



**YUE DA INTERNATIONAL HOLDINGS LIMITED**

**悅達國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 629)**

ANNUAL REPORT 2024





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# Corporate Information

## BOARD OF DIRECTORS

### Executive directors

Mr. Ji Hulin (*Chairman of the Board*)  
(appointed on 10th January, 2025)  
Mr. Wu Yinghua  
(appointed on 12th January, 2024 and  
resigned on 10th January, 2025)  
Mr. Xue Zhicheng  
(appointed on 14th October, 2024)  
Mr. Yu Guangshan  
(re-designated on 12th January, 2024 and  
resigned on 14th October, 2024)  
Mr. Pan Mingfeng  
Mr. Wu Shengquan

### Non-executive directors

Mr. Li Biao  
Mr. Hu Huaimin (*Vice Chairman of the Board*)  
Mr. Liu Debing  
(resigned on 12th January, 2024)

### Independent non-executive directors

Dr. Liu Yongping  
Mr. Cheung Ting Kee  
Ms. Zhang Yan

## AUDIT COMMITTEE

Mr. Cheung Ting Kee (*Chairman*)  
Dr. Liu Yongping  
Ms. Zhang Yan

## REMUNERATION COMMITTEE

Ms. Zhang Yan (*Chairman*)  
Mr. Pan Mingfeng  
Dr. Liu Yongping

## NOMINATION COMMITTEE

Mr. Ji Hulin (*Chairman*)  
(appointed on 10th January, 2025)  
Mr. Wu Yinghua  
(appointed on 12th January, 2024 and  
resigned on 10th January, 2025)  
Dr. Liu Yongping  
Ms. Zhang Yan  
Mr. Liu Debing  
(resigned on 12th January, 2024)

## AUTHORISED REPRESENTATIVE

Mr. Hu Huaimin

## COMPANY SECRETARY

Mr. Cheng Man Hung *FCCA, FCCA*

## AUDITOR

Jon Gepsom CPA Limited  
*Registered Public Interest Entity Auditors*  
(appointed on 29th November, 2024)  
Room 1003-05, 10/F, Siu On Centre  
188 Lockhart Road  
Wan Chai, Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAW

Jun He Law Offices

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office nos. 3321-3323 and 3325  
33/F, China Merchants Tower  
Shun Tak Centre  
No. 168-200 Connaught Road Central  
Sheung Wan  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## STOCK CODE

00629 (Main Board of The Stock Exchange of  
Hong Kong Limited)

## PRINCIPAL BANKERS

China Construction Bank  
Bank of Communication

## WEBSITE

[www.yueda.com.hk](http://www.yueda.com.hk)

# Chairman's Statement

On behalf of the board ("Board") of directors ("Directors") of Yue Da International Holdings Limited (the "Company"), I am pleased to present to the shareholders the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2024 (the "Current Year").

## FINANCIAL PERFORMANCE

Total revenue for the Current Year amounted to RMB63,852,000 (the year ended 31st December, 2023 (the "Previous Year"): RMB88,487,000) which represented the revenue of the factoring operations. Audited profit and total comprehensive income attributable to the owners of the Company for the Current Year amounted to RMB16,458,000 (the Previous Year: RMB15,192,000) and basic earnings per share for the Current Year amounted to RMB1.41 cents (the Previous Year: RMB1.30 cents).

## BUSINESS DEVELOPMENT

During the Current Year, the Group was principally engaged in factoring related business (the "Factoring Operations"), which offers factoring services, accounts receivable management and collection services and accounts receivable consultancy services.

### Traditional Factoring

As at 31st December, 2024, the gross financing receivables has increased by 42.9% as compared to 31st December, 2023. The overall revenue increased by 40.5%.

### Communications Factoring

As at 31st December, 2024, under Communications Factoring business, outstanding principal financing receivables amounted to RMB63,564,000 (2023: RMB187,602,000). The Group has commenced communications factoring services with three leading communications operation providers in the People's Republic of China (the "PRC"). The Communications Factoring business has the nature of large number of customers with small size of loan amounts per each customer. It is positioned as the main source of growth of the business growth in the foreseeable future.

## PROSPECTS

Looking forward to 2025, the Group will focus on the factoring business in the future. After the pandemic crisis, the recovery of the world economy is slow which will remain a great challenge to our operations in 2025. As at the date of this report, we have not experienced any significant default in repayment of principal, interest and fee income from our customers. We will remain on high alert about the impact of the slow recovery of the world economy on our operations and take any necessary measures to mitigate the impact. The Directors endeavor to seek more business opportunities in the financial industry as well as other industries to diversify the Group's existing business stream to enhance the long-term benefits to the Group and the shareholders as a whole.

## APPRECIATION

Finally, I would like to take this opportunity to express my gratitude to the Directors, management personnel and all staff for their contributions to the development of the Group. Likewise, I would like to express my appreciation to the shareholders for their support. The Group is fully committed to do its best to bring higher returns to shareholders.

By order of the Board

**Ji Hulin**  
*Chairman*

Hong Kong, 20th March, 2025

# Management Discussion and Analysis

## FINANCIAL HIGHLIGHTS

The Factoring Operations of Group recorded an operating revenue of RMB63,852,000 for the Current Year (Previous Year: RMB88,487,000). The audited profit and total comprehensive income attributable to owners of the Company increased from RMB15,192,000 for the Previous Year to RMB16,458,000 for the Current Year and basic earnings per share increased from RMB1.30 cents for the Previous Year to RMB1.41 cents for the Current Year.

The decrease in operating revenue is mainly due to the recovery of the consumer market in China not being up to expectations. In order to reduce the operational risk, the Group adjusted the proportions of different factoring related businesses resulting in increase in income from traditional factoring business and decrease in income from communications factoring business.

## DIVIDENDS

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31st December, 2024 of HK0.46 cent (2023: HK0.43 cent) per ordinary share, in an aggregate amount of RMB4,964,000 (2023: RMB4,558,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting. The final dividend, if approved by the shareholders at the forthcoming annual general meeting, is expected to be payable on or around 17th June, 2025.

## BUSINESS REVIEW

### Overview

The Group is principally engaged in Factoring Operations. During the Current Year, Factoring Operations realised an operating revenue of RMB63,852,000.

### Factoring Operations

The Company will continue the Factoring Operations through Yueda (Shenzhen) Commercial Factoring Co., Ltd., ("Yueda Commercial Factoring", a company established in the PRC and a subsidiary of the Company, which principal business is, among other things, commercial factoring).

The following table summarises the operating performance of Factoring Operations of the Group:

Business	Gross financing receivables as at		Interest income		Service income		Management fee income	
	31st December,							
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Traditional Factoring	650,060	454,800	35,176	23,380	-	-	8,388	7,629
Communications Factoring	63,564	187,602	-	-	20,288	57,478	-	-
	713,624	642,402	35,176	23,380	20,288	57,478	8,388	7,629

Total average rate of return for the Current Year is 9.4% (the Previous Year: 12.4%).

