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

Annual Report

2024

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8525

CHARACTERISTICS OF GEM

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Corporate Information

DIRECTORS

Executive Directors

Mr. Zhou Shiyuan *(Chairman)*
Mr. Huang Dake
Ms. Lin Zhenyan *(appointed on 10 December 2024)*
Mr. Chen Xinwei *(resigned on 10 December 2024)*

Non-executive Director

Mr. Ke Jinding

Independent Non-executive Directors

Mr. Li Yao *(appointed on 5 March 2025)*
Mr. Tu Liandong
Mr. Xie Mianbi
Mr. Chen Chaolin *(resigned on 5 March 2025)*

AUDIT COMMITTEE

Mr. Tu Liandong *(Chairman)*
Mr. Xie Mianbi
Mr. Ke Jinding
Mr. Chen Chaolin *(resigned on 5 March 2025)*

REMUNERATION COMMITTEE

Mr. Xie Mianbi *(Chairman) (appointed on 5 March 2025)*
Mr. Li Yao *(appointed on 5 March 2025)*
Mr. Huang Dake
Mr. Chen Chaolin *(resigned on 5 March 2025)*

NOMINATION COMMITTEE

Mr. Xie Mianbi *(Chairman) (appointed on 5 March 2025)*
Mr. Tu Liandong
Ms. Lin Zhenyan *(appointed on 5 March 2025)*
Mr. Zhou Shiyuan *(resigned on 5 March 2025)*

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

Mr. Huang Dake
Ms. Ng Ka Man

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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

YYC Legal LLP
(as to Hong Kong laws)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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17/F, Far East Finance Centre
16 Harcourt Road
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PRINCIPAL BANKERS

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Fujian Province
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China Everbright Bank (Xiamen Branch)
China Everbright Bank Building
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Siming District, Xiamen
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 2020, 2021, 2022, 2023 and 2024 and the assets and liabilities of our Group as of 31 December 2020, 2021, 2022, 2023 and 2024.

RESULTS

	Year ended 31 December				
	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	**2024** ***RMB'000***
Revenue	32,078	38,625	28,172	36,027	**33,719**
(Loss)/Profit before tax	9,950	(9,299)	(16,971)	(16,459)	**(12,467)**
Income tax credit/(expense)	(3,622)	2,206	(9,350)	326	**(4,875)**
(Loss)/profit for the year	6,328	(7,093)	(26,321)	(16,133)	**(17,342)**
ASSETS AND LIABILITIES					
Total assets	396,229	357,396	318,957	278,818	**376,858**
Total liabilities	105,319	75,767	63,868	39,889	**155,310**
Net assets	290,910	281,629	255,089	238,929	**221,548**

Chairman's Statement

Dear Shareholders,

In 2024, the global economic recovery faced headwinds. Geopolitical conflicts, inflationary pressures and monetary policy uncertainty in major economies posed challenges to global economic growth. Amid fluctuations in the external environment, China released a series of stimulus policies to boost the domestic real economy. Solid policy support helped companies come out of the post-pandemic weak period and provided a market environment to achieve sustainable development.

In September 2024, the National Financial Regulatory Administration released the Measures for the Administration of Financial Leasing Companies (《金融租賃公司管理辦法》), which further regulated the business conduct of the financial leasing industry and clarified the regulatory requirements. The Group actively responded to policy changes, optimized its risk control system, improved its service efficiency and made every effort to expand its financing lease business, with encouraging results achieved. In addition to retaining existing customers, we managed to acquire a number of new customers and saw significant growth in business scale. During the Reporting Period, the investment amount in the financing lease business exceeded the full-year level in 2020. In the future, we will keep a close eye on changes in the market to ensure that we stay ahead in the competition.

Qiaoxin embodies the Group's major presence in the condiment industry. In 2024, Qiaoxin faced multiple challenges, including regulatory policy changes, consumption downgrades and market demand adjustments, and failed to achieve significant growth. With "Yongchun Aged Vinegar" as our core brand, we spurred product innovation, channel expansion and brand building. In terms of product innovation, Qiaoxin upgraded its products and won many honors, including the Gold Award at the seventh Shanghai International Agricultural Products Exhibition. As for channel expansion, the number of its sales outlets surpassed 10,000, covering many provinces, municipalities and autonomous region. In view of brand building, Qiaoxin expanded its brand influence via product promotional activities, variety show cooperation and new media communication, coupled with cultural tourism activities. In 2024, Qiaoxin was honored as an "Innovative Small and Medium-sized Enterprise in Fujian Province" and a "Contract-abiding and Credit-valuing Enterprise in Yongchun County", which further enhanced the brand influence and industry status. Qiaoxin will continually leverage its core strengths to expand its market nationwide, striving to become a leading brand in China's vinegar industry.

In 2024, Baiying Paper optimized its supply chain by integrating downstream customers with upstream paper suppliers and related resources. Baiying Paper is exploring the Kunming market to drive steady business growth.

In 2024, under the guidance of the Stock Exchange and the supervision of the Board, Baiying Holdings Group further improved its corporate governance system and enhanced its operational efficiency and risk management capabilities. It strengthened the foundation of governance through internal control, disclosure and risk management to provide long-term value to investors.

Looking ahead to 2025, the global economy will still face many uncertainties, but the long-term positive fundamentals of China's economy will remain unchanged. With the trend of consumption upgrading and the acceleration of technological innovation, the Group will seize the opportunities and uphold the concept of "focusing on principal business, seeking innovation-driven development" to create greater value for shareholders and contribute to the high-quality development of the society and economy.

Baiying Holdings Group Limited
Zhou Shiyuan
Chairman and Executive Director

27 March 2025

Management Discussion and Analysis

Industry Overview

In the domestic finance leasing industry, existing regulatory requirements are becoming increasingly stringent. These regulations are aimed at guiding finance leasing companies to focus on the core nature of leasing, ensuring compliant operations, and supporting stable transformation, all while better serving the real economy. Under these economic conditions and the policy guidance on green leasing, leasing companies will accelerate their differentiation, intensifying the head effect in market competition. Institutions with specialised asset operation capabilities and cross-border funding channels will dominate the market share, while small and medium-sized ones may distinguish themselves through the vertical refinement of services. As a result, finance leasing companies are under increased pressure when pursuing business transformation, and need to further expand their business in green leasing, digital transformation and new technology areas. Meanwhile, they are required to strengthen their risk control measures to navigate the regulatory environment and seize new business development opportunities.

In the paper products industry, with the tightening of environmental protection policies and upgrading of consumption, the industry is undergoing a critical stage of transformation from traditional manufacturing to green and intelligent operations. Packaging paper, cultural paper, and household paper constitute the core of the industry, with emerging needs such as e-commerce logistics and food takeaway becoming growth engines. Driven by the national " dual-carbon " goal, the integration of the industrial chain is accelerated through improvements in the waste paper recycling system, innovation of pulp futures tools and the adoption of an integrated forest-paper model. The industry is gradually moving towards intensification and sustainable development. In the future, the paper products industry will enter a new stage of high-quality development after environmental rectification and capacity optimisation.

In the domestic condiment industry, the market size is growing year by year. In terms of product variety, the condiment market covers a wide range of categories such as soy sauce, vinegar, and bean paste, meeting diversified demand. For product innovation, as public awareness of health attributes grows, healthy condiments such as low-sodium soy sauce and zero-additive sauces have become mainstream products. Concerning sales channels, in addition to traditional sales areas, the rapid development of e-commerce platforms promotes the growth of online sales of condiments. In the future, with the further increase in consumer demand and technological advancement, the condiment market is expected to continue a steady growth trend. However, the increasing market size will lead to a complex and diverse competition landscape in the condiment sector. Large enterprises, capitalising on their brand and scale advantages, as well as well-established sales channels, maintain a dominant market position, while small and medium-sized enterprises through product innovation, differentiated competition and other ways to seek breakthroughs in the market. Under this market environment, it is crucial for enterprises to position themselves effectively.

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. In 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 23 customers located in 206 provinces in China (excluding the retail customers from our sale of vinegar and other condiment products) for the year ended 31 December 2024. Our revenue decreased from RMB36.0 million for the year ended 31 December 2023 to RMB33.7 million for the year ended 31 December 2024. We recorded a net loss of approximately RMB17.3 million for the Reporting Period, as compared with a net loss of RMB16.1 million for the year ended 31 December 2023.

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 2024, our revenue from finance leasing services was RMB7.4 million, accounting for 22.1% 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:

	As of 31 December	
	2024	2023
Average monthly balance of interest-generating receivables arising from finance leasing services *(RMB'000)*		
– Direct finance leasing	**101**	1,418
– Sale-leaseback	**92,468**	28,813
Range of interest rate per annum		
– Direct finance leasing	**10.5% to 14.4%**	8.4% to 14.0%
– Sale-leaseback	**6.5% to 15.6%**	7.6% to 16.0%

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

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Neither overdue nor credit-impaired	**1,214**	109
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	**–**	–
– Overdue 31 to 90 days (inclusive)	**–**	55
– Overdue above 90 days	**–**	–
Overdue and credit-impaired	**41,104**	41,143
Net amount of finance lease receivables	**42,318**	41,307
Allowances for impairment losses	**(26,895)**	(26,946)
Carrying amount of finance lease receivables	**15,423**	14,361

Our net amount of finance lease receivables classified as overdue and credit-impaired remained at RMB41.1 million as of 31 December 2023 and 2024.

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

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Neither overdue nor credit-impaired	**171,143**	39,899
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	**–**	213
– Overdue 31 to 90 days (inclusive)	**–**	22
– Overdue above 90 days	**–**	–
Overdue and credit-impaired	**8,118**	8,658
Net amount of receivables from sale-leaseback transaction	**179,261**	48,792
Allowances for impairment losses	**(7,639)**	(5,623)
Carrying amount of receivables from sale-leaseback transaction	**171,622**	43,169

Our receivables from sale-leaseback transaction classified as overdue and credit-impaired decreased from RMB8.7 million as of 31 December 2023 to RMB8.1 million as of 31 December 2024 mainly due to the recovery of 5 receivables of approximately RMB1.3 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 2024			
	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	**1,214**	**–**	**41,104**	**42,318**
Allowances for impairment losses	**(19)**	**–**	**(26,876)**	**(26,895)**
Carrying amount of finance lease receivables	**1,195**	**–**	**14,228**	**15,423**
Receivables from sale-leaseback transaction	**171,143**	**–**	**8,118**	**179,261**
Allowances for impairment losses	**(2,633)**	**–**	**(5,006)**	**(7,639)**
Carrying amount of receivables from sale-leaseback transaction	**168,510**	**–**	**3,112**	**171,622**

	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

Factoring Services

For the year ended 31 December 2024, we did not record any revenue from factoring services.

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	
	2024	2023
Average monthly balance of factoring receivables *(RMB'000)*	**19,099**	87,583
Interest rate	**8.0%**	8.0%

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

	As of 31 December 2024			
	Stage I 12-month ECL *RMB'000*	**Stage II Lifetime ECL** *RMB'000*	**Stage III Lifetime ECL** *RMB'000*	**Total** *RMB'000*
Factoring receivables	**–**	**2,121**	**1,983**	**4,104**
Allowances for impairment losses	**–**	**(636)**	**(1,983)**	**(2,619)**
Carrying amount of factoring receivables	**–**	**1,485**	**–**	**1,485**

	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

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 2024, we provided advisory service for a construction project with a total investment of approximately RMB1,142 million. No revenue was recognized during the Reporting Period primarily because the settlement progress of such construction project has not yet met the criteria for revenue recognition.

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			
	2024		2023	
	RMB'000	**%**	*RMB'000*	*%*
Wholesale and retail	**138,157**	**62.4**	38,588	42.2
Services[(1)]	**35,061**	**15.8**	11,652	12.8
Manufacturing	**24,656**	**11.1**	30,308	33.2
Real estate	**15,552**	**7.0**	–	–
Construction	**1,376**	**0,6**	3,882	4.2
Mining	**–**	**–**	68	0.1
Others[(2)]	**6,777**	**3.1**	6,840	7.5
Net amount of receivables arising from finance leasing services	**221,579**	**100**	91,338	100

Notes:

(1) Include equipment leasing, and commercial 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 RMB0.2 million to RMB31.0 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			
	2024		2023	
	RMB'000	**%**	*RMB'000*	*%*
Up to RMB1.0 million	**10,167**	**4.6**	11,350	12.4
Over RMB1.0 million to RMB3.0 million (inclusive)	**9,289**	**4.2**	8,452	9.2
Over RMB3.0 million to RMB5.0 million (inclusive)	**11,801**	**5.3**	18,956	20.8
Over RMB5.0 million to RMB30.0 million (inclusive)	**126,006**	**56.9**	20,000	21.9
Over RMB30.0 million[(1)]	**64,316**	**29.0**	32,580	35.7
Net amount of receivables arising from finance leasing services	**221,579**	**100**	91,338	100

Note:

(1) The net amount of receivables arising from finance leasing services over RMB30.0 million as of 31 December 2023 and 2024 related to two 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			
	2024		2023	
	RMB'000	**%**	*RMB'000*	*%*
Guaranteed leases	**192,882**	**87.0**	70,424	77.1
Collateral-backed leases with guarantee	**26,276**	**11.9**	11,897	13.0
Supplier-backed leases	**2,421**	**1.1**	4,900	5.4
Collateral-backed leases	**–**	**–**	4,117	4.5
Net amount of receivables arising from finance leasing services	**221,579**	**100**	91,338	100

Size and diversity of customers

For the year ended 31 December 2024, the net amount of our receivables arising from finance leasing services from our five largest customers was RMB134.1 million, accounting for 60.4% 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 2024, 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 2024, the revenue from sales of vinegar and other condiment products was RMB10.6 million, accounting for 31.4% of our total revenue, and our sales commission relating to the sale of vinegar and other condiment products was RMB0.7 million, accounting for 2.2% of our total revenue.

The cost of sales of vinegar and other condiment products was RMB7.1 million for the year ended 31 December 2024, mainly consisting of the procurement cost of RMB7.1 million.

For the year ended 31 December 2024, the gross profit of sale of vinegar and other condiment products business was RMB4.2 million and the gross profit margin was approximately 37.1%.

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 2024, 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 2024, the revenue from sales of packaging and paper products was RMB15.0 million, accounting for 44.4% of our total revenue.

The cost of sales of packaging and paper products was RMB14.6 million for the year ended 31 December 2024 consisting of the procurement cost of RMB14.6 million.

For the year ended 31 December 2024, the gross profit of packaging and paper products trading business was RMB0.4 million and the gross profit margin was approximately 2.5%.

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 2024:

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 2024.
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 2024.
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 2024.
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 2024.
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 2024.
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 2024.
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 2024.
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 2024.

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.	Our Group complied with such requirement for the year ended 31 December 2024.
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 requirement for the year ended 31 December 2024.
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 2024.
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 2024.

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	
	2024	2023
	RMB'000	*RMB'000*
Interest Income:		
Finance leasing services		
– Direct finance leasing	**43**	177
– Sale-leaseback	**7,397**	2,566
Factoring services	**–**	4,628
Advisory Fee Income:		
Advisory services	**–**	113
Income from sales of vinegar and other condiment products:		
Sales of vinegar and condiment products	**10,580**	6,887
Sales commission relating to the sale of vinegar and other condiment products	**732**	680
Income from packaging and paper products trading business:		
Sales of packaging paper	**14,967**	20,976
Total	**33,719**	36,027

Our revenue decreased from RMB36.0 million for the year ended 31 December 2023 to RMB33.7 million for the year ended 31 December 2024 mainly due to (i) the decrease in revenue from factoring services of RMB4.6 million; and (ii) the decrease in revenue from packaging and paper products trading business of RMB6.0 million, partially offset by the increase in revenue from manufacture and sale of vinegar and other condiment products of RMB3.7 million.

Other Income, Other Gains and Losses

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

Our other income, other gains and losses increased from RMB1.4 million for the year ended 31 December 2023 to RMB3.8 million for the year ended 31 December 2024 primarily due to the increase in net gain from financial assets at fair value through profit or loss of RMB3.0 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 0.04 times as of 31 December 2023 and 0.58 times as of 31 December 2024. The gearing ratio is a measure of financial leverage. It represents total interest-bearing borrowings divided by total equity as of 31 December 2024.

