in BVI with limited liability on 26 May 2017
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Baiying"	Shanghai Baiying Commercial Factoring Co., Ltd.* (上海百應商業保理有限責任公司), a company established in the PRC with limited liability on 11 January 2020, an indirectly wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) with a par value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the offer of shares for subscription in Hong Kong pursuant to the terms of the Prospectus in 2018

"Shengshi Capital"	Shengshi Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017
"SMEs"	small and medium-sized enterprise(s), as defined in the Statistics on the Measures for Classification of Large, Medium, Small and Miniature Enterprises (2017) (統計上大中小微型企業劃分辦法 (2017))
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"VAT"	Value added tax
"Xiamen Baiying"	Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司), a company established in the PRC with limited liability on 9 March 2010, an indirectly wholly-owned subsidiary of the Company
"Zijiang Capital"	Zijiang Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017

* *for identification purpose only*

Baiying Holdings Group Limited
百應控股集團有限公司