### Traditional Factoring

As at 31st December, 2024, under Traditional Factoring business, total principal financing receivables amounted to approximately RMB650,060,000 (2023: RMB454,800,000), and recorded interest income and management fee income of approximately RMB35,176,000 (the Previous Year: RMB23,380,000) and RMB8,388,000 (the Previous Year: RMB7,629,000) respectively during the Current Year.

Being a state-owned enterprise in Jiangsu province, the Group mainly sourced its customers from contacts of its existing business network within the Yangtze River Delta Region. The business development department of the Group takes the main role in customer sourcing and coverage. Most of the customers of the Group's Traditional Factoring business consist of sizable companies, particularly state-owned enterprises, which are relatively stable and financially more resilient than other entities.

The Group adopts an organisation structure that is commonly used by banking institutions and other factoring services providers – general manager office, financing team, risk management department team, business development team, product development team and administration. As at 31st December, 2024, the Factoring Operations has approximately 15 employees and is led by an experienced management team, including Mr. Pan Mingfeng, being an executive director of the Company, and the general manager of Yueda Commercial Factoring, who has more than 13 years' experience in marketing, risk control and management, and has previously worked for several renowned enterprises in the financial sector in the PRC. He is responsible for leading the promotion of several innovative factoring projects of Yueda Commercial Factoring, including the Communications Factoring.

Yueda Commercial Factoring conducts its factoring business in the PRC within the scope of its business license. Yueda Commercial Factoring (as the factor) provides accounts receivable management and collection services to its customers (as seller) in return for contractual interest and management fee income payments with comprehensive rates of return ranging from approximately 6.5% to 9.0%, composed of interest rate per annum (approximately 6.0% to 9.0%), and factoring management fee income per annum (approximately 0.0% to 2.0%).

Similar to other factoring services providers in the PRC, the Group maintains rigorous risk control measures to reduce risks associated with the Factoring Operations. To minimise risk exposure in factoring business, the Group intends to focus on providing factoring services to customers with sound financial position and reputable shareholders, in particular, state-owned listed entities with stable cashflow and relatively stable financial position.

Prior to the provision of factoring services and approval of the grant of revolving financing credit facilities to its factories, the factoring business team will conduct due diligence on the customer and the risk compliance department will perform a risk assessment on the proposed transaction. The due diligence report and risk assessment report together with the business application form approved by, among others, the heads of factoring business department and risk compliance department and the General Manager, will be submitted to the Review Committee of Yueda Commercial Factoring, comprising five members including the Chairman, the directors and the chief risk officer of Yueda Commercial Factoring, for approval. No factoring contracts will be prepared unless approvals from the Review Committee of Yueda Commercial Factoring is obtained. The release of the factoring financing shall be approved by the head of factoring business department, the Financial Controller, the General Manager and the Chairman of Yueda Commercial Factoring.

The total gross principal financing receivables under Traditional Factoring business, in an aggregate amount of approximately RMB650,060,000 as at 31st December, 2024 (2023: RMB454,800,000), were not past due. As at 31st December, 2024, all of the Traditional Factoring receivables are secured by receivables from the customers amounting to approximately RMB782,840,000 (2023: RMB508,880,000). Save as the receivables from the customers, the Traditional Factoring receivables are not secured by any other collaterals. The following table sets forth the gross principal financing receivables amount of Traditional Factoring business categorised by industry and the relevant number of customers as of 31st December, 2024 and 2023:

	Gross principal financing receivables		%		Number of customers	
	2024 RMB'000	2023 RMB'000	2024	2023	2024	2023
Properties development	–	44,800	–	9.9	–	1
Food processing	–	50,000	–	11.0	–	1
Sales of grain	50,000	–	7.7	–	1	–
Power facilities	45,000	–	6.9	–	1	–
Trading of metal materials	45,000	50,000	6.9	11.0	1	1
Commodity trading	50,000	–	7.7	–	1	–
Engineering construction	460,060	310,000	70.8	68.1	12	7
	650,060	454,800	100.0	100.0	16	10

In order to minimise the credit risk in relation to Traditional Factoring receivables, credit limits and credit terms granted to customers are approved by delegated officers.



The Group seeks to maintain strict control over its outstanding Traditional Factoring receivables on an individual basis to minimise its credit risk. The management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. The policy includes evaluation of collectability and aging analysis of the factoring receivables based on management's judgement on creditworthiness of the borrowers and the guarantors, collaterals and past collection history.

### **Communications Factoring**

During the Current Year, under Communications Factoring business, service fee income of approximately RMB20,288,000 (the Previous Year: RMB57,478,000) is recorded. As at 31st December, 2024, there were approximately 225,000 End Customers (as defined below) (2023: 453,000) with outstanding gross principal financing receivables with the Group in an aggregate amount of approximately RMB63,564,000 (2023: RMB187,602,000), of which approximately RMB5,287,000 (2023: RMB14,524,000) is fully secured by bank deposits from individual customers and approximately RMB54,243,000 (2023: RMB125,378,000) is guaranteed by guarantors. With the small amount of receivables (of approximately RMB2 to RMB5,000 (2023: RMB2 to RMB6,833)) per End Customer, no analysis of the five largest End Customers is presented.

Under the Communications Factoring business, the Group would provide factoring services to the franchised store suppliers of the suppliers of communications operation ("Suppliers") and the Suppliers will transfer their accounts receivable ("Accounts Receivable") to the Group which will arise when the Suppliers' customers ("End Customers") purchase mobile phones and/or other products from the Suppliers. By utilising the factoring services of the Group, the End Customers may pay for the mobile phones and/or other products by instalments.

The Group has cooperated with and conducted the Communications Factoring business through the payment clearing and settlement platform ("Payment Platform") of some third-party payment institutions licensed in the PRC to offer a payment clearing and settlement platform. To the best knowledge of the Company, these third-party payment institutions are the group members of the communications operation services providers in the PRC. As a result, there are a number of Suppliers maintaining a settlement account at the Payment Platform and the End Customers can make payment to the Group through the Payment Platform. By cooperating with third-party payment institutions, the Group can on a mass scale reach out to and seek business opportunities with the Suppliers who are in need of factoring services.

Taking into consideration of the special nature of Communications Factoring business (i.e. a large number of End Customers with small amount of receivables per End Customer), the management reviewed the breakdown of the financing receivables and considered the significance of the aggregate outstanding amount in the financial statements of the Group, and identified that the most significant risk to the Communications Factoring business is default in payment by End Customers. The Group believes that such risk is mainly driven by two sources, namely malicious fraud by End Customers and termination of communications services by such End Customers. The Group minimises such risks by implementing the following control procedures during the inception of new End Customers.