Our interest expenses increased from RMB1.5 million for the year ended 31 December 2023 to RMB2.7 million for the year ended 31 December 2024 mainly due to the increase 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	
	2024	2023
	RMB'000	*RMB'000*
Staff cost	**6,450**	6,461
Legal expenses	**603**	858
Business travel and transportation expenses	**334**	440
Amortisation cost of intangible assets	**100**	94
Depreciation charge	**–**	
– owned property, plant and equipment	**1,020**	938
– right-of-use assets	**851**	901
Auditor's remuneration		
– audit services	**821**	780
– other services	**365**	594
Property management expenses	**361**	400
Consulting expenses	**221**	172
Sundry expenses	**8,606**	5,166
Total administrative expenses	**19,732**	16,804

Our administrative expenses increased from RMB16.8 million for the year ended 31 December 2023 to RMB19.7 million for the year ended 31 December 2024, primarily due to the increase in administrative expenses of RMB3.6 million as a result of underutilisation of production capacity caused by lower-than-expected sales of Qiaoxin products.

Selling and Distribution Expenses
Our selling and distribution expenses primarily consisted of staff cost, service fees, business promotion expenses and logistics expenses. Our sales expenses increased from RMB10.6 million for the year ended 31 December 2023 to RMB15.1 million for the year ended 31 December 2024 mainly due to (i) the increase in staff cost of RMB1.8 million; (ii) the increase in business promotion expenses of RMB0.4 million, which were expenses primarily related to product promotion; and (iii) the increase in service fees of RMB1.6 million.

Net Impairment Losses Reversed/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	
	2024	2023
	RMB'000	*RMB'000*
Finance lease receivables	**(51)**	(1,704)
Trade and other receivables	**(807)**	497
Loans and receivables	**(8,358)**	2,785
Total net impairment losses (reversed)/recognised	**(9,216)**	1,578

Our net impairment losses recognised decreased from RMB1.6 million for the year ended 31 December 2023 to a reversal of RMB9.1 million for the year ended 31 December 2024 primarily due to the recovery of a factoring receivables, which resulted in the reversal of the impairment loss for loans and receivables of approximately RMB8.4 million.

For the year ended 31 December 2024, 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 14 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(e)(iv) 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 2024, 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 credit of RMB0.3 million for the year ended 31 December 2023 and an income tax expense of RMB4.9 million for the year ended 31 December 2024 primarily due to the increase in profit from financial services.

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 an increase in loss from RMB16.1 million for the year ended 31 December 2023 to RMB17.3 million for the year ended 31 December 2024 mainly because of reversal of impairment loss of RMB9.1 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	
	2024	2023
	RMB'000	*RMB'000*
Cash and cash equivalents at beginning of the year	**13,649**	70,102
Net cash flows used in operating activities	**(109,812)**	(21,271)
Net cash flows used in investing activities	**(599)**	(11,364)
Net cash flows generated from/(used in) financing activities	**116,532**	(23,792)
Net increase/(decrease) in cash and cash equivalents	**6,121**	(56,427)
Effect of foreign exchange rate changes	**(40)**	(26)
Cash and cash equivalents at end of the year	**19,730**	13,649

Net cash flows used in operating activities

For the year ended 31 December 2024, we had net cash used in operating activities of RMB109.8 million, primarily as a result of operating loss before changes in working capital of RMB16.1 million and the combined effect of the changes in working capital, which consisted of: (i) the increase in cash of RMB4.7 million as a result of the decrease in trade and other receivables; (ii) the increase in cash of RMB0.6 million as a result of the decrease in inventories; (iii) the decrease in cash of RMB2.6 million as a result of the decrease in trade and other liabilities; (iv) the decrease in cash of RMB95.9 million as a result of the increase in loan and receivables; and (v) the decrease in cash of RMB1.0 million as a result of the increase in finance lease receivables.

Net cash flows used in investing activities

For the year ended 31 December 2024, our net cash used in investing activities was RMB0.6 million. Our net cash flow used in investing activities mainly consisted of the payments on acquisition of investments of RMB131.9 million, partially offset by the proceeds from disposal and redemption of investments of RMB162.9 million.

Net cash flows generated from/(used in) financing activities

For the year ended 31 December 2024, our net cash flows generated from financing activities was RMB116.5 million. Our net cash flows used in financing activities consisted of the proceeds from borrowings of RMB131.3 million, partially offset by the repayment of borrowings of RMB12.0 million.

Selected Items of the Consolidated Statements of Financial Position

	As of 31 December	
	2024	2023
	RMB'000	*RMB'000*
Non-current assets		
Finance lease receivables	**617**	–
Loans and receivables	**122,233**	22,734
Deposits paid	**1,240**	132
Property, plant and equipment	**112,492**	90,156
Intangible assets	**407**	384
Deferred tax assets	**4,120**	7,400
Total non-current assets	**241,109**	120,806
Current assets		
Finance lease receivables	**14,806**	14,361
Cash and cash equivalents	**19,730**	13,649
Trade and other receivables	**21,157**	26,197
Loans and receivables	**50,874**	46,125
Inventories	**15,970**	16,581
Financial assets at fair value through profit or loss	**13,212**	41,099
Total current assets	**135,749**	158,012
Current liabilities	**–**	
Borrowings	**96,980**	2,000
Trade and other liabilities	**17,769**	25,632
Income tax payable	**4,713**	2,699
Lease liabilities	**293**	271
Total current liabilities	**119,755**	30,602
Net current assets	**15,994**	127,410
Non-current liabilities		
Borrowings	**31,308**	7,000
Trade and other liabilities	**3,714**	1,460
Lease liabilities	**534**	827
Total non-current liabilities	**35,556**	9,287
Net assets	**221,547**	238,929

Our total current assets decreased from RMB158.0 million as of 31 December 2023 to RMB135.7 million as of 31 December 2024 primarily due to the decrease in financial assets at fair value through profit or loss of RMB27.9 million.

Our total current liabilities increased from RMB30.6 million as of 31 December 2023 to RMB119.8 million as of 31 December 2024 primarily due to the increase in borrowings of RMB95.0 million.

Our net assets decreased from RMB238.9 million as of 31 December 2023 to RMB221.5 million as of 31 December 2024 mainly due to the increase in our total liabilities.

Finance Lease Receivables
Carrying amount of our finance lease receivables increased from RMB14.4 million as of 31 December 2023 to RMB15.4 million as of 31 December 2024 mainly because of the increase in our direct finance leasing business. For the year ended 31 December 2024, 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 increased significantly from RMB68.9 million as of 31 December 2023 to RMB173.1 million as of 31 December 2024.

Inventories
Our inventories consist of work in progress, finished goods and raw materials. As of 31 December 2024, our inventories was RMB16.0 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 increased from RMB13.6 million as of 31 December 2023 to RMB19.7 million as of 31 December 2024.

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	
	2024	2023
	RMB'000	*RMB'000*
Guaranteed deposits from lessees	**5,192**	6,180
VAT payable and other tax payable	**6,706**	7,191
Accounts payable	**263**	263
Accrued staff costs	**3,838**	3,743
Advances from a related party	**–**	–
Accrued liabilities	**1,242**	1,123
Trade payable	**912**	2,047
Payables for purchase of property, plant and equipment	**1,265**	4,657
Other payables	**2,065**	1,888
Total trade and other liabilities	**21,483**	27,092

Our trade and other liabilities decreased from RMB27.1 million as of 31 December 2023 to RMB21.5 million as of 31 December 2024. The decrease is mainly due to (i) the decrease in payables for purchase of property, plant and equipment of RMB3.4 million; and (ii) the decrease in trade payable of RMB1.1 million.

Financial Assets at Fair Value through Profit or Loss
For the year ended 31 December 2024, our financial assets at fair value primarily consisted of wealth management products, and 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 2024, the balance of wealth management products and listed securities were RMB3.4 million and RMB9.8 million, respectively.

Indebtedness
Interest-bearing bank borrowings
The following table sets forth our outstanding borrowings as of the dates indicated:

	As of 31 December	
	2024	2023
	RMB'000[(1)]	*RMB'000*
Bank borrowings:		
– within one year	**96,980**	2,000
– after one year but within two years	**2,000**	2,000
– after two years	**29,308**	5,000
Total	**128,288**	9,000

Note:

(1) As of 31 December 2024, RMB33.3 million of the borrowings were secured by pledge of property, plant and equipment.

Contingent Liabilities
As of 31 December 2024, we have no contingent liability.

Capital Expenditures
Our capital expenditures consist primarily of land use right, plant, construction in progress, office equipment, motor vehicles and machinery.

The following table sets forth our capital expenditures for the years indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Capital expenditures	**28,509**	3,784

Capital Commitments
As at 31 December 2024, the Group has outstanding commitments, contracted but not provided for in the financial statement, in respect of assets under construction, amounted to RMB9.5 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	
	2024	2023
Return on equity[(1)]	**-7.8%**	-6.8%
Return on assets[(2)]	**-4.6%**	-5.8%
Net profit margin[(3)]	**-51.4%**	-44.8%
Debt to equity ratio[(4)]	**0.21x**	-0.02x
Gearing ratio[(5)]	**0.58x**	0.04x
Net interest spread for finance leasing business[(6)]	**2.9%**	2.9%
Net interest margin[(8)]	**4.3%**	4.9%

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 decreased from -44.8% for the year ended 31 December 2023 to -51.4% for the year ended 31 December 2024 primarily due to the significant increase in loss for the year.

The debt to equity ratio identifies companies' leverage and risk for investors. Our debt to equity ratio increased from -0.02 times as of 31 December 2023 to 0.21 times as of 31 December 2024, which is primarily attributable to the increase in total interest-bearing borrowings.

The gearing ratio is a measure of financial leverage. Our gearing ratio increased from 0.04 times as of year ended 31 December 2023 to 0.58 times as of 31 December 2024 mainly due to the increase 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 4.9% as of 31 December 2023 to 4.3% as of 31 December 2024 primarily because of the decrease in interest income of our 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

There were no material investments (including any investment with a value of 5% or more of the Company's total assets), acquisitions or disposals for the year ended 31 December 2024.

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.

As at 31 December 2024, we had no specific future plan for material investments or capital assets.

EMPLOYMENT AND EMOLUMENTS

As of the date of this annual report, our Group had 127 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 2024, 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 2024, we did not have any charge over our assets.

PROSPECTS

Looking ahead to 2025 , the global economy is expected to experience modest recovery, but with significant growth divergence. Developed economies will see slowed growth momentum, while emerging markets will remain resilient. Rising trade barriers and intensified technological competition may cause disruptions in the global industry chain, but the easing of inflationary pressures and the start of the interest rate cut cycle in major economies are expected to inject liquidity into the market. China's economy will adhere to the general principle of "making progress while maintaining stability". On the policy side, the Group will focus on expanding domestic demand, optimizing industrial structure and deepening reform and opening-up, which will provide structural opportunities for its business development.

In the face of the complex environment, the Group will adopt the strategic approach of "stabilizing operation and focusing on the principal business" and step up business synergies. In terms of the financing lease business, it will actively respond to the policy orientation, optimize the business structure, strengthen the risk control system and increase judicial recovery efforts. With its years of accumulated experience in risk control and offline customer acquisition in the financial services sector, the Group believes that the financial business and transaction methods of the Internet platform will bring about a leap in the efficiency of the financial services industry. In February 2025, Xiamen Baiying formally established a wholly-owned subsidiary, Xiamen Baishun Information Technology Co., Ltd.* ("**Baishun**"), with a registered capital of RMB1,000,000, to expand the Group's financial technology and services business.

With 15 years of experience in the financial services business, Xiamen Baiying has established strong core financial application capabilities, which include customer acquisition and business development channel management, credit assessment, risk control and management.

The above experience will empower Baishun's fintech business. Baishun has also supplemented the channel resources of Xiamen Baiying in the expansion of its fintech business. By sharing the resources of the two businesses, the respective business ecosystems have been broadened, forming a positive complementarity.

The Company has always believed that the vinegar business has a promising future. However, the vinegar business requires further investment which will inevitably expose the Company to uncertain and burdensome payback periods and increase the risk of further capital expenditure. On 27 March 2025, Xiamen Baiying, as seller, entered into a sale and purchase agreement with Sichuan Qingxiangyuan Condiment Co., Ltd.* (四川清香園調味品股份有限公司), as purchaser, pursuant to which, among other things, the seller has conditionally agreed to sell and the purchaser has conditionally agreed to purchase the entire equity interest in Qiaoxin. Please refer to the Company's announcement dated 27 March 2025 for details.

Baiying Paper will deepen cooperation with existing customers to drive steady business growth.

In 2025, the Group will continuously grasp policy opportunities and follow market trends, fulfill its compliance and ESG responsibilities, optimize resource allocation and enhance the professional capabilities of its team, so as to create sustainable returns for its shareholders through innovation and efficient operation, and contribute to the stability and growth of the real economy.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Zhou Shiyuan (周士淵) ("Mr. Zhou"), aged 36, 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 a 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.

Ms. Lin Zhenyan (林珍燕) ("Ms. Lin"), aged 54, is an executive Director. Ms. Lin is responsible for financial planning, implementation advice, and supervision of our Group. Ms. Lin is the director of the finance department of Septwolves Holding Group Co., Ltd.* (七匹狼控股集團股份有限公司) since May 2024. She is responsible for strategic planning and investment project decision support, financial mechanism and system development, overall budget and cost control, financial reporting and compliance management, tax planning and compliance. Ms. Lin has been the director of the fund management department of Xiamen Septwolves Asset Management Co., Ltd.* (廈門七匹狼資產管理有限公司) since January 2021, which was principally engaged in business management consulting and investment consulting. She is responsible for capital strategy and planning, financing and capital operation, cashiering operation management (including daily fund collection and payment, cash management, bank account management, bill management). From September 2015 to December 2020, she served as the financial controller of Henghe Real Estate Xiamen Co., Ltd.* (恒禾置地廈門股份有限公司), which was principally engaged in real estate development. She is responsible for strategic planning and real estate project decision support, financial mechanism and system development, overall/full-cycle budget and cost control, funding and financing management, tax planning and compliance. From April 2014 to September 2015, she was assigned by Xiamen International Construction Co., Ltd.* (廈門國際建設股份有限公司) to the finance and fund management department of its subsidiary, Zhangzhou Shenghua Real Estate Development Co., Ltd.* (漳州市盛華物房地產開發有限公司) which was principally engaged in real estate development and operation, hotel investment and management, property management services, and sales of building materials (excluding hazardous chemicals) and engineering machinery. She is responsible for strategic planning and real estate project decision support, financial mechanism and system development, overall/full-cycle budget and cost control, funding and financing management, tax planning and compliance.

Ms. Lin obtained a master's degree in executive master of business administration from Xiamen University in December 2020 and graduated from Wuhan University of Technology in July 2005 with a major in accounting.

Mr. Huang Dake (黃大柯) ("Mr. Huang"), aged 54, 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 (柯金鐤) ("Mr. Ke"), aged 49, 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. Li Yao (李堯) ("Mr. Li"), aged 39, is an independent non-executive Director since 5 March 2025. Mr. Li is responsible for supervising the compliance and corporate governance, and providing independent advice to the Board. He has over 15 years of experience in the banking and financial technology industries. Since February 2024 and February 2025, Mr. Li has respectively served as a head of the Investment and Financing Department, and an external consultant and non-executive director of Samoyed Cloud Technology Group Holdings Limited (薩摩耶雲科技集團控股有限公司) ("**Samoyed Cloud Holdings**") where he is responsible for the group's investment and financing management. From January 2021 to February 2025, he served as an executive director of Samoyed Cloud Holdings. From March 2021 to February 2024, he served as a president of Samoyed Cloud Holdings, mainly in charge of the day-to-day operations and decision-making. Mr. Li served as a director of Shenzhen Samoyed Digital Technology Co., Ltd. (深圳薩摩耶數字科技有限公司) from January 2021 to July 2021. He served as a vice president and chief financial officer of Samoyed Cloud Holdings from February 2020 to March 2021 where he was responsible for business development and financial management. Mr. Li served as a deputy director and deputy general manager of the Financial Markets Department at Samoyed Cloud Holdings from August 2018 to February 2020 where he was responsible for business development. From February 2016 to August 2018, he served as a deputy manager of the Corporate Customer Team at China Merchants Bank Shenzhen Meilin Sub-branch (中國招商銀行深圳梅林支行). From March 2014 to February 2016, he was a deputy head of the Major Customer Department at China Merchants Bank Shenzhen Caiwuwei Sub-branch (中國招商銀行深圳蔡屋圍支行), responsible for corporate finance, cross-border finance, asset management and corporate wealth management. From January 2011 to March 2014, he served as a corporate account manager and international business officer at China Merchants Bank Shenzhen Branch (中國招商銀行深圳分行), handling corporate lending, cross-border finance and bill transactions. From April 2008 to December 2010, Mr. Li successively served as a teller, cashier and intern retail account manager at China Merchants Bank Shenzhen Chegongmiao Sub-branch (中國招商銀行深圳車公廟支行), responsible for counter services.