Suppliers verify the identity of new End Customers and establish payment channel with End Customers' bank accounts. Such information is provided to the professional technology service companies for credit assessment that is operated by both artificial Intelligence ("A.I.") and manual resources.

The A.I. system assess the historical default percentage of End Customers for each Supplier to screen out any unusual transactions. Besides, on the End Customers side, the A.I. system checks whether there is any overdue payment history, whether there are several outstanding balances owed by the same End Customer, whether they are blacklisted by other institutions, and other anomalies in the potential customer's credit history. The A.I. system then generates a default possibility in respect of each End Customer and those with high default possibility will be rejected.

The professional technology service companies also contact the emergency contact persons of End Customers manually to verify the other information of End Customers. Further, the professional technology service companies contact the End Customers manually after provision of factoring services to confirm whether the End Customers have been notified with the contractual relationship with the Group and notify them of their rights and obligations. A mobile text message will be sent to End Customers to remind them of the payment due date. Finally, the professional technology service companies will appoint professional and legal debt collectors to collect overdue payments and take legal action when necessary.

In order to ensure the professional technology service companies' quality control in adhering to the Group's policy, the Group keeps a back-up copy of all the data of the End Customers. The Group would verify such data before provision of services. Credit limits are set for each of the Suppliers to minimise the risk of malicious fraud by End Customers. In addition, the Group performs on-site inspection of professional technology service companies from time to time to ensure the credit assessment procedures are properly followed.

Factoring financing loss will be borne partly or wholly by professional technology service companies, depending on the detailed arrangement with each individual professional technology service company. Based on this arrangement, there will be incentive for these professional technology service companies to assess credit risk carefully to reduce the occurrence of overdue Accounts Receivables and collect the overdue Accounts Receivables.

### **Ageing analysis and impairment for traditional factoring and communications factoring businesses**

The ageing analysis of the outstanding principal financing receivables from the date of granting the relevant factoring services as at 31st December, 2024 and 2023 were as follows:

	<b>Traditional Factoring business</b>		<b>Communications Factoring business</b>		<b>Total</b>	
	<b>2024</b>	2023	<b>2024</b>	2023	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Aged with one year	<b>650,060</b>	454,800	<b>11,430</b>	134,005	<b>661,490</b>	588,805
Aged over one year but within two years	<b>–</b>	–	<b>23,204</b>	47,307	<b>23,204</b>	47,307
Aged over two years	<b>–</b>	–	<b>28,930</b>	6,290	<b>28,930</b>	6,290
	<b>650,060</b>	454,800	<b>63,564</b>	187,602	<b>713,624</b>	642,402

Note: The outstanding balance as at 31st December, 2024 and 2023 was not due.

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets including factoring receivables. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant financial instruments. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The movements in the allowance for impairment in respect of factoring receivables during the Current Year and Previous Year were as follows:

	12m ECL (not-credit impaired)		Total RMB'000
	Traditional	Communications	
	Factoring business RMB'000	Factoring business RMB'000	
As at 1st January, 2023	1,007	14,934	15,941
Changes due to financial instruments recognised as at 1st January, 2023:			
– Impairment losses reversed	(1,007)	(10,072)	(11,079)
– Impairment losses recognised	–	198	198
New financial assets originated or purchased	1,119	1,244	2,363
As at 31st December, 2023	1,119	6,304	7,423
Changes due to financial instruments recognised as at 1st January, 2024:			
– Impairment losses reversed	(1,119)	(4,506)	(5,625)
New financial assets originated or purchased	1,507	144	1,651
As at 31st December, 2024	1,507	1,942	3,449

#### ***The basis of impairment assessment of Traditional Factoring business***

The Group adopts individual assessment in estimating ECL factoring receivables for Traditional Factoring business. The credit losses expectations are based on the Group's historical loss experience, collaterals and guarantees that are integral to the contractual terms, financial condition of borrowers for the probability of default and loss given default, as well as forward-looking information.

Management performs ongoing credit evaluations of individual customers' financial condition. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment. The Group has policies to limit the credit exposure on receivables by taking into account the availability of guarantee from third parties and getting payment guarantee. The settlement patterns of customers are regularly monitored by the Group. As at 31st December, 2024, the expected loss rate for Traditional Factoring principal financing receivables of RMB650,060,000 (2023: RMB454,800,000) is approximately 0.23% (2023: 0.25%).

### ***The basis of impairment assessment of Communications Factoring business***

The Group adopts collective assessment in estimating ECL on factoring receivables for Communications Factoring business. The Group takes into consideration of internal credit rating of various debtors, which are grouped based on historical collection records, collaterals and forward-looking information that is reasonable, supportable and available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The default rates would be adjusted according to the actual loss rate incurred regarding the Communications Factoring receivables and the change of the global default rate published by the international credit-rating agency updated each year, both of which are affected by the change in the macroeconomic environment.

The following table provides information on the exposure to credit risk for Communications Factoring receivables which are assessed on a collective basis with 12m ECL. End Customers with gross principal financing receivables under 12m ECL are in an aggregate amount of approximately RMB63,564,000 as at 31st December, 2024 (2023: RMB187,602,000).

Internal credit rating	31st December, 2024 Communications Factoring receivables RMB'000		31st December, 2023 Communications Factoring receivables RMB'000	
	Average loss rate		Average loss rate	
Low risk	3.39%	59,481	3.30%	177,292
Watch list	3.76%	4,083	4.41%	10,310
		63,564		187,602

The estimated loss rates are estimated based on historical observed default rates of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

### **Business Plan**

Regarding the Group's business plan, besides the further development in the existing factoring financial services, accounts receivable management and accounts receivable collection services, the Group will implement further development within Factoring Operations, namely (i) existing factoring financial services, (ii) communications factoring, and (iii) exploring potential investment opportunities.

### ***Existing factoring financial services***

The Group believes that, being a stated-owned enterprise, having state-owned enterprises as its major customers will provide certain level of risk control on recovery and quality control on collaterals. In view of that, the Group intends to continue to utilise its network of state-owned enterprises in the PRC to expand its factoring business.

The Group has identified several potential new customers for its traditional factoring business. Due to slowdown of economy of China, due diligence on potential new customers is more stringent in order to improve the overall quality of customer base.



### ***Communications factoring***

The Group has established cooperation arrangements with three leading communications operation providers in the PRC in respect of the provision of communications factoring services. The income rate of the communications factoring services is higher than that of traditional factoring.

### ***Exploring potential investment opportunities***

As at the date hereof, the Group is exploring potential investment opportunities which can further supplement and diversify the existing business of the Group. The Group is still exploring and has not identified any potential target, and no definitive agreement has been entered into in relation thereto.

### **Funding requirements**

The Group will continue to utilise its internal resources, bank borrowings to develop the Factoring Operations. On top of the existing banking facilities, several banking facilities are being negotiated. The Group will continue to consider the possibilities of using asset-backed financing arrangement in the future as another funding alternative.

## **PROSPECTS**

Looking forward to 2025, the Group will focus on the factoring business in the future. After the pandemic crisis, the recovery of the world economy is slow which will remain a great challenge to our operations in 2025. As at the date of this report, we have not experienced any significant default in repayment of principal, interest and fee income from our customers. We will remain on high alert about the impact of the slow recovery of the world economy on our operations and take any necessary measures to mitigate the impact. The Directors endeavor to seek more business opportunities in the financial industry as well as other industries to diversify the Group's existing business stream to enhance the long-term benefits to the Group and the shareholders as a whole.

## **CLOSURE OF REGISTER OF MEMBERS**

### **To be Eligible to Attend and Vote at the Forthcoming Annual General Meeting**

The register of members of the Company will be closed from 13th May, 2025 to 16th May, 2025, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to determine the identity of the shareholders of the Company who are entitled to attend and vote at the annual general meeting (the "AGM") of the Company to be held on 16th May, 2025, all transfer of shares in the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 12th May, 2025.

Notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") in due course.

### To Qualify for the Proposed Final Dividend

For the purpose of determining the shareholders who are entitled to receive the proposed final dividend for the year ended 31st December, 2024, the register of members of the Company will be closed from 2nd June, 2025 to 5th June, 2025, both days inclusive, during which period no transfer of shares in the Company will be registered. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable to the shareholders whose names appear on the register of members of the Company on 5th June, 2025. In order to qualify for the proposed final dividend, all transfers of shares in the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 30th May, 2025.

## FINANCIAL POSITION

### Liquidity and Financial Resources

As at 31st December, 2024, the Group's current assets were RMB685,625,000 (2023: RMB626,564,000), of which RMB16,947,000 (2023: RMB41,061,000) were cash and cash equivalents. As at 31st December, 2024, the net asset value of the Group amounted to RMB443,587,000, representing an increase of approximately 2.8% as compared to RMB431,698,000 in 2023. The gearing ratio (total liabilities/total assets) of the Group was approximately 40.5% (2023: 41.2%).

As at 31st December, 2024, the share capital of the Company was RMB105,965,000 (2023: RMB105,965,000). The Group's reserves were RMB337,622,000 (2023: RMB325,733,000). As at 31st December, 2024, the Group had total current liabilities of RMB287,764,000 (2023: RMB246,220,000), mainly comprising other payables and liabilities, amounts due to related parties, bank borrowings and obligations arising from asset-backed financing arrangements. The total non-current liabilities of the Group amounted to RMB14,055,000 (2023: RMB56,301,000), which mainly represented obligations arising from asset-backed financing arrangements, lease liabilities and deferred tax liabilities.

### Capital Structure of the Group

The capital structure of the Group consists of net debts, which include amounts due to related parties, bank borrowings, obligations arising from asset-backed financing arrangements, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

## Borrowings

In the Previous Year, the Group entered into several asset-backed financing arrangements (the “Financing Arrangements”). The Financing Arrangements involved establishment of special purpose asset-backed vehicles through issuing agents or special purpose trust administered by trustees. The principal activities of the Group are provision of factoring related business. The proceeds from the entrance into the Financing Arrangements are principally used as general working capital of factoring related business of the Group. The Board believes that the entrance into the Financing Arrangements can widen the fund-raising channels of the Group to access low-cost capital, which in turn is used to improve the financing structure of the Group and promote its operating activities and investments activities. The Directors are of the view that the terms of the entrance into the Financing Arrangements are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

As at 31st December, 2024, bank borrowings and obligations arising from asset-backed financing arrangements amounted to RMB80,000,000 (2023: RMB50,000,000) and nil (2023: RMB118,585,000) respectively. As at 31st December, 2024, bank borrowings are denominated in Renminbi.

Details of the bank borrowings and Financing Arrangements are set out in Notes 21 and 22 to the consolidated financial statements respectively.

## FOREIGN CURRENCY EXPOSURE

The Group’s monetary assets, liabilities and transactions are mainly denominated in Renminbi and Hong Kong dollars. During the Current Year, most of the transactions were denominated and settled in Renminbi. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk. However, the Group will closely monitor the fluctuation in exchange rate and will take necessary measures to minimise the impact arising from adverse currency fluctuation.

## CONTINGENT LIABILITIES AND CHARGE ON THE GROUP’S ASSETS

The Group’s credit facilities were secured by the Group’s factoring receivables of RMB50,000,000 (2023: RMB50,000,000) in aggregate as at 31st December, 2024 and the Group has the contractual obligations to transfer the cashflows relating to the Group’s communications factoring receivables of nil as at 31st December, 2024 (2023: RMB97,225,000) under asset-backed financing arrangements.

Apart from above, the Group did not have any other guarantees and charges nor any other material contingent liabilities as at 31st December, 2024 (2023: nil).

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any significant investment, material acquisition or disposal of subsidiaries, associates or joint ventures during the Current Year.

The Group had no future plans for material investments or acquisitions of capital assets as at 31st December, 2024.

### EMPLOYEE AND REMUNERATION POLICY

As at 31st December, 2024, the Group had a total of approximately 24 employees (who were located in Hong Kong and the PRC), engaged in management, administration and business factoring operations. The management reviewed the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practices. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff. During the Current Year, the Group provided various training courses on relevant business or skills for its management and staff at different levels.

As at 31st December, 2024, the Group has 33% of female employees. The Group seeks to achieve the diversity through the consideration of a number of factors, including but not limited to the talents, skills, regional and industry experience, background, gender and other qualities. The Group is committed to improving greater gender diversity and wishes to achieve at least 40% employees by the end of 2025.

### PRINCIPAL RISKS

The Group's financial position, business results and prospects would be affected by a number of risks. The Factoring Operations are exposed to credit risk, interest rate risk, operational risk and liquidity risk. Besides, several assets and liabilities of the Group are denominated in currencies other than Renminbi and are susceptible to foreign exchange risk. The Group's principal risks and uncertainties and the risk management measures are set out on page 59 of the Annual Report.

### ENVIRONMENTAL POLICIES AND PRACTICE

The Group is committed to the long term sustainability of the environment and communities. The Group endeavours to comply with laws and regulations regarding environmental protection and production safety.

### DIVIDEND POLICY

It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the Memorandum and the Articles. Dividends will only be paid to the extent that they are covered by net profit from operations. Distribution will be made annually after the financial statements of the Company are approved by the shareholders as appear to the Board to be justified by the position of the Company. Distribution will be made in Hong Kong dollars.