Mr. Li obtained a bachelor's degree in Management from Beijing Normal University (Zhuhai) (北京師範大學珠海分校), majoring in Franchise Operation Management in July 2008.

Mr. Tu Liandong (涂連東) ("Mr. Tu"), aged 56, 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, a company 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 56, 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.

Mr. Chen Chaolin (陳朝琳) ("Mr. Chen"), aged 51, has been an independent non-executive Director from 19 June 2018 to 5 March 2025. Mr. Chen was responsible for supervising the compliance and corporate governance, and providing independent advice to the Board during the Reporting Period. 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.

Senior Management

Mr. Zhang Zhaowei (張兆偉) ("Mr. Zhang"), aged 51, 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.

Board Secretary and Joint Company Secretary

Ms. Yang Lexing (楊樂興) ("Ms. Yang"), aged 32, 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 report, interim report) 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 2024 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 2024 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 2024, 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 2024, the revenue from our top five customers and the largest customer accounted for 70% and 30% of our total revenue, respectively.

As of 31 December 2024, we had transactions with one customer 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 2024, 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 100% 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 6% of the total of such purchases for the year, and purchases from the largest supplier included therein amounted to approximately 2.4% 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 2024, 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 2024 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 2024.

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, 16 June 2025 to Thursday, 19 June 2025, 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, 13 June 2025.

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank and other borrowings of our Group as of 31 December 2024 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 (including sale of treasury shares) 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 2024.

DIRECTORS

The following table sets forth information relating to the Directors:

Name	Age	Position	Appointment Date
Mr. Zhou Shiyuan (周士淵)	36	Chairman and executive Director	05 June 2017
Mr. Chen Xinwei (陳欣慰)	50	Executive Director	05 June 2017 (Resigned on 10 December 2024)
Mr. Huang Dake (黃大柯)	54	Executive Director and general manager Compliance Officer	05 June 2017 20 October 2021
Ms. Lin Zhenyan (林珍燕)	54	Executive Director	10 December 2024
Mr. Ke Jinding (柯金鍚)	49	Non-executive Director	05 June 2017
Mr. Chen Chaolin (陳朝琳)	51	Independent non-executive Director	19 June 2018 (Resigned on 5 March 2025)
Mr. Tu Liandong (涂連東)	56	Independent non-executive Director	19 June 2018
Mr. Xie Mianbi (謝綿陛)	56	Independent non-executive Director	19 June 2018
Mr. Li Yao (李堯)	39	Independent non-executive Director	5 March 2025

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. Pursuant to Article 83(3) any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Accordingly, each of Ms. Lin Zhenyan, Mr. Li Yao, Mr. Huang Dake and Mr. Xie Mianbi, being eligible, offers himself/herself 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. On 10 December 2024 and 5 March 2025, Ms. Lin Zhenyan and Mr. Li Yao were appointed as executive Director and independent non-executive Director, respectively. They each received legal advice on their respective appointment date.

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 senior 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 2024.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors and five highest paid individuals for the year ended 31 December 2024 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 2024 is less than RMB246,200. 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 2024.

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 2024 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 2024, we had total of 10 outstanding legal proceedings initiated by us. As these proceedings arose in the ordinary course of our management, the Directors are of the opinion that these proceedings will not have any material adverse effect on our business, financial condition or results of operations. During the Reporting Period, we dealt with a civil proceeding as a defendant in a dispute relating to our construction project in Yongchun County. The proceeding was accepted by the People’s Court of Yongchun County and is still under trial, with no verdict yet.

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 three 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 are 27,000,000 Shares, representing 10% of the total issued Shares. As at 1 January 2024 and 31 December 2024, 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 2024, the Company has no outstanding share option under the Share Option Scheme.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2024, the Company had no connected transactions that are required reporting, annual reviews, announcement and independent Shareholders' approval in compliance with the requirements under Chapter 20 of the GEM Listing Rules.

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 and in note 31 to the consolidated financial statements, the Board is not aware of any other material events after the Reporting Period. For more details of the event disclosed in note 31 to the consolidated financial statements, please refer to the announcement of the Company dated 27 March 2025.

DONATION

No charitable and other donations were made by our Group during the year ended 31 December 2024.

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 2023 and 2024 were audited by Moore CPA Limited ("**Moore**"), who shall retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Moore as an auditor of the Company is to be proposed at the AGM.

Moore was appointed as an auditor of the Company at the annual general meeting held on 28 June 2023 to fill the vacancy following the retirement of KPMG.

Save as disclosed above, there has been no change in the auditor of the Company during the preceding three years.

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

As of 31 December 2024, 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 2024, 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 2024, 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	16,135,500 Shares (L)	5.98%
Mr. Wong Po Nei[(4)]	Interest in controlled corporation	16,135,500 Shares (L)	5.98%

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 2024, 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
27 March 2025

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 2024, the Board comprised three executive Directors, namely, our chairman Mr. Zhou Shiyuan, Ms. Li Zhenyan 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 review our financial information, review and monitor the policies and practices on corporate governance, appoint the executive Director 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 fulfilment of the duties of Directors, supervisors and senior managers. The relevant training covers the latest amendments to the Corporate Governance Code and the GEM Listing Rules and their implementation requirements, as well as the principles and requirements of corporate governance, environmental, social and governance reporting guidelines and Directors' obligations and legal liabilities. 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 2024 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 (resigned on 10 December 2024)	√	√
Ms. Lin Zhenyan (appointed on 10 December 2024)	√	√
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 (www.byleasing.com). 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. Xie Mianbi (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 two meetings for the year ended 31 December 2024. The Audit Committee has reviewed (i) the annual financial statements, results and report of our Group for the year ended 31 December 2023; (ii) the interim financial statements, results and report of our Group for the six months ended 30 June 2024; (iii) the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and its effectiveness and (iv) selection and appointment of the external auditors. 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 has been made.

Moore is the external auditor of the Company. The Audit Committee held a meeting with Moore, 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 77 to 82 of this annual report.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Xie Mianbi (independent non-executive Director), Mr. Li Yao (independent non-executive Director) and Mr. Huang Dake (executive Director). Mr. Xie Mianbi 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 two meetings for the year ended 31 December 2024. 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, discussed and recommended the service contract and remuneration of new executive Director 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. Xie Mianbi (independent non-executive Director), Mr. Tu Liandong (independent non-executive Director) and Ms. Lin Zhenyan (executive Director). Mr. Xie Mianbi 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 must 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 two meetings for the year ended 31 December 2024. 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, recommended to the Board on the re-election of Mr. Zhou Shiyuan, Mr. Chen Xinwei and Mr. Ke Jinding and Mr. Tu Liandong, structure, size and composition of the Board, recommended to the Board on the appointment of executive Director 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 meetings, 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 27 June 2024.

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.

During the Reporting Period, 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 Meeting**
Executive Directors					
Mr. Zhou Shiyuan	4/4	N/A	2/2	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	2/2	1/1
Non-executive Director					
Mr. Ke Jinding	4/4	2/2	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Chen Chaolin	4/4	2/2	N/A	2/2	1/1
Mr. Tu Liandong	4/4	2/2	2/2	N/A	1/1
Mr. Xie Mianbi	4/4	N/A	2/2	2/2	1/1

GENERAL MEETINGS

During the year ended 31 December 2024, the Company convened one general meeting held on 27 June 2024. 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.

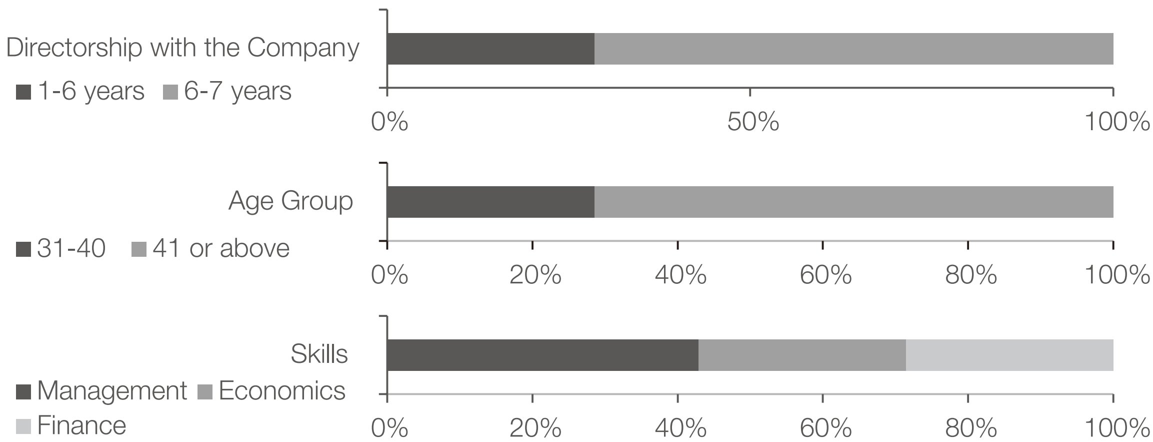
CORPORATE GOVERNANCE FUNCTIONS

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.

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 69 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 senior 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, 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 has been appointed as the external auditor of the Company on 27 June 2024 and provided an annual confirmation of their independence to the Audit Committee for the year ended 31 December 2024. 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. For the year ended 31 December 2024, the remunerations paid or payable to Moore in respect of audit and non-audit services provided to our Group were (i) HK$900,000 for the audit service, and (ii) HK$400,000 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 Company has no significant changes in the Company's constitutional documents during the year. 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 Stock 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 have 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 explore 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 assist 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 2024, 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 GEM Listing Rules. This ESG Report covers the overall performance of the Group in ESG aspects during the Reporting Period.

Our history can be traced back to March 2010, when 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 are a finance leasing company in Fujian Province, dedicated to providing equipment-based financing solutions to small and medium enterprises and entrepreneurial individuals. We were officially listed on GEM on 18 July 2018. To enhance our business diversity, we founded Qiaoxin, a condiment manufacturer focusing on edible vinegar, in the PRC on 23 April 2020. We established 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 continue to 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 years, we have accumulated experience in meeting financing needs of customers from various sectors. We have over 1,000 customers spreading over more than 20 provinces since 2010. 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.

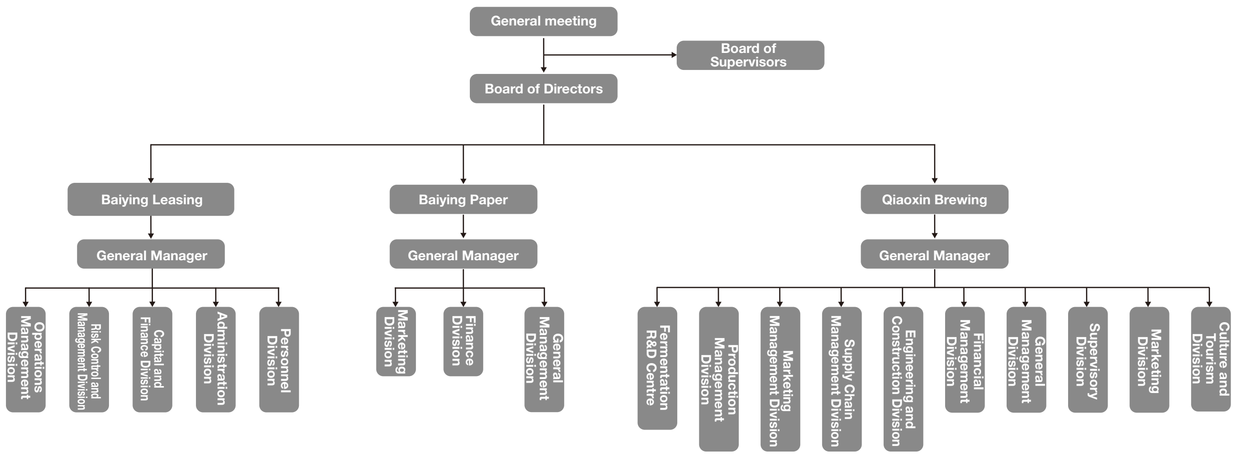
Looking ahead, we will focus on leasing business. In terms of social responsibility, we will adhere to the development of inclusive finance, insist on serving SMEs and individuals, and constantly improve the scale and scope of services. As for environment, we will advocate environmental protection in 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 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 community 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" in this annual report for details).

The governance structure of the Group is as below:



In 2024, 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. The team is responsible for preparing ESG Report and compiling information on relevant performance indicators, promoting the executor 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 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 policies 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 Reporting Period. The reporting boundary for the Reporting Period remains unchanged as that for the financial year 2023 and the relevant key subsidiaries include:

- **Xiamen Baiying** which focuses on finance leasing business and factoring business;
- **Baiying Paper** which focuses on the trading of packaging and paper products; and
- **Qiaoxin** which focuses 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 ensuring 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	• Stable operation and optimisation of dividend distribution • 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-specified channels	• Refining management system of suppliers • Establishing long-term partnership with suppliers • Fair and open procurement principles
Employee	• Employee career development • Protecting employee rights and interests • Employee remuneration and benefits • Employee training	• Internal website • Employee training • Mailbox of the human resources department	• Protecting employees' 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 30 issues by reviewing the previous stakeholder engagement and analysing the megatrend or international ESG standards.

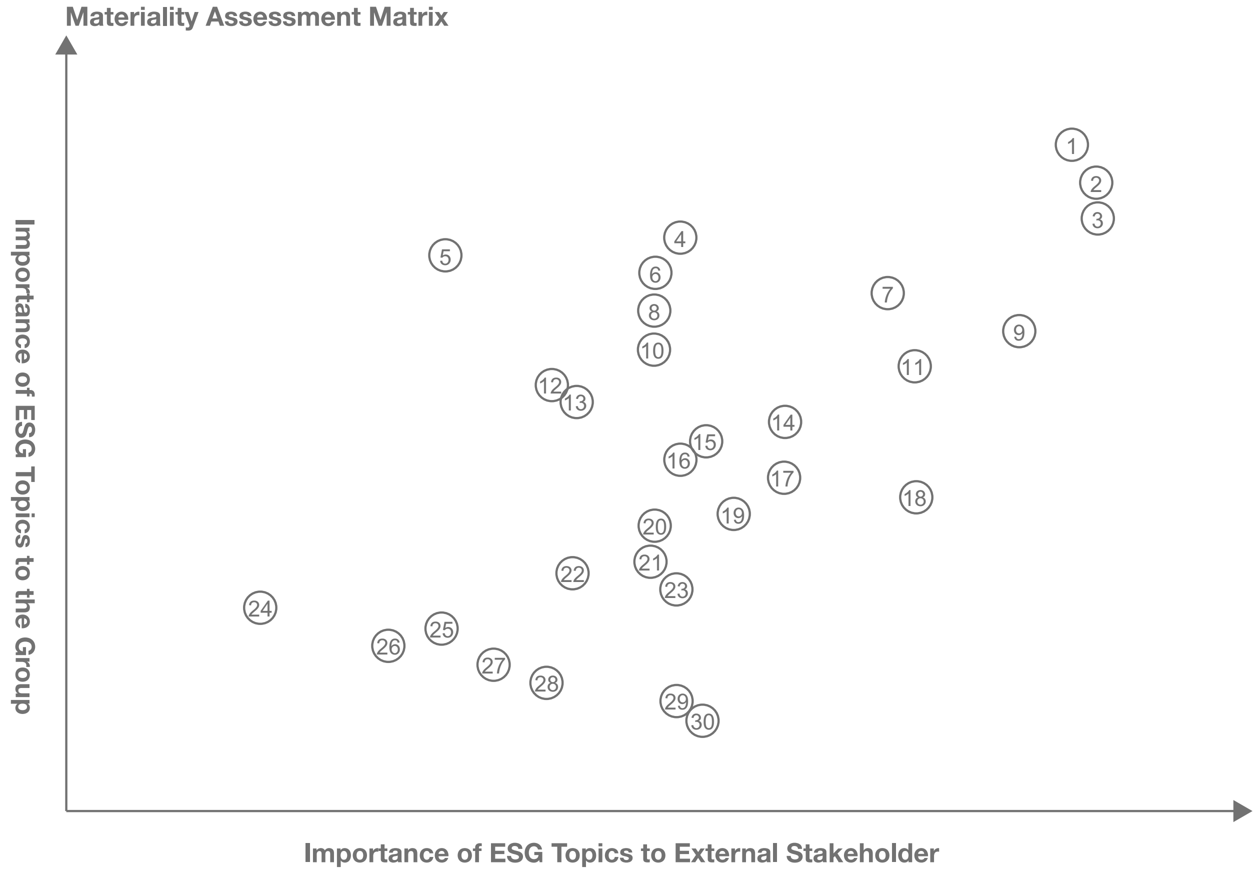
2. **Prioritisation:** Online surveys were conducted. External and internal stakeholders were engaged to understand the comprehensive materiality issues to the Group. ESG topics were ranked and prioritised based on the strategic importance to the business and stakeholders.