As the Company does not have any pre-determined dividend distribution ratio, the declaration of future dividends will be subject to the decision by the Board and will depend on, among other things, the earnings, financial condition, cash requirements and availability of funds to meet the financial covenants of the Group's bank loans (if applicable) and any other factors that our Directors may consider relevant.

The Company, as a listed company in Hong Kong, is committed to enhance its corporate governance level.

The Board and the management of the Company are responsible for the formulation and strict implementation of a sound corporate governance structure and code, so as to improve the accountability system and transparency of the Company, protect the interests of and create value for shareholders.

In the opinion of the Board, the Group has complied with all of the code provisions of the Corporate Governance Code ("Code") as set out in Part 2 of Appendix C1 to the Listing Rules throughout the Current Year. All non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company's Articles of Association.

## BOARD OF DIRECTORS

Pursuant to the Code, an issuer should be headed by an effective board of directors which should assume responsibility for leadership and control of the company and be collectively responsible for promoting the success of the company by directing and supervising the company's affairs. The Board should make decisions objectively in the interests of the Company. The Board is committed to the improvement of the corporate governance system of the Company and is ultimately responsible for formulating and implementing strategies and the operating results of the Company. The Board is charged with promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. The Board steers and oversees the management of the Company such as, establishing strategic direction and setting long term objectives of the Company, monitoring performance of management, protecting and maximising the interests of the Company and its shareholders, and reviewing and monitoring of annual budget against actual performances and results. The Board has delegated management, under the leadership of the Chief Executive, with authorities and responsibilities for the day-to-day operations and administration of the Group and has specified a schedule of matters which should be reserved to the Board and which should be delegated to management. All policy matters of the Group and material transactions with conflict of interests, considered as being notifiable or connected transactions within the meaning ascribed to by the Listing Rules, should be reserved to the decision of the Board.

The main duties of the Board include:

- (1) to determine the strategies, objectives, policies and business plans of the Company and monitor the implementation of the strategies of the Company;
- (2) to monitor and control the operating and financial performance of the Company and establish appropriate risk management policies and procedures to ensure the implementation of the Company's strategic objectives;
- (3) to supervise the performance of the senior management and determine their remuneration; and
- (4) to perfect the corporate governance structure and facilitate communication with shareholders.



The Company has established internal guidelines to clarify matters which require approval of the Board. Under the guidelines, the Board's approval is required for significant financing programs of the Company, such as investment plans, merger and acquisition or disposal of major assets, major capital expenditure and external borrowings.

All Directors are committed to devote sufficient time and attention to the affairs of the Group. Directors have also disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations. Directors are reminded to notify the Company in a timely manner of any changes of such information.

The Board will conduct meetings on a regular basis and on an ad hoc basis so far as the business required. The Directors may take independent professional advice at the Company's expense in carrying out their functions. The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each regular Board meeting. At least 14 days notice of a regular Board meeting is given to all Directors to give them the opportunity to attend. Board papers are dispatched to the Directors at least 3 days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting.

The Board is also committed to perform the following tasks as set out in the Code A.2.1:

- (1) to develop and review the Company's policies and practices on corporate governance;
- (2) to review and monitor the training and continuous professional development of directors and senior management;
- (3) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual of employees and directors; and
- (5) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution of and discharge of their duties or in relation thereto, the Company has arranged insurance for this purpose.

The Board has set up three standing committees, namely, the audit committee (the “Audit Committee”), the remuneration committee (the “Remuneration Committee”) and the nomination committee (“Nomination Committee”) with specific duties, power and written terms of reference. The chairman of each committee reports to the Board regularly and advises on matters for discussion when necessary. Attendance of each of the Directors to meetings of the Board and each of the committees during the Current Year was set out as follows:

	General Meeting	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held	1	3	3	1	1
<b>Attendance</b>					
<b>Chairman and executive Director</b>					
Wu Yinghua (appointed on 12th January, 2024 and resigned on 10th January, 2025)	1	3	N/A	N/A	1
<b>Executive Directors</b>					
Xue Zhicheng (appointed on 14th October, 2024)	N/A	N/A	N/A	N/A	N/A
Yu Guangshan (re-designated on 12th January, 2024 and resigned on 14th October, 2024)	0	3	N/A	N/A	N/A
Pan Mingfeng	1	3	N/A	1	N/A
Wu Shengquan	1	3	N/A	N/A	N/A
<b>Non-executive Directors</b>					
Li Biao	1	0	N/A	N/A	N/A
Hu Huaimin	1	3	N/A	N/A	N/A
Liu Debing (resigned on 12th January, 2024)	0	0	N/A	N/A	0
<b>Independent non-executive Directors</b>					
Liu Yongping	1	3	3	1	1
Cheung Ting Kee	1	3	3	N/A	N/A
Zhang Yan	1	2	2	1	1

Minutes of the Board and committees meetings are recorded in appropriate details and are kept by the company secretary of the Company (the “Company Secretary”). Draft minutes are circulated to the Director for comment within reasonable time after each meeting and the final version is always open for Directors’ inspection.

Apart from regular Board meetings, the Chairman also held a meeting with the Independent non-executive Directors without the presence of other Directors during the Current Year.

The Company also maintains on its website ([www.yueda.com.hk](http://www.yueda.com.hk)) an updated list of its Directors identifying their roles and functions and whether they are independent non-executive Directors. Members of the Board, with different backgrounds and possessing different expertise, have extensive experience in corporate planning and operation management, capital market, financial accounting, auditing and so forth as a whole.

The Company has received, from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent despite the fact that Dr. Liu Yongping and Mr. Cheung Ting Kee have served as an independent non-executive director of the Company for more than nine years.

There is no relationship (including financial, business, family and other material/relevant relationship) among the members of the Board (including between the Chairman and the Chief Executive).

The Company encourages the Directors to participate in the continuous professional development programme to develop and update their knowledge and skills to ensure that they are equipped with all information and can continue to contribute to the Board when required. The Company is responsible for the costs of such programme. During the Current Year, all Directors are committed to comply with Code C.1.4 and have attended training on topics such as update on the Listing Rules.

Every newly appointed Director has received formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director’s responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In compliance with Rule 3.09D of the Listing Rules, each of Mr. Ji Hulin, Mr. Wu Yinghua and Mr. Xue Zhicheng, who were appointed as the executive directors of the Company, received training and legal advices on 7th January, 2025, 11th January, 2024 and 10th October, 2024 and they confirmed that they understood their obligations as directors of the Company.

According to the records provided by the Directors, a summary of training received by the Directors during the Current Year is as follows:

	Types of continuous professional development activities
Mr. Wu Yinghua	A, B
Mr. Xue Zhicheng	A, B
Mr. Yu Guangshan	A, B
Mr. Pan Mingfeng	A, B
Mr. Wu Shengquan	A, B
Mr. Liu Debing	A, B
Mr. Li Biao	A, B
Mr. Hu Huaimin	A, B
Dr. Liu Yongping	A, B
Mr. Cheung Ting Kee	A, B
Ms. Zhang Yan	A, B

Notes:

A Attending seminars and/or conferences and/or forum

B Reading materials relevant to the latest development of business of the Group, the Listing Rules and other applicable regulatory requirement

## CHAIRMAN AND CHIEF EXECUTIVE

The roles of chairman and chief executive are separated to ensure a balance of power and authority and that power is not concentrated in any one individual.

The functions of the Chairman and the chief executive of the Company are clearly segregated. The present Chairman of the Board, Mr. Ji Hulin, is responsible for providing leadership for the Board. His main responsibility is to ensure that the Board works effectively and that all key and appropriate issues are discussed by it in a timely manner. The Chairman is also responsible for ensuring that good corporate governance practices and procedures are established and followed. The Chairman is also responsible for ensuring appropriate steps be taken to provide effective communication with the shareholders and that the views of shareholders are communicated to the Board as a whole.

The present Chief Executive of the Company, Dr. Wong Mun Kin is responsible for the overall business operations of the Group focusing on strategic planning and business development.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as provided in Appendix C3 to the Listing Rules. All Directors of the Company, in response to the specific enquiries made by the Company, confirmed that they have complied with the requirements set out in the Model Code throughout the Current Year.

## **NON-EXECUTIVE DIRECTORS**

At the date of this report, each of Mr. Li Biao and Mr. Hu Huaimin has been appointed as a non-executive Director whereas each of Dr. Liu Yongping, Mr. Cheung Ting Kee and Ms. Zhang Yan has been appointed as an independent non-executive Director. The non-executive Directors are not appointed for a specific term, however, all non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company's articles of association.

## **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements of the Group for the Current Year. The Directors ensure the financial statements of the Group be prepared so as to give a true and fair view of the Group's state of affairs, the results and cash flow for the Current Year, and on a going concern basis in accordance with the statutory requirements and applicable accounting and financial reporting standards.

During the Current Year, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Directors also ensure timely publication of the Group financial statements and aim to present a clear, balanced and understandable assessment of the Group's performance and position through all its publications and communications to the public and is aware of the requirements under the applicable rules and regulations about timely disclosure of inside information.



The report from the auditor of the Company regarding their responsibilities and opinion on the financial statements of the Group for the Current Year is set out in the “Independent Auditor’s Report” to this annual report. The Board has taken steps to ensure the continued objectivity and independence of the external auditor. For the Current Year, the remuneration paid/payable to the external auditor of the Company were approximately HK\$1,000,000 and HK\$194,000 in respect of the audit and non audit services provided to the Group respectively. Details of the significant non audit services and the related amount are as follows:

Professional services rendered in connection with preliminary announcement of results	HK\$17,000
Professional services rendered in connection with connected transactions	HK\$17,000
Professional non-assurance service rendered in relation to high level analysis of the draft interim financial statements and its supporting documents	HK\$160,000

The Company has adopted a board diversity policy (the “Policy”) which sets out the approach to achieve and maintain diversity on the Board in order to maintain a competitive advantage of the Board. Pursuant to Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to the talents, skills, regional and industry experience, background, gender and other qualities. The Board will from time to time consider to set measurable objectives to implement the Policy and review such objectives to ensure their appropriateness and ascertain the progress made towards achieving those objective. As at 31st December, 2024, the Board has approximately 11% of female Directors (1 female out of 9 Directors). The Board is committed to improving greater gender diversity and wishes to achieve at least 30% of female Directors by the end of 2025.

## BOARD COMMITTEES

### Audit Committee

Pursuant to the Code, a board of directors should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company’s auditor. The audit committee established by an issuer pursuant to the Listing Rules should have clear terms of reference.

The Board has established the Audit Committee. As a standing committee of the Board, the Audit Committee is mainly responsible for monitoring the completeness of the financial statements and regular reports issued by the Company and reviewing the financial control, internal control and risk management system of the Company. The members of the Audit Committee comprised Mr. Cheung Ting Kee, Dr. Liu Yongping and Ms. Zhang Yan, all of them being independent non-executive Directors, with Mr. Cheung Ting Kee as the chairman of the Audit Committee.

The terms of reference of the Audit Committee setting out the committee’s authority and duties are available from the Company’s website.

The main duties of the Audit Committee include, but not limited to:

- (1) to be responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to handle any questions on resignation or dismissal of any relevant auditor;
- (2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (3) to develop and implement policy on the engagement of an external auditor to supply non-audit services and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- (4) to monitor the integrity of the financial statements, annual report and accounts and interim report and to review significant financial reporting judgements contained therein;
- (5) to review the Company's financial control, internal control and risk management systems;
- (6) to discuss the risk management and internal control system with the management and ensure that management has performed its duty in establishing an effective internal control system;
- (7) to consider any findings of major investigations or risk management and internal control matters and management responses as delegated by the Board or on its own initiative;
- (8) to review the Group's financial and accounting policies and practices;
- (9) to review the external auditor's management letter to the management of the Company, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or systems of control and management's response;
- (10) to ensure that the Board will provide a timely response to the issues raised in the management letter from the external auditor to the management; and
- (11) to report to the Board on the matters set out in the Code; and consider other topics, as defined by the Board.

The Audit Committee held two meetings during the Current Year, at which the Audit Committee reviewed the annual report and interim report of the Company and matters relating the connected transactions and made recommendations to the Board. The Audit Committee also reviewed the risk management and internal control system of the Company. The Board and the Audit Committee concurred in their opinions regarding the election and appointment of the external auditor. The Audit Committee was provided with sufficient resources to perform its duties.

## Remuneration Committee

The Company has set up the Remuneration Committee with written terms of reference, currently comprising Ms. Zhang Yan (Chairman of the Remuneration Committee, an independent non-executive Director), Dr. Liu Yongping (an independent non-executive Director) and Mr. Pan Mingfeng (an executive Director). Regular meetings are held by the committee to review and discuss matters relating to the remuneration policy, remuneration levels and the remuneration of executive Directors.

The terms of reference of the Remuneration Committee setting out the committee's authority and duties are available in the Company's website.

The principal role of the Remuneration Committee is to provide advice and recommendation to the Board on the remuneration package of Directors, on any specific remuneration package with reference to market conditions, performance of the Group and the individuals against present goals and targets as set by the Board from time to time, and if necessary, on any compensation policy for termination of office of Directors.

The Remuneration Committee held one meeting during the Current Year, in the meeting, the Remuneration Committee reviewed and recommended (i) the remuneration package and performance of Directors; and (ii) adjustment of the fees for certain directors.

The emolument payable to Directors will depend on their respective contractual terms under employment contracts, if any, and as recommended by the Remuneration Committee and approved by the Board. Details of the Directors' remuneration are set out in Note 7 to the consolidated financial statements.