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:

No.	ESG issue	No.	ESG issue
1.	Customer satisfaction	16.	Hazardous waste production
2.	Customer information and privacy	17.	Number of concluded cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering
3.	Product health and safety	18.	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of suppliers
4.	Occupational health and safety	19.	Anti-corruption policies and whistle-blowing procedures
5.	Marketing communications (e.g. advertisement)	20.	Promotion of local employment
6.	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	21.	Use of materials (e.g. paper, packaging, raw materials)
7.	Prevention of child and forced labour	22.	Anti-corruption training for directors and staff
8.	Employee development and training	23.	Greenhouse gas emissions
9.	Observing and protecting intellectual property rights	24.	Energy use (e.g. electricity, gas, fuel)
10.	Product and service labelling	25.	Community support (e.g. donation, volunteering)
11.	Diversity and equal opportunity of employees	26.	Climate change
12.	Environmentally preferable products and services	27.	Air emissions
13.	Water use	28.	Non-hazardous waste production
14.	Mitigation measures to protect environment and natural resources	29.	Scale of business development
15.	Selection and monitoring of suppliers	30.	Development of green leasing business

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 identified the risks and opportunities behind those matters and elaborated in detail under different sections of this ESG Report.

A. ENVIRONMENT

During the Reporting Period, 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 to the Group's air emissions and usage of natural resources as the usage of natural gas, electricity and waters are unavoidable during its production process.

As an environmentally responsible corporation, we would conduct a comprehensive and detailed environmental assessment before commencement of new business in the past. 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 emissions and prevent their 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 will identify and evaluate various environmental factors, effectively improve the efficiency of resource and energy use, reduce emissions of gas, wastewater and waste, and take the initiative to assume more environmental responsibilities.

During the Reporting Period, the Group continued to urge and encourage employees to implement a number of feasible measures, designed to achieve rational use of electricity, water conservation, low-carbon mobility 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 reasonable air conditioning temperatures according to the weather, and maintain an indoor temperature of no less than 26 degrees in summer.
- Use air conditioners or heaters wisely, turn off the power when leaving the office for an extended period, and close doors and windows while using air conditioners or heaters to reduce air leakage.
- Make full use of natural lighting and avoid turning on the office lights during the day when there is enough natural light.
- Computers, printers, test equipment in laboratories and other offices should be set to power-saving mode. Equipment that is unoccupied for an extended period or when leaving the office should be turned off to reduce standby energy consumption.

Water Conservation

- Post notices to remind employees to save water and turn the faucet to a low flow whenever possible to raise the awareness of water conservation.
- Foster good water consumption habits and learn to recycle water resources.

Low-carbon Mobility

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

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 not affecting the vision and turn off the display when not in use for an extended period.

A1 Emissions

Compliant emission is the Company's minimum standard. On this basis, the Group actively explores effective measures to reduce emissions. Relevant laws, regulations and standards include:

- 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》);
- 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》);
- Regulation 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 Measure 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》);
- The List of Hazardous Waste Management Measure (《危險廢物管理辦法清單》);
- 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》)

Based on the production process, the Group has formulated a strict emission management system to minimise environmental pollution, while monitoring emission data on a monthly basis.

The Group is committed to reducing emissions and promoting resource conservation with guidance on energy saving and environmental protection set out in the Staff Manual. Our management will continue to monitor business activities that generate air pollutants and GHG, and take measures if necessary.

Air emission management

Since 2018, the Group has focused on managing air emissions and greenhouse gas ("**GHG**") emissions, and has started recording and calculating the air and GHG emissions generated by our operations.

The logistics and transportation of Baiying Paper's paper trading are arranged by suppliers, while the logistics for Qiaoxin's products are scheduled through external transport fleets managed by the Group under the supplier management system.

During the Reporting Period, we identified that Qiaoxin's production activities and vehicle usage were the primary sources of air emissions for the Group.

In order to effectively manage emissions from production activities, including the standard dry flow, oxygen content and nitrogen oxides, Qiaoxin has engaged an independent party to conduct monthly inspections of the organised and arbitrary emissions at boiler exhaust funnels and at various sampling points. Based on the monthly inspection results, we have not identified any non-compliance related to the air emissions from our production activities during the Reporting Period.

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

Air emission[1, 2]	Unit	2023	2024	Percentage change
Emission of nitrogen oxides (NO_x)	kg	5.64	**7.77**	37.61%
Emission of sulfur dioxides (SO_2)	kg	0.08	**0.09**	12.48%
Particle emission	kg	0.42	**0.57**	36.15%

Notes:

1. 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.

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

GHG emission management

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

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

GHG emission[1 2]	Unit	2023	2024	Percentage change
Scope I: Direct GHG emission	tCO_2e	118.71	**147.25**	24.04%
Scope II: Indirect GHG emission[3]	tCO_2e	258.74	**300.66**	16.20%
Scope III: Other indirect GHG emission	tCO_2e	13.75	**5.76**	–58.09%
Total GHG emission	tCO_2e	391.20	**453.67**	15.97%
Intensity of GHG emission	tCO_2e/ production Unit	0.19	**0.20**	3.50%

Notes:

1. 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.

2. The ESG data in 2023 has been restated due to enhancement of the calculation.

3. The emission factor was referenced to the "Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors" by the Ministry of Ecology and Environment of the People's Republic of China.

Waste

Solid waste management

To standardise the solid waste treatment process and prevent resource wastage, the Group has 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, we collect all used ink cartridges and toner cartridges and return them to suppliers for recycling. Most hazardous waste is recycled with the remaining amount considered minimal. We will continue monitoring the amount of hazardous waste and its treatment and consider making further disclosure after assessment.

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

The Group encourages its employees to segregate different types of solid waste before discarding them, to recycle some of the waste and reduce garbage incineration. Apart from the general office waste and food waste generated from office disposal and operations, our vinegar production process also generates waste, namely distiller grains and vinegar residue. Instead of direct disposal, we choose to enter into cooperation with a local swine farm company, under which distiller grains are recycled and sold to the company for the production of pig feed. Vinegar residue is recycled by suppliers and used as organic fertilizer.

Construction waste for the year was generated from the renovation of the main gate of the plant, mainly including steel bars, ordinary muck and others. Based on the management requirements, we deliver construction waste to the designated recycling stations for recycling in a standardised manner.

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

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

Non-hazardous waste	Unit	2023	2024	Percentage change
Disposal				
General office waste[1]	Tonnes	0.47	**0.12**	–74.47%
Food waste[2]	Tonnes	1.56	**0.25**	–83.97%
Total	Tonnes	2.03	**0.37**	–81.77%
Recycle				
Production waste (distiller grains)[3]	Tonnes	15.66	**2.72**	–82.63%
Production waste (vinegar residue)[3]	Tonnes	14.52	**0.63**	–95.66%
Total		30.18	**3.35**	–88.90%
Other disposal operations				
Construction waste[4]	Tonnes	20.00	**1.2**	–94.00%

Notes:

1. In 2024, we reduced the overall pre-purchase of office stationery, paper, etc., and standardised the printing standards for reimbursement vouchers, etc., resulting in a significant reduction in general office waste.

2. In 2024, the cafeteria strictly enforced the meal reservation system, whereby each meal is prepared based on the actual number of people in the reservation, thus reducing food waste.

3. In 2023, the Company had significant production output, and its semi-finished products could support the demand for finished product production in 2024. Therefore, the production waste decreased significantly in the year.

4. Construction waste was generated from the renovation of the main gate of the plant.

Wastewater management

There are two types of wastewater generated from Qiaoxin's production and operation process, namely production sewage and domestic sewage. 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 are treated by the sewage treatment equipment to ensure to meet the required standards before being discharged into the municipal sewer system. For the wastewater generated during its production and operation, Qiaoxin is equipped with sewage treatment facilities that have a daily treatment capacity of 35 tonnes. Due to limitations in wastewater volume records, we may not be able to estimate the total amount of wastewater discharged or the total amount of water pollutants into the municipal sewage system.

In order to monitor the quality of wastewater generated from its production activities, Qiaoxin has engaged an independent party to conduct monthly inspections of the wastewater at the wastewater outfalls, which include the quantities of major pollutants in the wastewater, such as ammonia and nitrogen, chemical oxygen demand (COD_{cr}), biochemical oxygen demand (BOD_5), suspended solids (SS), total phosphorus and total nitrogen. Based on the monthly inspection results, we did not identify any non-compliance related to the wastewater from our production activities during the Reporting Period, with all sewage discharged into the municipal sewer system meeting the standards.

A2 Use of Resources

After continuous exploration and attempts, we have 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 resource use efficiency and reduce resource consumption in the operation process.

To encourage energy conservation, the Group has formulated relevant policies and regulations in the Staff Manual, including the relevant regulations on the office area, production area, canteen area and dormitory area, aiming to maximise the Company's efforts on energy saving.

During the Reporting Period, we collected the data regarding the use of resources of the headquarter of the Group and the 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	2023	2024	Percentage change
Direct fuel consumption				
– Petrol[1]	MWh	30.76	**39.63**	28.84%
– Diesel	MWh	0.44	**–**	–100.00%
– Natural gas[1]	MWh	439.29	**647.58**	47.41%
Indirect energy consumption				
– Electricity consumption	MWh	482.19	**560.31**	16.20%
Total energy use	MWh	952.68	**1,247.52**	30.95%
Intensity of energy use	MWh/ production Unit	0.47	**0.55**	16.87%

Note:

1. The ESG data in 2023 has been restated due to enhancement of the calculation.

The Group's energy consumption mainly derives from daily production at the factory and office operations. Reducing energy consumption will reduce air emission and GHG emission. Therefore, the Group encourages employees to reduce energy consumption, and provides energy-conservation guidance to them to ensure that its workforce complies with and implements energy-saving measures. In addition, the Group actively explores and adopts more environmentally friendly technologies in its business operations. The Group's measures on energy conservation are set out in the section "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	2023	2024	Percentage change
Water consumption	Tonnes	6,815.00	**8,030.00**	17.83%
Intensity of water consumption	Tonnes/ production unit	3.34	**3.51**	5.23%

Note:

1. The production cycle of aged vinegar is three years, and 2024 is the year of production. As the water consumption of related products is mainly concentrated in the first year of production, our water consumption has increased this year compared to the previous year.

The Group's water consumption mainly derives from daily production at the factory and office operations. The majority of our water comes from municipal water supplies and we do not encounter any problem in sourcing water.

According to production techniques and relevant local laws, regulations and standards, Qiaoxin has set out the rules for water usage by employees in the Staff Manual to ensure the scientific, rational, efficient and standardised use of water. In the meantime, we actively embrace water conservation culture, stepping up efforts on water saving.

The Group continues to monitor water consumption level and applies measures to ensure stable use of water. For further enhancement on utilisation efficiency of water, the Group's measures on energy conservation are set out in page 60 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 packaging materials, we will explore options for reducing, lightening, and substituting packaging materials to minimise their impact on the environment.

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

Use of packaging materials	Unit	2023	2024	Percentage change
Glass	Tonnes	358.83	**426.66**	18.90%
Paper	Tonnes	30.83	**44.63**	44.76%
Plastic	Tonnes	23.72	**8.10**	–65.83%
Total	Tonnes	413.38	**479.39**	15.97%
Intensity of packaging materials	Tonnes/usage	1.04	**1.31**	26.66%

A3 Environment and Natural Resources

Due to the nature of its business, the Group's operations have the greatest impact on the environment. However, the Company continuously monitors the environmental effects of recycling and is committed to minimising its negative impact. We have incorporated energy saving performance, low carbon and recyclability into our procurement considerations. Furthermore, we raise our staff's awareness of environmental issues by incorporating environmental and low carbon cases into our Staff Manual. The Group focuses on sustainable development and upholds its commitment to operating in an environmentally friendly manner.

A4 Climate Change

Climate change continues to be a top global environmental issue, and investors are increasingly prioritising climate-related commitments. The Group is committed to assessing the impact of climate change on the Company's strategic planning and operational resilience, while actively managing related risks and seeking to seize development opportunities.

The Group's finance leasing customers are involved in industries like real estate construction, machinery and electronics, among which customers in the real estate construction industry may be directly affected by climate change. For example, extreme weather conditions (including typhoons and high temperatures) may lead to business interruptions, affecting construction progress and methods, thus exposing the Group to credit risk. Stimulated by the national policies, customers in other industries may consider leasing more energy-saving and eco-friendly machinery and equipment to reduce carbon emissions, which in turn mitigates negative impact on the climate.

Baiying Paper is principally engaged in the trading of paper products, which is also affected by climate change, such as extreme weather conditions that impede normal trading, posing credit risk to the Group. Goods transportation via vessels, trucks and planes around the world also increase GHG emission. 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 incentivise businesses to actively decarbonise.

Qiaoxin is also facing the impacts of climate change. The risks identified after discussion include water scarcity affecting production; changes in climate patterns affecting the harvest of crops that are raw materials; and extreme weather that may impact the construction progress and methods of the project phase II.

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

B. SOCIAL

B1 Employment

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

The Group has formulated the Staff Manual in accordance with the requirements of the Labour Law of the PRC, which covers human resources policies and working conditions, such as recruitment and promotion schemes, training, performance appraisal, remuneration and benefits, working hours, vacation and other leaves (including marriage leave, compassionate leave, maternity leave), equal opportunities, diversity and anti-discrimination. Such policies clearly define the rights and obligations of both parties and safeguard the legal rights of employees.

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

	Number of employees		Percentage change
	2023	**2024**	
Total workforce	106	**127**	19.81%
Employees by category			
Gender			
– Male	64	**77**	20.31%
– Female	42	**50**	19.05%
Age group			
– 30 or below	22	**25**	13.64%
– 31–40	46	**56**	21.74%
– 41 or above	38	**46**	21.05%
Education level			
– Doctoral degree	1	**1**	0.00%
– Master degree	5	**8**	60.00%
– Bachelor degree	33	**42**	27.27%
– Vocational degree and others	67	**76**	13.43%
Geographical region			
– Employees in Fujian Province	96	**105**	9.38%
– Employees outside Fujian Province	10	**22**	120.00%

Note:

1. Qiaoxin needs to set up several new positions due to operation, resulting in an increase in the total workforce.

The Group attaches great importance to and enhances the management of employee turnover. Pursuant to relevant national laws and regulations, the Group standardises the procedures for employee departures, safeguards the legitimate rights and interests of resigning employees and ensures the stable operation of the Group.

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

	Employee turnover rate (percentage)		Percentage change
	2023	2024	
Total turnover rate	43.16%	**35.43%**	–17.90%
Turnover rate by category			
Gender			
– Male	42.19%	**46.75%**	10.82%
– Female	33.33%	**18.00%**	–45.99%
Age group			
– 30 or below	59.09%	**60.00%**	1.54%
– 31–40	47.83%	**23.21%**	–51.47%
– 41 or above	15.79%	**36.96%**	134.05%
Geographical region			
Mainland China	42.71%	**35.43%**	–17.04%

Note:

1. The high turnover rate is related to the strong turnover of sales personnel in the fast moving consumer goods industry.

B2 Health and Safety

The Group has always attached great importance to the health and safety of its employees and has strictly complied with relevant laws and regulations, including the Labour Law of the PRC (《中華人民共和國勞動法》), the Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》).

In order to ensure the occupational health and safety of employees, the Group has formulated relevant policies and procedures, publishing management system notices on safety production and occupational health rules and regulations. We provide medical examination for our employees annually and purchase personal medical and accident insurance for them. In order to better protect employees' rights and interests, the Group has 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 occupational safety risks of employees. In order to enhance the physical fitness of employees, the Company has organised various sport events and healthcare activities.

We implement a working hours system that limits work to no more than 8 hours per day and no more than 40 hours per 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.

In the past three years (including the Reporting Period), there have been no work-related fatalities or injuries to employees at the workplace and no cases of non-compliance with health and safety laws and regulations.

The Group proactively carries out employee caring activities, including birthday celebrations, Women's Day and Children's Day theme activities, creating a quality working environment. It also focuses on work-life balance of employees by actively organising a variety of leisure activities, such as archery and skating, to develop friendships among employees, foster a united and friendly corporate culture and improve their sense of belonging and well-being outside of work.