## Nomination Committee

The Company has set up the Nomination Committee with written terms of reference, currently comprising Mr. Ji Hulin (Chairman of the Nomination Committee, Chairman of the Board and an executive Director appointed on 10th January, 2025), Dr. Liu Yongping (an independent non-executive Director) and Ms. Zhang Yan (an independent non-executive Director). Duties of the Nomination Committee include reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and experience.

The terms of reference of the Nomination Committee setting out the committee's authority and duties are available in the Company's website.

The principal duties of the Nomination Committee are as follows:

1. reviews the structure, size and composition (including skills, knowledge, experience and diversity of perspectives) of the Board at least annually and makes recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. identifies individuals suitably qualified to become Board members and selects or makes recommendations to the Board on the selection of individuals nominated for directorships;

3. assesses the independence of the independent non-executive Directors; and
4. makes recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Company values gender diversity. As at the date of this report, the Board has approximately 11% of female Directors (1 female out of 9 Directors). The Board is committed to improving greater gender diversity and wishes to achieve at least 30% of female Directors by the end of 2025. The Group will also ensure that there is gender diversity when recruiting staff at mid to senior level and are committed to provide career development opportunities for female staff so that the Group will have a pipeline of female senior management and potential successor to the Board in the near future.

During the Current Year, the Nomination Committee and the Board considered that the composition of the Board was balanced and diversified.

The policy will be reviewed periodically to ensure it remains relevant to the Company's needs and reflects both regulatory requirements and good corporate governance practices.

During the Current Year, one meeting was held to (i) review the existing structure, size and composition of the Board; (ii) confirm independence of independent non-executive Directors; and (iii) make recommendation to the Board on the proposed re-election of the retiring Directors at the forthcoming annual general meeting.

### **Risk Management and Internal Control**

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Board has an overall and ongoing responsibility for the internal control system and risk management procedures of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing the systems at least once a year and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. During the Current Year, the Board has entrusted the Audit Committee and appointed a professional internal control consultant with the responsibility to assess risk of the Company and perform the agreed-upon procedures in relation to the internal controls of the main business of the Company. The risk assessment report documents major business risks and the 3-year internal audit plan is developed based on the risk assessment results. The agreed-upon procedures report provided factual findings of whether the internal control procedures of the main business of the Company are suitably designed to achieve specified control objectives with recommendations proposed for the Company to further improve its internal control system in respect of areas including identification of significant control failings or weakness which have or will have a material impact on the Group's financial performance, and the effectiveness of the Group's processes for financial reporting and Listing Rules compliance.

The Board reviews the effectiveness of the Group's material internal controls and considers the Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties. The Board's opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

### **Company Secretary**

Mr. Cheng Man Hung was appointed as the Company Secretary with effect from 9th August, 2021. All Directors have access to the advices and services of the Company Secretary. During the year ended 31st December, 2024, the Company Secretary has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

### **Investors' Relations and Communication with Shareholders**

Pursuant to the Code, a board of directors should endeavour to maintain an on-going dialogue with shareholders and, in particular, to communicate through annual general meetings with shareholders and encourage their participation. The company should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the company.

The Company, the Board and the management place high regard on the opinions and needs of shareholders.

The Company attempts to enhance the communication with its shareholders through publishing interim and annual results and reports and press releases as well as announcing publicly its latest developments on its website ([www.yueda.com.hk](http://www.yueda.com.hk)).

Shareholders may also receive the latest information released by the Company electronically. The annual general meeting of the Company is a communication channel between the shareholders and the Board members, including independent non-executive Directors and the senior management. The chairman of the Board and chairman of each committee shall try their best to attend the meeting to answer questions raised by the shareholders. During the Current Year, the Company held the 2023 annual general meeting, at which a separate resolution was proposed in respect of each motion.

The procedures for and the rights of shareholders to demand for a poll and details of the proposed resolutions were disclosed in the circular sent to shareholders prior to each of the general meeting.

The Company is committed to ensure that it is fully compliant with the disclosure obligations stipulated under the Listing Rules and other applicable laws and regulations, and that all shareholders of the Company and potential investors have an equal opportunity to receive and obtain externally available information released by the Group. The Company reviewed the implementation and effectiveness of the shareholders communication policy and considered it to be effective.



During the Current Year, in order to conform with the amendments to the Listing Rules which have been effect from 1st January, 2024, the Company has made changes to its articles of association.

### Shareholders' Rights

Pursuant to article 64 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company having 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 within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The above written requisition shall be addressed to the Company's head office at:

Room 3321–23 and 3325, 33rd Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong

The procedures for proposing a person for election as a Director are set out in the section "Investor Relations" on the home page of the Company's website.

To put forward proposals at an annual general meeting or an extraordinary general meeting, the shareholders shall submit a written notice of those proposals with the detailed contact information to the company secretary of the Company at the Company's registered office.

The request will be verified with the Company's branch share registrar in Hong Kong and upon its confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to include the resolution in the agenda for the general meeting.

Moreover, the notice period concerning the notice to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to article 65 of the articles of association of the Company:

- (a) for an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered, it shall be called by at least 21 days' notice in writing; and
- (b) for all other extraordinary general meetings, they may be called by not less than 14 days' notice in writing.

Shareholders may at any time send their enquiries to the Board in writing through the Company Secretary.

# Environmental, Social and Governance Report

Yue Da International Holdings Limited (“Yue Da”, the “Company”, “we”, or “our”) is a leading Chinese state-owned enterprise specialising in factoring related business activities (the “Factoring Operations”). Together with our subsidiary listed in the Scope of Report (collectively referred to as the “Group”), we are pleased to present our ninth Environmental, Social, and Governance (“ESG”) report (the “Report”), which outlines our policies, strategies, and performance regarding ESG topics and issues.

We are the first listed company in Jiangsu Province to issue red chip shares in Hong Kong. Our controlling shareholder, Jiangsu Yueda Group Limited, is a large-scale local state-owned enterprise that is one of the top ten organisations in Jiangsu and a leading company in northern Jiangsu. We have been in the business of commercial factoring services, accounts receivable management, and collection and factoring advisory services since 2017. In the process, the Company has embraced our core mission of sustainable development and realised the significant impact it has on shaping the future. As a renowned state-owned enterprise in the People’s Republic of China (the “PRC”), we believe fulfilling corporate social responsibility is as important as realising economic value.

The Group has received numerous awards resulting from its strong focus on corporate integrity, quality customer service, and a strong commitment to social responsibility. We will continue to uphold our tradition of emphasising corporate social responsibility and strictly comply with the relevant statutory requirements during the period under review.