B3 Development and Training

With great importance attached to employee training, the Group provides employees with diverse on-the-job training to enhance their work capabilities and strengthen the Group's competitiveness. In accordance with the requirements of the Staff Manual, induction and job skill training 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 provide knowledge updates for all staff. Based on the Group's development and work duties, team management training is provided to middle and senior management to strengthen team cohesion. To ensure the Group complies with finance and tax laws and regulations, various finance training is organised to keep finance staff abreast of the latest development in laws and regulations, including but not limited to the Golden Finance training and the certified public accountant training. The Group also participates in lectures organised by The Hong Kong Chartered Governance Institute to ensure listing compliance.

During the Reporting Period, over 90% of the employees (2023: 100%) were provided with training. The percentage of employees trained by gender and employee category are shown as follows:

Category	Percentage of employees trained		Percentage change
	2023	**2024**	
Gender			
– Male	60.38%	**59.84%**	-0.89%
– Female	39.62%	**30.71%**	-22.49%
Employee category			
Senior management	6.60%	**2.36%**	-64.21%
Middle management	17.92%	**7.09%**	-60.45%
General employees	75.47%	**81.10%**	7.46%

The total training hours completed by the employees of the Group were 549 hours (2023: 1,468 hours). The average training hours by gender and employee category are shown as follows:

Category	Average training hours 2023	Average training hours 2024	Percentage change
Gender			
– Male	15.52	**4.49**	-71.05%
– Female	11.30	**5.33**	-52.80%
Employee category			
Senior management	20.36	**18.83**	-7.5%
Middle management	17.92	**9.94**	-44.51%
General employees	12.31	**3.76**	-69.44%

Note:

1. During the Reporting Period, training was focused on skills training directly related to positions as the foundation team of Qiaoxin was stabilized, and there was a decrease in training on company culture and manager orientation, which was widely launched for all levels at the beginning of the team building in 2023.

The Group offers employees with career ladders not merely a job. In addition to diverse training, the 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 work in.

B4 Labour Standards

We treat applicants and employees fairly and equally, and provide equal employment opportunities 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 Law of the People's Republic of China on the Protection of Minors (《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 stipulate the basic requirement of employment in the Staff Manual that all employees shall be aged 18 or above.

During the Report Period, there was no event involved child employment or forced labour. If the Group identifies any instances of forced or child labour in the future, the relevant employment contracts will be immediately terminated, and the employees responsible for human resources management will face disciplinary action.

B5 Supply Chain Management

The Group has a total of 31 suppliers (2023: 46), of which 25 are from Fujian Province and 6 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 2024, the number of suppliers of the Group by geographical region is as follows:

Geographical region	2023	2024	Percentage change
In Fujian Province	36	**25**	–30.56%
Outside Fujian Province	10	**6**	–40.00%
Total	46	**31**	–32.61%

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 products of Qiaoxin, and can even have a significant impact on our business performance. In addition, by engaging with stakeholders and inviting them to participate in the materiality assessment process, we have identified "Supplier Management" as one of the material issues.

The Group regards business ethics as the first and foremost condition for long-term business operation and continues to attach great importance to the establishment of an honest and trustworthy corporate culture and work style. It has set up a system to require its employees to treat suppliers fairly and not to solicit or accept gifts or illegal rewards from suppliers. Additionally, it endeavours to create a fair, transparent, trustworthy and healthy business environment through the establishment of a multilevel and multi-channel reporting mechanism to fight against commercial bribery and other violations of the law and disciplinary actions.

We have formulated relevant 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, considering environmental factors, our Group 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. Our 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 of the end of the Reporting Period, the Group operated three service lines: finance leasing, paper product trading, and Qiaoxin. We offer customised finance leasing services according to the equipment required by customers' business operations, and provide customers with value-added consulting services. To proactively meet customer needs, we have developed a comprehensive procurement and sales management process for paper product trading services, aimed at controlling logistics during the intermediate stage. In addition, we standardise production operations and actively address customer complaints while ensuring product safety and quality. Our Group has extensive experience and a stable management team, enabling us to deliver reliable and efficient services to customers.

Our Group places great emphasis on opinions and complaints from each customer. Customer complaints and related matters are handled by the operation management department in a timely manner and reported to the general manager and deputy general manager. We will continue to optimise our complaint-handled mechanism, enhance service management standards and increase customers' satisfaction. The Qiaoxin service line received complaints regarding 620 boxes of products this year. Of these, 617 boxes were found to have leaks due to frozen bottles caused by the extreme cold weather in Northern China, while the remaining 3 boxes had reversed labels. We actively responded to the customer complaints by providing replacements for the defective products. Additionally, the factory has investigated the cause of the issue and implemented internal corrective measures.

Product Health and Safety

The Group adheres to stringent quality requirements at every stage of the production process from the procurement of raw materials to the finished products. It strictly complies with the requirements of the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》) and relevant laws and regulations, controls the quality and safety of its products in terms of brewing process, equipment and environmental control, management structure, etc.. By implementing multi-dimensional quality control measures, we aim to ensure the food safety of our products. The Group's vinegar products will be subject to quality testing in accordance with the GB 18187-2000 National Standard for Brewing Vinegar (《GB 18187-2000釀造食醋國家標準》) and the GB 2719-2018 National Standard for Brewing Vinegar (《GB 2719-2018釀造食醋國家標準》), and Hongqujiu (yellow wine) products will be subject to quality testing in accordance with the GB 13662-2018 National Standard for Yellow Wine (《GB13662-2018黃酒國家標準》). 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 responsibility for maintaining the working environment to individuals and will penalize those who are negligent during production in accordance with relevant internal and external regulations. From the top down, we will take the initiative to identify and prevent the potential risks during raw material storage, production, shelf life of finished products, product labelling and product tracking.

Honours and Awards

The Group and its subsidiary, Qiaoxin, have received numerous awards: It was awarded the Quanzhou Cultural Industry Demonstration Base in 2024, was shortlisted as innovative small and medium-sized enterprises in Fujian Province, and was selected as a contract-abiding enterprise with high credit standing in Yongchun County. Its products won the Gold Award at the seventh Shanghai International Agricultural Products Exhibition, the Star Product Award in Fujian Province's Village Revitalisation and the Silver Award in the 2024 China Specialty Tourism Commodity Competition. Qiaoxin's non-heritage skills on red yeast rice equipment operation were certified as a representative item of cultural heritage. Previously, Qiaoxin was awarded the Grand Gold Award in the Traditional Fermented Food Innovation Competition in July 2023, and its Kung Fu Vinegar Gift Box was awarded the "Most Popular Souvenir" in the 16th Cross-Strait (Quanzhou) Agricultural Products Procurement and Ordering Fair, and was also recognised as the Advanced Unit of the Quanzhou "Health and Well-being Cup" Competition the same year.

In terms of industrial influence, Qiaoxin actively joined various industry associations and became a member of the China Condiment Association in May 2022. Ms. Guo Shuangshuang, manager of the Culture and Tourism Division of the Company, served as the vice president of the Yongchun Aged Vinegar Association in December 2021, and became an executive director of the 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)" (永春縣高層次人才第五層次) in November 2021.

Protecting Consumers' Rights and Interests

We strictly comply with the Law on Protection of Consumers' Rights and Interests 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 Civil Code of the PRC (《中華人民共和國民法典》). To protect legitimate rights and interests of customers and ensure the safety of customer information, we have formulated the Documentation Management System (《檔案管理制度》) and the Confidentiality System (《保密制度》). These systems set out official procedures for handling materials related to customers and the Group by employees. In addition, they are required to strictly comply with the relevant procedures. For instance, for confidential documents, information and other materials, we have set up a dedicated document office for storage, where any copying and extraction is prohibited without the approval of the 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 business operations of our Group comply 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》), the 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 the Anti-money Laundering System (《反洗錢制度》) and the Code of Conduct regarding Anti-bribery and Anti-corruption (《反賄賂反腐敗行為準則》), to avoid the risks of financial crime.

As of 31 December 2024, there have been no corruption cases within our Group. Additionally, no outstanding or concluded litigations related to corruption have been brought against our Group or its employees.

Employees of our Group must strictly comply with the relevant local laws and regulations concerning anti-bribery and anti-corruption. Employees are required to report to senior management and the general management department and wait for instruction, if they encounter any conflicts of interest during their employment. Employees who violate any laws, regulations, or the Group's policies on bribery and corruption will have any confirmed cases dealt with seriously, and will be referred to the judicial authorities if national laws and regulations are violated.

The Group has established an anti-money laundering leadership team with the general manager as the team leader. The team is mainly responsible for the Group's anti-money laundering efforts, including developing a robust management system and overseeing the drafting and revision of relevant policies and procedures. The team also monitors and recommends on the information and development of the anti-money laundering efforts in accordance with business operations. Additionally, it regularly issues updates on the latest anti-money laundering laws, regulations, and case data, and conducts anti-money laundering awareness and training for our Directors and employees when necessary.

B8 Community Investment

Since its inception, the Group has been committed to making continuous contributions toward building a stable and sustainable society.

Since 2020, the Group has actively inherited and promoted intangible cultural heritage and is committed to the preservation and promotion of the brewing techniques of Yongchun Aged Vinegar. Mr. Huang Dake, general manager of the Group, was recognised as the county-level representative heir of the representative item of intangible cultural heritage "Yongchun Aged Vinegar Brewing Technique" in October 2024, which further highlights the Group's important position and contribution in the transmission of intangible cultural heritage.

During the Reporting Period, the Group actively organised an open day activity at the vinegar factory for local primary and secondary school students in Yongchun, as part of its efforts to give back to the community with care through research and education programs.

Independent Auditor's Report

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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 83 to 149, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024 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)

<table>
<tr><th colspan="2">Allowances for impairment losses of finance lease receivables and loans and receivables
Refer to notes 16 and 17 to the consolidated financial statements.</th></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As at 31 December 2024, the carrying amounts of finance lease receivables and loans and receivables of the Group amounted to approximately RMB188.53 million in aggregate, representing approximately 50.03% of the Group's total assets. Allowances for impairment losses of finance lease receivables and loans and receivables amounting to approximately RMB37.15 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.</td><td>Our audit procedures to assess allowances for impairment losses of finance lease receivables and loans and receivables included the followings:

• 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;</td></tr>
</table>

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 INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, 27 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024
(Expressed in Renminbi)

	Notes	2024 RMB	2023 RMB
Sales revenue		**25,547,337**	27,862,904
Interest income		**7,440,131**	7,371,095
Other revenue		**731,797**	792,775
Revenue	*3*	**33,719,265**	36,026,774
Cost of sales		**(21,704,105)**	(25,115,370)
Other income and other gains, net	*4*	**3,802,764**	1,393,961
Interest expenses	*5*	**(2,653,567)**	(1,544,191)
Net impairment losses reversed/(recognised)	*6*	**9,216,499**	(1,577,605)
Administrative expense		**(19,731,742)**	(16,803,854)
Selling and distribution expenses		**(15,115,763)**	(10,575,898)
Share of losses of an associate	*15*	**–**	(760,709)
Gain on disposal of an associate	*15*	**–**	2,498,272
Loss before income tax	*7*	**(12,466,649)**	(16,458,620)
Income tax (expense)/credit	*8*	**(4,875,120)**	325,683
Loss for the year		**(17,341,769)**	(16,132,937)
Attributable to:			
Equity shareholders of the Company		**(17,390,358)**	(16,204,544)
Non-controlling interests		**48,589**	71,607
Loss for the year		**(17,341,769)**	(16,132,937)
Loss per share			
Basic and diluted (RMB cents)	*11*	**(6.44)**	(6.00)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024
(Expressed in Renminbi)

	2024 RMB	2023 RMB
Loss for the year	**(17,341,769)**	(16,132,937)
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	**(39,661)**	(26,317)
Total comprehensive loss for the year	**(17,381,430)**	(16,159,254)
Attributable to:		
Equity shareholders of the Company	**(17,430,019)**	(16,230,861)
Non-controlling interest	**48,589**	71,607
Total comprehensive loss for the year	**(17,381,430)**	(16,159,254)

Consolidated Statement of Financial Position

At 31 December 2024
(Expressed in Renminbi)

	Notes	2024 RMB	2023 RMB
Non-current assets			
Property, plant and equipment	12	**112,491,833**	90,156,302
Intangible assets	13	**407,106**	384,228
Loans and receivables	16	**122,233,131**	22,734,197
Finance lease receivables	17	**617,218**	–
Trade and other receivables	18	**1,239,488**	132,342
Deferred tax assets	25(b)	**4,120,361**	7,399,478
		241,109,137	120,806,547
Current assets			
Inventories	20	**15,969,792**	16,580,910
Loans and receivables	16	**50,874,058**	46,125,049
Finance lease receivables	17	**14,805,686**	14,360,907
Trade and other receivables	18	**21,157,640**	26,197,321
Financial assets at fair value through profit or loss	19	**13,211,970**	41,098,654
Cash and cash equivalents	21	**19,730,061**	13,649,340
		135,749,207	158,012,181
Current liabilities			
Borrowings	22	**96,980,000**	2,000,000
Trade and other liabilities	23	**17,768,796**	25,632,314
Lease liabilities	24	**293,133**	270,731
Income tax payable	25(a)	**4,712,893**	2,699,416
		119,754,822	30,602,461
Net current assets		**15,994,385**	127,409,720
Total assets less current liabilities		**257,103,522**	248,216,267

At 31 December 2024
(Expressed in Renminbi)

	Notes	2024 RMB	2023 RMB
Non-current liabilities			
Borrowings	22	**31,307,871**	7,000,000
Trade and other liabilities	23	**3,713,947**	1,460,000
Lease liabilities	24	**533,776**	826,909
		35,555,594	9,286,909
NET ASSETS		**221,547,928**	238,929,358
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)	**(21,273,786)**	(3,843,767)
Total equity attributable to equity shareholders of the Company		**219,125,831**	236,555,850
Non-controlling interests		**2,422,097**	2,373,508
TOTAL EQUITY		**221,547,928**	238,929,358

The consolidated financial statements on pages 83 to 149 were approved and authorised for issue by the board of directors on 27 March 2025 and are signed on its behalf by:

Huang Dake
Director

Lin Zhenyan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
(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 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)/income	–	–	–	–	(26,317)	(16,204,544)	(16,230,861)	71,607	(16,159,254)
Balance at 31 December 2023 and 1 January 2024	**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**
Changes in equity for 2024:									
(Loss)/profit for the year	**-**	**-**	**-**	**-**	**-**	**(17,390,358)**	**(17,390,358)**	**48,589**	**(17,341,769)**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(39,661)**	**-**	**(39,661)**	**-**	**(39,661)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**(39,661)**	**(17,390,358)**	**(17,430,019)**	**48,589**	**(17,381,430)**
Appropriation to statutory reserve	**-**	**-**	**-**	**774,798**	**-**	**(774,798)**	**-**	**-**	**-**
Balance at 31 December 2024	**2,301,857**	**238,097,760**	**(6,640,176)**	**10,139,301**	**1,521,618**	**(26,294,529)**	**219,125,831**	**2,422,097**	**221,547,928**

Consolidated Statement of Cash Flows

For the year ended 31 December 2024
(Expressed in Renminbi)

	Notes	2024 RMB	2023 RMB
Operating activities			
Cash used in operations	*21(b)*	**(110,229,273)**	(20,560,838)
Income tax refunded/(paid)	*25(a)*	**417,474**	(710,210)
Net cash used in operating activities		**(109,811,799)**	(21,271,048)
Investing activities			
Interest received from deposits with financial institutions		**191,744**	231,058
Proceeds from disposal and redemption of investments		**162,939,637**	60,458,807
Proceeds from disposal of an associate	*15*	**–**	6,250,000
Proceeds from disposal of property, plant and equipment		**147,207**	3,308
Payments on acquisition of investments		**(131,854,300)**	(73,890,000)
Payment of purchase of intangible assets		**(122,567)**	(130,896)
Payment of acquisition of land use right		**(240,000)**	–
Payment of purchase of property, plant and equipment	*i*	**(31,661,053)**	(4,285,550)
Net cash used in investing activities		**(599,332)**	(11,363,273)
Financing activities			
Proceeds from borrowings	*21(c)*	**131,307,871**	10,000,000
Repayment of borrowings	*21(c)*	**(12,020,000)**	(30,853,421)
Repayment to a related party	*21(c)*	**–**	(848,610)
Capital element of lease rentals paid	*21(c)*	**(474,529)**	(613,915)
Interest element of lease rentals paid	*21(c)*	**(43,405)**	(59,181)
Other interest paid	*21(c)*	**(2,238,424)**	(1,416,627)
Net cash generated from/(used in) financing activities		**116,531,513**	(23,791,754)
Net increase/(decrease) in cash and cash equivalents		**6,120,382**	(56,426,075)
Cash and cash equivalents at 1 January		**13,649,340**	70,101,732
Effect of foreign exchange rate changes		**(39,661)**	(26,317)
Cash and cash equivalents at 31 December	*21(a)*	**19,730,061**	13,649,340

Note:

(i) The amount included payment of purchase of property, plant and equipment in the current year of RMB28,269,350 and settlement of payables for purchase of property, plant and equipment in the previous year of RMB4,656,980. As at 31 December 2024, the amount of purchase of property, plant and equipment in the current year not yet paid was RMB1,265,277.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024
(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 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 2024 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 2024
(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 amendments to HKFRSs that are first effective for the current accounting period of the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except for the below, the application of the above 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 adoption of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

(i) What is meant by a right to defer settlement;

(ii) That a right to defer must exist at the end of the reporting period;

(iii) That classification is unaffected by the likelihood that an entity will exercise its deferral right; and

(iv) That only if an option at the discretion of the counterparty included in the terms of a convertible liability is itself an equity instrument in accordance with HKAS 32 Financial Instrument: Presentation would not affect the current or non-current classification of the liability.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. Covenants with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current at the reporting date.

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

(c) Changes in accounting policies (Continued)

Impacts on adoption of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments") (Continued)

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 1 January 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial adoption of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

The Group has not adopted any amendments to HKFRSs that is not yet effective for the current accounting period (Note 32).

(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(h)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) 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.

For the year ended 31 December 2024
(Expressed in Renminbi unless otherwise indicated)

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

(e) Financial instruments (Continued)

(i) Recognition and initial measurement (Continued)

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.

(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.

(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.

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

(e) Financial instruments (Continued)

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

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.

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.

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

(e) Financial instruments (Continued)

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

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.

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.

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

(e) Financial instruments (Continued)

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

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.

(f) 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(h)):

– 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(h)). 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.

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

(f) Property, plant and equipment (Continued)

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.

(g) 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(h)).

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.

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

(g) Leased assets (Continued)

(i) As a lessee (Continued)

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.

(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.

(h) 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 2024
(Expressed in Renminbi unless otherwise indicated)

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

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

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

(m) Income tax (Continued)

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.

(n) 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.

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.

For the year ended 31 December 2024
(Expressed in Renminbi unless otherwise indicated)

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

(n) Revenue (Continued)

(ii) Sale of goods (Continued)

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.

(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.

(o) 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.

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(e)(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 2024 is included in the following notes.

– Note 1(e)(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 net carrying amounts of finance lease receivables and loans and receivables of the Group as at 31 December 2024 were amounted to RMB15,422,904 (2023: RMB14,360,907) and RMB173,107,189 (2023: RMB68,859,246) respectively. Allowances for impairment losses of finance lease receivables and loans and receivables as at 31 December 2024 were amounted to RMB26,895,456 (2023: RMB26,946,447) and RMB10,258,230 (2023: RMB18,616,083) respectively.

– Note 1(f): 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 2024 was amounted to RMB112,491,833 (2023: RMB90,156,302).

– Note 1(m): 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 2024 was amounted to RMB4,120,361 (2023: RMB7,399,478).

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(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 years ended 31 December 2024 and 2023 is as follows:

	2024 RMB	2023 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	**14,967,388**	20,975,826
Sales of vinegar and other condiment products	**10,579,949**	6,887,078
	25,547,337	27,862,904
Other revenue from		
Commission income from sales of vinegar and other condiment products	**731,797**	679,568
Advisory fee income	**–**	113,207
	731,797	792,775
	26,279,134	28,655,679
Revenue from other source		
Interest income from		
Finance lease receivables	**43,156**	177,230
Receivables from sale – leaseback transaction under loans and receivables	**7,396,975**	2,565,961
Factoring receivables	**–**	4,627,904
	7,440,131	7,371,095
	33,719,265	36,026,774

(i) The Group has one (2023: two) customer for the year ended 31 December 2024, with whom transactions have exceeded 10% of the Group's aggregate revenues. Such revenue from the customers is set out below:

	2024 RMB	2023 RMB
Customer A (Packaging and paper products trading segment)	**5,743,628**	9,096,745
Customer B (Packaging and paper products trading segment)	*****	4,411,872

Note: *Revenue from the customer was less than 10% in the respective year.

(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.

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 and factoring service constitute financial services for the years;

- Packaging and paper products trading segment: 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: the Group set up Fujian Yongchun Qiaoxin Brewing Co., Ltd. And Qiaoxin Food (Xiamen) Co., Ltd. (together as "**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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(Expressed in Renminbi unless otherwise indicated)

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 2024 and 2023 is set out below.

	For the year ended 31 December 2024			
	Financial services RMB	Packaging and paper products trading RMB	Manufacture and sale of vinegar and other condiment products RMB	Total RMB
Reportable segment revenue	**7,440,131**	**14,967,388**	**11,311,746**	**33,719,265**
Cost of sales	–	(14,593,006)	(7,111,099)	(21,704,105)
Other income and other gains, net	3,388,472	32,768	360,726	3,781,966
Interest expenses	(435,631)	(7,111)	(2,210,825)	(2,653,567)
Impairment losses reversed/(charged)	9,348,941	1,419	(133,861)	9,216,499
Administrative expense	(2,531,224)	(224,797)	(14,473,190)	(17,229,211)
Selling and distribution expenses	–	(57,203)	(15,058,560)	(15,115,763)
Reportable segment profit/(loss) before income tax	**17,210,689**	**119,458**	**(27,315,063)**	**(9,984,916)**
Income tax expense	(4,859,440)	(11,483)	(4,197)	(4,875,120)
Reportable segment profit/(loss) for the year	**12,351,249**	**107,975**	**(27,319,260)**	**(14,860,036)**
Reportable segment assets	**266,173,567**	**15,640,131**	**155,977,891**	**437,791,589**
Reportable segment liabilities	**(43,534,420)**	**(10,257,521)**	**(166,698,888)**	**(220,490,829)**

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(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 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 and other gains, net	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)

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3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

	2024 RMB	2023 RMB
Loss for the year		
Reportable segment loss	**(14,860,036)**	(13,121,375)
Unallocated head office and corporate expenses	**(2,481,733)**	(3,011,562)
Consolidated loss	**(17,341,769)**	(16,132,937)

	2024 RMB	2023 RMB
Assets		
Reportable segment assets	**437,791,589**	357,289,110
Elimination of inter-segment receivables	**(65,543,351)**	(86,548,624)
	372,248,238	270,740,486
Deferred tax assets	**4,120,361**	7,399,478
Unallocated head office and corporate assets	**489,745**	678,764
Consolidated total assets	**376,858,344**	278,818,728

	2024 RMB	2023 RMB
Liabilities		
Reportable segment liabilities	**220,490,829**	125,315,858
Elimination of inter-segment payable	**(65,543,351)**	(86,548,624)
	154,947,478	38,767,234
Unallocated head office and corporate liabilities	**362,938**	1,122,136
Consolidated total liabilities	**155,310,416**	39,889,370

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3. REVENUE AND SEGMENT REPORTING (Continued)

(c) Other segment information

	For the year ended 31 December 2024			
	Financial services RMB	**Packaging and paper products trading RMB**	**Manufacture and sale of vinegar and other condiment products RMB**	**Total RMB**
Depreciation of property, plant and equipment and right-of-use assets	**(158,732)**	**(319)**	**(6,080,986)**	**(6,240,037)**
Impairment losses reversed of loans and receivables	**8,357,853**	**–**	**–**	**8,357,853**
Impairment losses reversed of finance lease receivables	**50,991**	**–**	**–**	**50,991**
Impairment losses reversed/(recognised) of trade and other receivables	**940,097**	**1,419**	**(133,861)**	**807,655**
Gain/(loss) on disposal of property, plant and equipment	**10,716**	**–**	**(1,089)**	**9,627**

	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
Depreciation of property, plant and equipment and right-of-use assets	(232,859)	(319)	(5,734,793)	(5,967,971)
Impairment losses recognised of loans and receivables	(2,784,088)	–	–	(2,784,088)
Impairment losses reversed of finance lease receivables	1,703,745	–	–	1,703,745
Impairment losses (recognised)/reversed of trade and other receivables	(268,667)	(5,434)	(223,161)	(497,262)
Loss on disposal of property, plant and equipment	(11,357)	–	–	(11,357)

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4. OTHER INCOME AND OTHER GAINS, NET

	Note	**2024 RMB**	2023 RMB
Net gain from financial assets at fair value through profit or loss		**3,198,653**	223,079
Interest income from deposits with financial institutions		**191,744**	231,058
Government grants	*(i)*	**145,533**	848,584
Foreign exchange gains		**20,081**	52,091
Others		**246,753**	39,149
		3,802,764	1,393,961

Note:

(i) During the years ended 31 December 2024 and 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

	2024 RMB	2023 RMB
Borrowings	**2,271,512**	1,351,226
Imputed interest expense on interest-free guaranteed deposits from lessees	**338,650**	133,784
Interest on lease liabilities	**43,405**	59,181
	2,653,567	1,544,191

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6. NET IMPAIRMENT LOSSES (REVERSED)/RECOGNISED

	Notes	2024 RMB	2023 RMB
Loans and receivables	*16(iv)*	**(8,357,853)**	2,784,088
Finance lease receivables	*17(b)*	**(50,991)**	(1,703,745)
Trade and other receivables	*18(ii)*	**(807,655)**	497,262
		(9,216,499)	1,577,605

7. LOSS BEFORE INCOME TAX

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

		Note	2024 RMB	2023 RMB
(a)	**Staff cost (including director's emolument)**			
	Salaries, wages and other benefits		**11,383,400**	10,043,465
	Contributions to defined contribution retirement plan		**1,060,513**	620,338
	Sub-total		**12,443,913**	10,663,803
(b)	**Other items**			
	Amortisation cost of intangible assets		**99,689**	94,204
	Depreciation charge			
	– owned property, plant and equipment		**5,293,923**	4,872,026
	Less: transfer to inventories		**(4,231,203)**	(3,893,230)
	Charged to profit and loss		**1,062,720**	978,796
	– right-of-use assets		**946,114**	1,095,945
	Auditor's remuneration			
	– audit services		**820,640**	779,895
	– other services		**364,729**	594,308
	Cost of inventories	*20*	**21,704,105**	25,115,370
	Consulting expenses		**419,507**	640,017
	Legal expenses		**603,080**	858,127
	(Gain)/loss on disposal of property, plant and equipment		**(9,627)**	11,357

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8. INCOME TAX EXPENSE/(CREDIT)

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

	Notes	2024 RMB	2023 RMB
Current			
PRC Enterprise Income Tax ("**EIT**") provision for the year		**1,610,480**	583,868
Over provision in prior years		**(14,477)**	(361,581)
	25(a)	**1,596,003**	222,287
Deferred tax			
– Reversal/(origination) of temporary differences	*25(b)*	**3,279,117**	(547,970)
		4,875,120	(325,683)

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

	Notes	2024 RMB	2023 RMB
Loss before income tax		**(12,466,649)**	(16,458,620)
Tax on profit before income tax, calculated at the rates applicable in the jurisdictions concerned		**(2,520,121)**	(3,348,647)
Tax effect of non-deductible expenses	*(i)*	**599,217**	733,904
Tax effect of utilisation of unused tax loss previously not recognised		**–**	(1,643,134)
Tax effect of unused losses not recognised		**6,808,456**	4,233,528
Tax effect of deductible temporary difference not recognised		**2,045**	60,247
Over provision in prior years		**(14,477)**	(361,581)
Income tax expense/(credit) for the year		**4,875,120**	(325,683)

(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 (2023: nil).

(iv) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

(v) Pursuant to the EIT 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

	Year ended 31 December 2024				
	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) (resigned on 10 December 2024)	–	–	–	–	–
Lin Zhenyan (林珍燕) (appointed on 10 December 2024)	–	–	–	–	–
Huang Dake (黃大柯)	–	481,615	32,640	20,537	534,792
Non-executive Director					
Ke Jinding (柯金鏞)	–	–	–	–	–
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	481,615	32,640	20,537	714,792

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9. DIRECTORS' EMOLUMENTS (Continued)

	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 (柯金鼎)	–	–	–	–	–
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

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During the years ended 31 December 2024 and 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.

There were no arrangements under which a director waived or agreed to waive any emoluments for both years.

With effect from 5 March 2025, Mr. Chen Chaolin (陳朝琳) has resigned as an independent non-executive Director and Mr. Li Yao (李堯) has been appointed as an independent non-executive Director.

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10. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, there is one (2023: 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 2024 and 2023 are as follows:

	2024 RMB	2023 RMB
Salaries, allowances and benefits in kind	**1,203,199**	1,071,633
Discretionary bonuses	**71,013**	80,337
Retirement scheme contributions	**81,325**	78,860
Total	**1,355,537**	1,230,830

The emoluments of the four (2023: four) individuals with the highest emoluments are all within the following band:

	2024 RMB	2023 RMB
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 RMB17,390,358 (2023: RMB16,204,544) and the weighted average of 270,000,000 ordinary shares (2023: 270,000,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2024 RMB	2023 RMB
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 31 December 2024 (2023: 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 (i)*	Construction in progress RMB	Office equipment RMB	Motor vehicles RMB	Machinery RMB	Right-of-use assets RMB *Note (ii)*	Total RMB
Cost							
As at 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 and 1 January 2024	47,968,533	3,524,876	3,871,993	898,790	21,392,413	24,047,384	101,703,989
Additions	3,132,700	23,221,074	111,811	289,134	1,514,631	443,798	28,713,148
Transfer from construction in progress	210,044	(754,844)	–	–	544,800	–	–
Disposal	–	–	(338,300)	(817,332)	–	–	(1,155,632)
As at 31 December 2024	51,311,277	25,991,106	3,645,504	370,592	23,451,844	24,491,182	129,261,505
Accumulated depreciation							
As at 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 and 1 January 2024	(4,417,882)	–	(1,770,014)	(773,976)	(3,616,192)	(969,623)	(11,547,687)
Charge for the year	(2,398,694)	–	(629,030)	(64,961)	(2,201,238)	(946,114)	(6,240,037)
Eliminated on disposals	–	–	314,701	703,351	–	–	1,018,052
As at 31 December 2024	(6,816,576)	–	(2,084,343)	(135,586)	(5,817,430)	(1,915,737)	(16,769,672)
Net carrying amount							
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
As at 31 December 2024	**44,494,701**	**25,991,106**	**1,561,161**	**235,006**	**17,634,414**	**22,575,445**	**112,491,833**

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) As at 31 December 2024, certain of the Group's plants with aggregate net book value of RMB44,318,151 (2023: RMB43,363,290) was pledged to secure the Group's certain bank borrowings as set out in Note 22(i).

(ii) 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 three years (2023: two to five years). As at 31 December 2024, the carrying amounts of land use right and lease of premises were RMB21,821,998 (2023: RMB22,040,849) and RMB753,447 (2023: RMB1,036,912) respectively. There is no restrictions or covenants in the lease agreements.

During the year ended 31 December 2024, the Group entered into a land use right agreement and lease agreements with costs of RMB240,000 (2023: nil) and RMB203,798 (2023: RMB195,335) respectively.

As at 31 December 2024, certain of the Group's land use right with aggregate net book value of RMB21,586,399 (2023: nil) was pledged to secure the Group's certain bank borrowings as set out in Note 22(i).

13. INTANGIBLE ASSETS

	2024 RMB	2023 RMB
Cost		
At the beginning of the year	**1,054,154**	923,258
Additions	**122,567**	130,896
At the end of the year	**1,176,721**	1,054,154
Accumulated amortisation		
At the beginning of the year	**669,926**	575,722
Charge for the year	**99,689**	94,204
At the end of the year	**769,615**	669,926
Carrying amount		
At the beginning of the year	**384,228**	347,536
At the end of the year	**407,106**	384,228

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)	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	RMB5,600,000	–	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.

On 18 February 2025, the Group established a new subsidiary, namely Xiamen Baishun Information Technology Limited ("**Baishun**") (廈門市柏順信息科技有限公司), with a registered and paid capital of RMB10 million. The principal business of Baishun includes finance and enterprise management consulting, digital sales and data service, AI and innovative technology application, operational support, information technology and software development.

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15. INTEREST IN AN ASSOCIATE

	2024 RMB	2023 RMB
At 1 January	**–**	4,512,437
Share of losses	**–**	(760,709)
Gain on disposal	**–**	2,498,272
Disposal of investment in an associate	**–**	(6,250,000)
At 31 December	**–**	–

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..

16. LOANS AND RECEIVABLES

	2024 RMB	2023 RMB
Factoring receivables with recourse	**4,103,957**	38,683,957
Less: Allowances for impairment losses	**(2,619,322)**	(12,993,322)
Sub-total	**1,484,635**	25,690,635
Receivables from sale-leaseback transaction	**179,261,462**	48,791,372
Less: Allowances for impairment losses	**(7,638,908)**	(5,622,761)
Sub-total	**171,622,554**	43,168,611
Total	**173,107,189**	68,859,246

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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 2024, the overdue gross loans and receivables analysed by overdue period are as follows:

	2024 RMB	2023 RMB
Overdue within 30 days (inclusive)	–	213,279
Overdue 31 to 90 days (inclusive)	–	21,678
Overdue above 90 days	10,101,682	10,640,868
At the end of the year	10,101,682	10,875,825

(ii) Analysis for reporting purpose as:

	2024 RMB	2023 RMB
Non-current assets	122,233,131	22,734,197
Current assets	50,874,058	46,125,049
	173,107,189	68,859,246

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

	As at 31 December 2024			
	Stage I 12-month ECL RMB	Stage II Lifetime ECL RMB	Stage III Lifetime ECL RMB	Total RMB
Factoring receivables	–	2,120,907	1,983,050	4,103,957
Less: Allowances for impairment losses	–	(636,272)	(1,983,050)	(2,619,322)
Carrying amount of factoring receivables	–	1,484,635	–	1,484,635
Receivables from sale-leaseback transaction	171,142,830	–	8,118,632	179,261,462
Less: Allowances for impairment losses	(2,632,596)	–	(5,006,312)	(7,638,908)
Carrying amount of receivables from sale-leaseback transaction	168,510,234	–	3,112,320	171,622,554
Total carrying amount of loans and receivables	168,510,234	1,484,635	3,112,320	173,107,189

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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 2023			
	Stage I	Stage II	Stage III	
	12-month ECL RMB	Lifetime ECL RMB	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

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

	2024			
	Stage I	**Stage II**	**Stage III**	
	12-month ECL RMB	**Lifetime ECL RMB**	**RMB**	**Total RMB**
Balance at 1 January	**772,178**	**11,013,827**	**6,830,078**	**18,616,083**
Transfer:				
Stage I to stage III	**(20,629)**	**–**	**20,629**	**–**
Net remeasurement of loss allowance	**(27,433)**	**–**	**212,474**	**185,041**
Partial settlement of receivables	**(126,323)**	**(10,374,000)**	**(17,584)**	**(10,517,907)**
New financial assets originated or purchased	**2,242,392**	**–**	**–**	**2,242,392**
Financial assets that have been derecognised due to settlement	**(207,589)**	**(3,555)**	**(56,235)**	**(267,379)**
Balance at 31 December	**2,632,596**	**636,272**	**6,989,362**	**10,258,230**

	2023			
	Stage I	Stage II	Stage III	
	12-month ECL RMB	Lifetime ECL RMB	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

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17. FINANCE LEASE RECEIVABLES

	2024 RMB	2023 RMB
Minimum finance lease receivables		
Not later than one year	**44,263,156**	43,894,560
Later than one year and not later than five years	**653,320**	–
Gross amount of finance lease receivables	**44,916,476**	43,894,560
Less: Unearned finance income	**(2,598,116)**	(2,587,206)
Net amount of finance lease receivables	**42,318,360**	41,307,354
Less: Allowances for impairment losses	**(26,895,456)**	(26,946,447)
Carrying amount of finance lease receivables	**15,422,904**	14,360,907
Present value of minimum finance lease receivables		
Not later than one year	**41,691,288**	41,307,354
Later than one year and not later than five years	**627,072**	–
Total	**42,318,360**	41,307,354

Analysis for reporting purpose as:

	2024 RMB	2023 RMB
Non-current assets	**617,218**	–
Current assets	**14,805,686**	14,360,907
	15,422,904	14,360,907

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 2024 (2023: RMB422,089).

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:

	2024 RMB	2023 RMB
Overdue within 30 days (inclusive)	**–**	–
Overdue 31 to 90 days (inclusive)	**–**	55,252
Overdue above 90 days	**41,103,996**	41,142,657
At the end of the year	**41,103,996**	41,197,909

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 2024			
	Stage I 12-month ECL RMB	**Stage II Lifetime ECL RMB**	**Stage III RMB**	**Total RMB**
Net amount of finance lease receivables	**1,214,364**	**–**	**41,103,996**	**42,318,360**
Less: Allowances for impairment losses	**(19,082)**	**–**	**(26,876,374)**	**(26,895,456)**
Carrying amount of finance lease receivables	**1,195,282**	**–**	**14,227,622**	**15,422,904**

	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

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17. FINANCE LEASE RECEIVABLES (Continued)

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

	2024			
	Stage I 12-month ECL RMB	Stage II Lifetime ECL RMB	Stage III RMB	Total RMB
Balance at 1 January	**2,364**	**9,061**	**26,935,022**	**26,946,447**
Transfer:				
Stage II to Stage III	**–**	**(9,061)**	**9,061**	**–**
Net remeasurement of loss allowance	**–**	**–**	**42,838**	**42,838**
Partial settlement of receivables	**–**	**–**	**(110,547)**	**(110,547)**
New financial assets originated or purchased	**19,082**	**–**	**–**	**19,082**
Financial assets that have been derecognised due to settlement	**(2,364)**	**–**	**–**	**(2,364)**
Balance at 31 December	**19,082**	**–**	**26,876,374**	**26,895,456**

	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

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18. TRADE AND OTHER RECEIVABLES

	Notes	2024 RMB	2023 RMB
Non-current assets			
Prepayments for sale channels		**1,107,191**	–
Rental deposits		**132,297**	132,342
		1,239,488	132,342
Current assets			
Interest receivables	*(i)*	**–**	4,187,947
Less: Allowances for impairment losses	*(ii)*	**–**	(70,977)
		–	4,116,970
Trade receivables		**7,906,041**	7,073,773
Less: Allowances for impairment losses	*(ii)*	**(362,643)**	(226,705)
	(iii)	**7,543,398**	6,847,068
Other receivables		**1,252,952**	2,804,686
Less: Allowances for impairment losses	*(ii)*	**(526,650)**	(1,399,266)
		726,302	1,405,420
		8,269,700	12,369,458
Deductible value-added tax		**10,249,456**	7,829,729
Prepayments for sale channels		**2,547,632**	5,802,308
Prepayment for leased assets		**90,852**	195,826
		21,157,640	26,197,321
Total		**22,397,128**	26,329,663

Notes:

(i) Interest receivables arise from:

	2024 RMB	2023 RMB
Factoring receivables	**–**	4,187,947
Less: Allowances for impairment losses	**–**	(70,977)
	–	4,116,970

As of the end of the year, based on the maturity date, the ageing of the overdue interest receivables amounted to nil (2023: RMB4,116,970) is within 3 months.

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18. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(ii) Movements of allowances on trade and other receivables

	2024			2023		
	Interest receivables RMB	**Trade receivables RMB**	**Other receivables RMB**	Interest receivables RMB	Trade receivables RMB	Other receivables RMB
At 1 January	**70,977**	**226,705**	**1,399,266**	614,950	6,856	577,880
Addition	**–**	**215,438**	**27,771**	70,977	226,705	821,386
Reversal	**(70,977)**	**(79,500)**	**(900,387)**	(614,950)	(6,856)	–
(Credited)/Charged to profit or loss	**(70,977)**	**135,938**	**(872,616)**	(543,973)	219,849	821,386
At 31 December	**–**	**362,643**	**526,650**	70,977	226,705	1,399,266

(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:

	2024 RMB	2023 RMB
Within 3 months	**5,516,243**	5,981,178
Over 3 months but within 6 months	**101,750**	562,197
Over 6 months but within 1 year	**404,539**	303,693
Over 1 year but within 2 years	**1,520,866**	–
At the end of the year	**7,543,398**	6,847,068

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:

	2024 RMB	2023 RMB
Current (not past due)	**5,501,909**	5,884,954
Less than 3 months past due	**70,711**	575,085
3-6 months past due	**277,464**	276,725
6-12 months past due	**1,693,314**	110,304
At the end of the year	**7,543,398**	6,847,068

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19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB	2023 RMB
Wealth management products *(Note)*	**3,382,858**	34,135,944
Listed securities in the PRC	**9,829,112**	6,962,710
	13,211,970	41,098,654

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

	2024 RMB	2023 RMB
Raw materials	**1,357,515**	1,156,196
Work in progress	**11,227,053**	11,165,199
Finished goods	**3,385,224**	4,259,515
	15,969,792	16,580,910

The analysis of the amount of inventories included in profit or loss is as follows:

	2024 RMB	2023 RMB
Carrying amount of inventories sold	**21,704,105**	25,115,370

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21. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2024 RMB	2023 RMB
Deposits with banks	**19,730,061**	13,649,340

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 used in operations:

	Notes	2024 RMB	2023 RMB
Loss before income tax		**(12,466,649)**	(16,458,620)
Adjustments for:			
Net gain from financial assets at fair value through profit or loss	*4*	**(3,198,653)**	(223,079)
Share of losses of an associate		**–**	760,709
Gain on disposal of an associate		**–**	(2,498,272)
Interest income from deposits with financial institutions	*4*	**(191,744)**	(231,058)
Interest expense	*5*	**2,653,567**	1,544,191
Net impairment losses (reversed)/recognised	*6*	**(9,216,499)**	1,577,605
Depreciation	*12*	**6,240,037**	5,967,971
Amortisation	*7(b)*	**99,689**	94,204
(Gain)/loss on disposal of property, plant and equipment	*7(b)*	**(9,627)**	11,357
Operating loss before changes in working capital		**(16,089,879)**	(9,454,992)
Changes in working capital:			
Decrease/(increase) in inventories		**611,118**	(4,312,845)
Increase in loans and receivables		**(95,890,090)**	(2,062,208)
(Increase)/decrease in finance lease receivables		**(1,011,006)**	7,180,016
Decrease/(increase) in trade and other receivables		**4,740,190**	(10,125,101)
Decrease in trade and other liabilities		**(2,589,606)**	(1,785,708)
Cash used in operations		**(110,229,273)**	(20,560,838)

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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 statement of cash flows as cash flows from financing activities.

	2024					
	Bank loans RMB *(Note 22)*	Advance from a related party RMB *(Note 22)*	Other borrowings from third parties RMB *(Note 22)*	Interest payables (included in trade and other liabilities) RMB	Lease liabilities RMB *(Note 24)*	Total RMB
As at 1 January 2024	9,000,000	–	–	11,257	1,097,640	10,108,897
Changes from financing cash flow:						
Proceeds from borrowings	46,307,871	15,000,000	70,000,000	–	–	131,307,871
Repayment of borrowings	(2,020,000)	–	(10,000,000)	–	–	(12,020,000)
Other interest paid	(725,210)	–	(1,501,957)	(11,257)	–	(2,238,424)
Capital element of lease rentals paid	–	–	–	–	(474,529)	(474,529)
Interest element of lease rentals paid	–	–	–	–	(43,405)	(43,405)
Total changes from financing cash flows	43,562,661	15,000,000	58,498,043	(11,257)	(517,934)	116,531,513
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	203,798	203,798
Interest expense	725,210	–	1,501,957	44,345	43,405	2,314,917
As at 31 December 2024	53,287,871	15,000,000	60,000,000	44,345	826,909	129,159,125

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21. CASH AND CASH EQUIVALENTS (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	2023				
	Bank loans RMB *(Note 22)*	Repayment to a related party (included in trade and other liabilities) RMB	Interest payables (included in trade and other liabilities) RMB	Lease liabilities RMB *(Note 24)*	Total RMB
As at 1 January 2023	29,891,750	848,610	38,329	1,516,220	32,294,909
Changes from financing cash flow:					
Proceeds from borrowings	10,000,000	–	–	–	10,000,000
Repayment of borrowings	(30,853,421)	–	–	–	(30,853,421)
Repayment to a related party	–	(848,610)	–	–	(848,610)
Other interest paid	(1,378,298)	–	(38,329)	–	(1,416,627)
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	(22,231,719)	(848,610)	(38,329)	(673,096)	(23,791,754)
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	–	–	195,335	195,335
Interest expense	1,339,969	–	11,257	59,181	1,410,407
As at 31 December 2023	9,000,000	–	11,257	1,097,640	10,108,897

(d) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 RMB	2023 RMB
Within financing cash flows	**517,934**	673,096

These amounts relate to the following:

	2024 RMB	2023 RMB
Lease rentals paid	**517,934**	673,096

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22. BORROWINGS

	Notes	2024 RMB	2023 RMB
Bank loans			
– secured	*(i)*	**7,000,000**	9,000,000
– guaranteed	*(ii)*	**19,980,000**	–
– secured and guaranteed	*(i)(ii)*	**26,307,871**	–
		53,287,871	9,000,000
Other borrowings			
– advance from a related party	*(iii)*	**15,000,000**	–
– borrowings from third parties	*(iv)*	**60,000,000**	–
		75,000,000	–
Total		**128,287,871**	9,000,000

Analysis for reporting purpose as:

	2024 RMB	2023 RMB
Non-current liabilities	**31,307,871**	7,000,000
Current liabilities	**96,980,000**	2,000,000
	128,287,871	9,000,000

(i) As of 31 December 2024, loans amounted to RMB7,000,000 (2023: RMB9,000,000) was interest bearing of 4% per annum, repayable according to the repayment schedule by June 2028 and was secured by pledge of certain property, plant and equipment of the Group with carrying amounts of RMB44,318,151 (2023: RMB43,363,290) as detailed in note 12(i).

As of 31 December 2024, loans amounted to RMB26,307,871 (2023: nil) was interest bearing of 0.1% to 3.1% per annum, repayable according to the repayment schedule by December 2032 and was secured by pledge of certain land use right of the Group with carrying amounts of RMB21,586,399 (2023: nil) as detailed in note 12(ii).

(ii) As of 31 December 2024, loans amounted to RMB46,287,871 (2023: nil) was interest bearing of 0.1% to 3.6%, repayable according to the repayment schedule by November 2025, December 2025 and December 2032 and was guaranteed by Fujian Septwolves Group Co., Ltd., a related company of the Company. Details are disclosed in note 29 to the consolidated financial statements.

(iii) As of 31 December 2024, advance from a related company, Fujian Septwolves Group Co., Ltd., amounted to RMB15,000,000 was interest bearing of 4% per annum and repayable within 1 year.

(iv) As of 31 December 2024, borrowings from certain independent third parties amounted to RMB60,000,000 was interest bearing of 5% per annum and repayable within 1 year.

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22. BORROWINGS (Continued)

As at 31 December 2024 and 2023, the borrowings were repayable as follows:

	2024 RMB	2023 RMB
Within one year	**96,980,000**	2,000,000
After 1 year but within 2 years	**2,000,000**	2,000,000
After 2 years but within 5 years	**12,536,603**	5,000,000
After 5 years	**16,771,268**	–
	128,287,871	9,000,000

The ranges of effective interest rates on the Group's fixed-rate borrowings are as follows:

	2024 RMB	2023 RMB
Range of interest rates	**0.10%-5.00%**	4.10%

23. TRADE AND OTHER LIABILITIES

	Notes	2024 RMB	2023 RMB
Non-current liabilities			
Guaranteed deposits from lessees	*(i)*	**3,622,000**	1,460,000
VAT payable		**91,947**	–
		3,713,947	1,460,000
Current liabilities			
Guaranteed deposits from lessees	*(i)*	**1,570,043**	4,719,528
VAT payable and other tax payable		**6,613,798**	7,191,257
Accounts payable	*(ii)*	**262,611**	262,611
Accrued staff costs		**3,838,105**	3,743,259
Accrued liabilities		**1,241,603**	1,123,326
Trade payable	*(iii)*	**911,668**	2,047,287
Payables for purchase of property, plant and equipment		**1,265,277**	4,656,980
Other payables		**2,065,691**	1,888,066
		17,768,796	25,632,314
Total		**21,482,743**	27,092,314

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23. TRADE AND OTHER LIABILITIES (Continued)

(i) Guaranteed deposits from lessees for reporting purpose:

	2024 RMB	2023 RMB
Current portion	**1,570,043**	4,719,528
Non-current portion	**3,622,000**	1,460,000
Total	**5,192,043**	6,179,528

(ii) The accounts payable on 31 December 2024 are RMB262,611 (2023: RMB262,611), 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 2024, the ageing analysis of trade payables amounted to RMB769,613 (2023: RMB883,952), based on the invoice date, is within 3 months; RMB38,114 (2023: RMB609,191) is within 3 to 6 months; RMB72,496 (2023: RMB527,264) is within 6 to 12 months; and RMB31,445 (2023: RMB26,880) is over 12 months.

24. LEASE LIABILITIES

As at 31 December 2024, the lease liabilities were repayable as follows:

	2024 Present value of the minimum lease payments RMB	2024 Total minimum lease payments RMB	2023 Present value of the minimum lease payments RMB	2023 Total minimum lease payments RMB
Within 1 year	**293,133**	**321,805**	270,731	311,589
After 1 year but within 2 years	**311,406**	**327,170**	293,133	321,806
After 2 years but within 5 years	**222,370**	**225,265**	533,776	552,434
	533,776	**552,435**	826,909	874,240
	826,909	**874,240**	1,097,640	1,185,829
Less: total future interest expenses		**(47,331)**		(88,189)
Present value of lease liabilities		**826,909**		1,097,640

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25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payable

	Note	**2024 RMB**	2023 RMB
At the beginning of the year		**2,699,416**	3,187,339
Provision for income tax for the year	*8(a)*	**1,596,003**	222,287
Income tax refunded/(paid)		**417,474**	(710,210)
At the end of the year		**4,712,893**	2,699,416

(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 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 and at 1 January 2024	6,561,628	(1,082,077)	905,085	507,572	507,270	7,399,478
Charged to profit or loss	(2,304,125)	(300,679)	(616,178)	(55,704)	(2,431)	(3,279,117)
At 31 December 2024	**4,257,503**	**(1,382,756)**	**288,907**	**451,868**	**504,839**	**4,120,361**

(ii) Reconciliation to the consolidated statement of financial position

	2024 RMB	2023 RMB
Deferred tax assets	**5,503,117**	8,481,555
Deferred tax liabilities	**(1,382,756)**	(1,082,077)
Net deferred tax assets recognised in the consolidated statement of financial position	**4,120,361**	7,399,478

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25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(c) Deferred tax liabilities not recognised

At 31 December 2024, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB45,235,105 (2023: RMB33,632,089). Deferred tax liabilities of RMB4,523,511 (2023: RMB3,363,209) 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 2024, temporary differences relating to the loss of segment of manufacture and sale of vinegar and other condiment products amounted to RMB55,959,648 (2023: RMB28,725,825). Deferred tax assets of RMB13,989,912 (2023: RMB7,181,456) 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. The tax losses will expire within 5 years when such losses were incurred under current tax legislation.

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 2023	2,301,857	238,097,760	12,594,224	(4,250,502)	248,743,339
Changes in equity for 2023					
Total comprehensive income/(loss) for the year	–	–	3,381,386	(35,172,986)	(31,791,600)
Balance at 31 December 2023 and 1 January 2024	2,301,857	238,097,760	15,975,610	(39,423,488)	216,951,739
Changes in equity for 2024					
Total comprehensive income/(loss) for the year	–	–	4,706,818	(2,446,512)	2,260,306
At 31 December 2024	2,301,857	238,097,760	20,682,428	(41,870,000)	219,212,045

(b) Dividends

There were no dividends payable or proposed to equity shareholders of the Company attributable to the years ended 31 December 2024 and 2023.

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26. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

	2024 Number of shares	2024 RMB	2023 Number of shares	2023 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 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB196,227,760 (2023: RMB198,674,272).

(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 2024.

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 2024, 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 is as follows:

	2024 RMB	2023 RMB
Financial assets		
Loans and receivables	**173,107,189**	68,859,246
Finance lease receivables	**15,422,904**	14,360,907
Trade and other receivables	**8,401,997**	12,501,800
Cash and cash equivalents	**19,730,061**	13,649,340
	216,662,151	109,371,293

The above table represents a worst case scenario of credit risk exposure to the Group as at 31 December 2024 and 2023, 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:

	2024 RMB	2024 %	2023 RMB	2023 %
Wholesale and retailing	**36,600,371**	**87%**	35,374,783	86%
Manufacturing	**1,827,066**	**4%**	1,893,187	5%
Services	**3,867,302**	**9%**	3,867,302	9%
Construction	**23,621**	**0%**	104,132	0%
Others	**–**	**0%**	67,950	0%
Total	**42,318,360**	**100%**	41,307,354	100%

An analysis of loans and receivables by industry is set out below:

Factoring receivables

	2024 RMB	2024 %	2023 RMB	2023 %
Wholesale and retailing	**2,120,907**	**52%**	36,700,907	95%
Manufacturing	**1,983,050**	**48%**	1,983,050	5%
Total	**4,103,957**	**100%**	38,683,957	100%

Receivables from sales-leaseback

	2024 RMB	2024 %	2023 RMB	2023 %
Rental and business services	**24,949,590**	**14%**	4,206,886	9%
Manufacturing	**22,829,237**	**13%**	28,415,203	58%
Wholesale and retailing	**101,556,952**	**57%**	3,213,503	7%
Ecological protection and environmental management	**819,483**	**0%**	2,721,662	5%
Services	**6,244,099**	**3%**	7,695,616	16%
Transportation, warehousing and postal services	**5,956,777**	**3%**	–	0%
Real estate	**15,551,637**	**9%**	–	0%
Others	**1,353,687**	**1%**	2,538,502	5%
Total	**179,261,462**	**100%**	48,791,372	100%

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 2024			As at 31 December 2023		
	Expected loss rate	Gross carrying Amount	Loss Allowance	Expected loss rate	Gross carrying Amount	Loss Allowance
Current (not past due)	**2.93%**	**5,668,166**	**166,257**	2.90%	6,061,022	176,067
Past due within 1 year	**8.75%**	**2,184,796**	**191,078**	5.00%	1,012,751	50,638
Past due over 1 year but within 2 years	**10.00%**	**53,079**	**5,308**	0.00%	–	–
		7,906,041	**362,643**		7,073,773	226,705

In addition, the Group performs impairment assessment under ECL model on other receivables based on the credit spread at 12-month ECL. As at 31 December 2024 and 2023, the Group's bank balances are substantially deposited with major financial institutions incorporated in the PRC, of which the management believes are high credit quality without significant credit risk.

(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, interest rate risk and price 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.

(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.

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27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Market risk (Continued)

(ii) Interest rate risk (Continued)

The following table details the interest rate profile of the Group's interest-bearing financial instruments as at 31 December 2024 and 2023.

	2024 RMB	2023 RMB
Fixed rate financial instruments		
Financial assets/(liabilities)		
Loans and receivables	**173,107,189**	68,859,246
Finance lease receivables	**15,422,904**	14,360,907
Bank borrowings	**(53,287,871)**	(9,000,000)
Other borrowings	**(75,000,000)**	–
Lease liabilities	**(826,909)**	(1,097,640)
	59,415,313	73,122,513
Variable rate financial instruments:		
Financial assets		
Cash and cash equivalents	**19,730,061**	13,649,340
Net exposure	**79,145,374**	86,771,853

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 2024 and 2023.

	2024 RMB	2023 RMB
Accumulated losses		
+ 100 basis points	**147,975**	102,370
– 100 basis points	**(147,975)**	(102,370)

(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 (2023: 10% higher/lower), loss after income tax for the year ended 31 December 2024 would decrease/increase by RMB737,183 (2023: RMB522,203) 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 Company has obtained the financial supporting from its substantial shareholder to provide sufficient financial resources to the Company so as to enable the Company both to meet in full its financial obligations as they fall due and to carry on its normal business without a significant curtailment of operations for a period of at least twelve months from the date of this consolidated financial statements. 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 2024						
	Indefinite/ Overdue/ On demand RMB	Within 1 year RMB	1 to 2 years RMB	2 to 5 years RMB	Over 5 years RMB	Total undiscounted Cash flows RMB	Carrying amounts RMB
Loans and receivables	14,441,679	57,607,872	1,290,100	134,733,950	–	208,073,601	173,107,189
Finance lease receivables	43,609,836	653,320	653,320	–	–	44,916,476	15,422,904
Trade and other receivables	842,121	6,627,021	1,728,800	93,348	–	9,291,290	8,401,997
Financial assets at fair value through profit or loss	13,211,970	–	–	–	–	13,211,970	13,211,970
Cash and cash equivalent	19,730,061	–	–	–	–	19,730,061	19,730,061
Total financial assets	91,835,667	64,888,213	3,672,220	134,827,298	–	295,223,398	229,874,121
Borrowings	–	100,052,988	2,465,684	14,337,793	17,723,118	134,579,583	128,287,871
Trade and other liabilities	539,937	5,535,353	1,008,962	2,613,038	–	9,697,290	9,697,290
Lease liabilities	–	321,805	327,170	225,265	–	874,240	826,909
Total financial liabilities	539,937	105,910,146	3,801,816	17,176,096	17,723,118	145,151,113	138,812,070
Net exposure	91,295,730	(41,021,933)	(129,596)	117,651,202	(17,723,118)	150,072,285	91,062,051

	As at 31 December 2023						
	Indefinite/ Overdue/ On demand RMB	Within 1 year RMB	1 to 2 years RMB	2 to 5 years RMB	Over 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	414,360	13,160,112	–	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	414,360	15,804,314	2,581,530	7,298,067	–	26,098,271	25,132,112
Net exposure	148,079,852	15,223,700	22,234,140	(7,002,678)	–	178,535,014	125,337,835

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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 2024			
	Level 1 RMB	**Level 2 RMB**	**Level 3 RMB**	**Total RMB**
Financial assets at fair value through profit or loss				
– Wealth management products	**–**	**3,382,858**	**–**	**3,382,858**
– Listed securities	**9,829,112**	**–**	**–**	**9,829,112**
	9,829,112	**3,382,858**	**–**	**13,211,970**

	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

During the years ended 31 December 2024 and 2023, 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) 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 2024 not provided for in the consolidated financial statements were as follows:

	2024 **RMB**	2023 RMB
Contracted for:		
Assets under construction	**9,508,224**	32,289,101

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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 who are blood brothers and jointly control the Septwolves Group Holding	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 Huakai Jixiang Property Management* (廈門花開吉祥物業管理有限公司) (“**Huakai Jixiang Property Management**”)
	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**”)
	Fujian Septwolves Group Finance Co., LTD* 福建七匹狼集團財務有限公司 (“**Fujian Septwolves Group Finance**”)
	Fujian Septwolves Industry Co., Ltd.* 福建七匹狼實業股份有限公司 (“**Fujian Septwolves Industry**”)
	Rich & Fortune (Hong Kong) Investment Co., Limited* 滙鑫富(香港)投資有限公司 (“**Rich & Fortune (Hong Kong) Investment**”)
A company controlled by Zhou Yongwei and Chen Xinwei	Fujian Baiying Pawn Co., Ltd.* 福建百應典當有限公司 (“**Fujian Baiying Pawn**”)

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29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Relationship	Name of the entities
A company controlled by Zhou Yongwei	Quanzhou Baiying Investment Holding Co., LTD* 泉州市百應投資控股有限公司 ("**Quanzhou Baiying Investment Holding**")
A company controlled by Chen Xinwei	Xiamen Siming Baiying Small Loan Co., LTD* 廈門思明百應小額貸款有限公司 ("**Xiamen Siming Baiying Small Loan**")
One of shareholders of the Group	Zijiang Capital Limited ("**Zijiang Capital**")
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.

(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:

	2024 RMB	2023 RMB
Short-term employee benefits	**1,281,356**	1,782,369
Post-employment benefits	**69,751**	74,885
	1,351,107	1,857,254

Total remuneration is included in "staff costs" (see note 7(a)).

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29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(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.

	2024 RMB	2023 RMB
Interest expense and guarantee fee		
– Septwolves Group Holding	**40,283**	184,493
– Fujian Septwolves Group	**103,372**	92,736
Rental and property management fee		
– Septwolves Asset Management	**122,400**	167,416
– Huakai Fugui Property Management	**51,398**	43,164
– Henghe Property	**243,340**	181,163
– Lianhua Food	**113,284**	198,035
Payment for marketing expense		
– Pirates Media	**–**	143,333
Service fee		
– Septwolves Group Holding	**56,202**	–
Purchase of condiment products		
– Sichuan Qingxiangyuan	**823,230**	1,149,567
Sales commission income		
– Sichuan Qingxiangyuan	**731,797**	571,534
Sales income		
– Sichuan Qingxiangyuan	**306,740**	891,374
– Fujian Baiying Pawn	**276**	–
– Fujian Septwolves Group Finance	**6,045**	–
– Fujian Septwolves Industry	**96,478**	–
– Septwolves Group Holding	**47,055**	–
– Quanzhou Baiying Investment Holding	**1,312**	–
– Huakai Fugui Property Management	**3,873**	–
– Xiamen Siming Baiying Small Loan	**506**	–
Sales expense		
– Sichuan Qingxiangyuan	**–**	76,849

For the year ended 31 December 2024
(Expressed in Renminbi unless otherwise indicated)

29. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balance with related parties

	2024 RMB	2023 RMB
Trade related		
Trade receivables		
– Sichuan Qingxiangyuan	**58,656**	–
– Septwolves Group Holding	**4,292**	
Other receivables		
– Septwolves Asset Management	**18,960**	–
Prepayment for leased assets		
– Jingong Machinery	**68,557**	173,531
Deposit for rental and property management		
– Septwolves Asset Management	**29,298**	29,298
– Huakai Fugui Property Management	**–**	9,146
– Huakai Jixiang Property Management	**9,651**	–
– Lianhua Food	**4,500**	–
Accounts payable and trade payable		
– Sichuan Qingxiangyuan	**43,984**	1,344,792
– Septwolves Group Holding	**56,288**	9,784
– Lianhua Food	**18,900**	52,290
Non-trade related		
Other receivables		
– Zijiang Capital	**99,910**	81,819
– Sichuan Qingxiangyuan	**7,189**	–
Other payables		
– Jingong Machinery	**3,062**	–
– Septwolves Group Holding	**3,286**	–
– Rich & Fortune (Hong Kong) Investment	**55,562**	–
Interest payable to a related party		
– Fujian Septwolves Group	**14,795**	–
Payable for guarantees		
– Fujian Septwolves Group	**58,292**	–
Advances from a related party		
– Fujian Septwolves Group	**15,000,000**	–

For the year ended 31 December 2024
(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:

	2024 RMB	2023 RMB
– Fujian Septwolves Group	**120,000,000**	40,000,000

30. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**2024 RMB**	2023 RMB
Non-current assets			
Interests in subsidiaries		**231,769,850**	226,688,267
Current assets			
Cash and cash equivalents		**21,279**	288,595
Current liabilities			
Other liabilities		**12,579,084**	10,025,123
Net current liabilities		**(12,557,805)**	(9,736,528)
Total assets less current liabilities		**219,212,045**	216,951,739
NET ASSETS		**219,212,045**	216,951,739
CAPITAL AND RESERVES			
Share capital	*26*	**2,301,857**	2,301,857
Share premium		**238,097,760**	238,097,760
Reserves		**(21,187,572)**	(23,447,878)
TOTAL EQUITY		**219,212,045**	216,951,739

Huang Dake
Director

Lin Zhenyan
Director

(Expressed in Renminbi unless otherwise indicated)

31. EVENTS AFTER THE REPORTING DATE

On 27 March 2025, Xiamen Baiying Leasing Co., Ltd. (the "**Vendor**"), an indirect wholly-owned subsidiary of the Company, and Sichuan Qingxiangyuan (the "**Purchaser**") entered into the Sale and Purchase Agreement, pursuant to which, among other things, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the entire equity interest of Qiaoxin (the "**Disposal Target**") at the consideration of RMB13,450,000 in cash. In addition, the Purchaser shall, or shall procure the Disposal Target to, repay the Vendor in full the outstanding indebtedness in aggregate amount of approximately RMB55,400,000 owing by the Disposal Target to the Vendor within 90 days after the disposal completed.

32. POSSIBLE IMPACT OF AMENDMENTS TO HKFRSs AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 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 HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity	1 January 2026
Amendments to HKFRS Accounting Standards	Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure of Financial Statements

This standard introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- Presentation of new defined subtotals in the statement of profit or loss;
- Disclosures about management-defined performance measures; and
- Enhanced requirements for grouping (aggregation and disaggregation) of information.

HKFRS 18 supersedes HKAS 1 "Presentation of Financial Statements". Requirements in HKAS 1 that are unchanged have been transferred to HKFRS 18 and other HKFRSs. HKFRS 18 is effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. The Group is still currently assessing the impact that HKFRS 18 will have on the presentation of and disclosures in the Group's 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 10:00 a.m. on 19 June 2025
"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 2024
"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