## REPORTING BOUNDARY

The Report provides an overview of the Group’s ESG management approaches, environmental performance, and social performance for the Reporting Period from 1st January, 2024 to 31st December, 2024 (referred to as the “Reporting Period” or “2024”). The Report aims to present a comprehensive analysis of the Group’s ESG initiatives and their outcomes during this specific timeframe. Below is the scope of our core operations:



## REPORTING STANDARD

The Report has been prepared in accordance with the “Comply or Explain” provisions outlined in the Environmental, Social and Governance Reporting Code (“ESG Reporting Code”) under Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). It signifies the Group’s adherence to the reporting requirements and guidelines set forth by the Stock Exchange. The Report has undergone a review process and received approval from the Company’s board of directors (the “Board”).

## REPORTING PRINCIPLES

Throughout the Report, we adopt the reporting principles of materiality, quantitative, balance and consistency, as described below:

Reporting Principles	Descriptions
<b>Materiality</b>	<ul style="list-style-type: none"> <li>The identification of material topics was achieved through internal discussions and active engagement with key stakeholders. The materiality matrix and a comprehensive summary of stakeholder engagement are provided in later sections.</li> </ul>
<b>Quantitative</b>	<ul style="list-style-type: none"> <li>The disclosed data, environmental, and social key performance indicators ("KPI(s)") presented in this Report have been meticulously organised and calculated using a set of standardised methodologies. These methodologies are explained and illustrated in the relevant sections of the Report.</li> </ul>
<b>Balance</b>	<ul style="list-style-type: none"> <li>The Board recognises its responsibility in overseeing the Company's sustainable development and ensuring the truthfulness, accuracy, and completeness of the Report. The Report strives to provide an unbiased and transparent depiction of the Group's performance, allowing stakeholders to make informed decisions based on reliable and trustworthy data.</li> </ul>
<b>Consistency</b>	<ul style="list-style-type: none"> <li>The Report has been prepared using consistent reporting scope and methodologies same as the previous years, ensuring accurate and meaningful year-on-year comparisons. A consistent environmental and social data management approach allows for fair assessment of performance over time.</li> </ul>

## CONTACT & FEEDBACK

The Group deeply values feedback and opinions from diverse perspectives. We recognise that gathering insights and suggestions is vital to improving our sustainability performance and strive to better understand our stakeholder expectations to refine our practices accordingly. Therefore, we welcome any valuable comments and feedback on the Report and performance. Please feel free to contact us with the following contact information:

Address: Room 3321–3325, 33rd Floor China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, HKSAR  
 Telephone number: (852) 2902 1022  
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## SUSTAINABLE DEVELOPMENT

To further promote the development of the Company, we have integrated ESG concepts into our business operations. To this end, we strengthen our environmental protection measures and promote social welfare activities. We have also strengthened our corporate governance mechanisms to enhance the overall sustainability and social responsibility of our business. Implementing ESG concepts is one of our core values to better meet the needs of our investors and stakeholders and to achieve longer-term sustainable development goals.

Throughout the Reporting Period, the Group consistently adhered to statutory requirements concerning the identified material aspects. As far as the directors are aware, there were no significant instances of non-compliance with relevant laws and regulations by the Group that would adversely affect our business and operations.

### ESG Governance Assessment



The Group has constructed an ESG governance assessment led by the Board and oversight through annual board meetings. The ESG strategic framework is formulated by the Board comprised of Directors, including setting sustainable development goals, monitoring the risk control system, and approving the annual ESG disclosure report. To strengthen the effectiveness of the implementation level, the cross-departmental ESG task force holds regular annual joint meetings to coordinate the implementation of ESG initiatives by each business unit.

In terms of the construction of management mechanisms, an ESG data collection system covering the entire Group has been established to realise real-time monitoring of environmental and social indicators through a digital platform to ensure the timeliness and accuracy of information disclosure. It is worth noting that the Board has specifically requested that ESG elements should be deeply integrated into the investment decision-making process and that a full-cycle risk assessment model should be established so that the concept of sustainable development can be carried through strategic planning and daily operations.

To further strengthen ESG management, the Group has established an ESG working group and meets annually to assess and manage ESG-related issues. Although there is no remuneration, promotion, or incentive scheme related to ESG performance indicators, the team plays a crucial role in resolving ESG issues. In terms of risk management, the Group does not have a dedicated risk management committee or working group, such as an audit committee, to monitor ESG risks. In addition, there is no internal audit function to regularly review the effectiveness of the internal control system about ESG issues.

The Group demonstrates our commitment to ESG management through Board oversight and the establishment of an ESG Task Force. However, it is hoped that opportunities arise to enhance the framework in the future through the implementation of specific performance indicators, the formalisation of risk control mechanisms, and the linking of incentive schemes to ESG performance, further supporting the Group's ability to respond effectively to ESG risks and opportunities.

## THE CHAIRMAN'S STATEMENT

The Group understands the importance of sustainability in navigating challenging macroeconomic conditions and acknowledges it as a crucial element for success. In response to the growing expectations from stakeholders for businesses to prioritise sustainability, the Group has made sustainability a central focus of our operations. We are dedicated to enhancing the sustainability performance of our activities, recognising that sustainability governance forms the cornerstone of operational excellence.

The Board bears the responsibility for establishing our strategic course and ensuring alignment between our ESG strategy and the Group's values and core operations. Going forward, the Board will assess progress toward ESG-related objectives to steer the Group in monitoring our ESG performance. By embedding sustainability into our business ethos, we generate enhanced value for our stakeholders and society. The Group's accomplishments would not have been achievable without the invaluable contributions of our employees, customers, business partners, and communities. To better grasp the needs and expectations of our stakeholders, we invite employees, suppliers, and clients to engage in a survey, fostering effective communication and enabling us to better address their requirements.

Looking ahead, we will persist in advancing our sustainability performance and further embedding sustainability into our fundamental strategy. This Report delineates our sustainability practices and approaches over the past year, offering stakeholders an insight into our sustainability endeavours.

## STAKEHOLDER ENGAGEMENT

Understanding the importance of strong relationships, the Group prioritises maintaining close connections with our key stakeholders. Engaging with these stakeholders is crucial for sustainable development and provides valuable insights into their expectations and views on the Company's ESG performance. We have established the following communication channels for our key stakeholders.

<b>Investors and Shareholders</b>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company's announcements and circulars</li> <li>• Annual and extraordinary general meetings</li> <li>• Annual and interim reports</li> <li>• Email</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer direct communication</li> <li>• Customer feedback and complaints</li> <li>• Monthly/quarterly onsite visits</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Regular meetings with management</li> <li>• Liaise with the business advisory group every six months</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Selection assessment</li> <li>• Procurement process</li> <li>• Regular communication through email, meetings, on-site visits</li> </ul>
<b>Community and the Public</b>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company's publications</li> <li>• Community activities</li> <li>• Onsite visits to provide appropriate support whenever possible</li> </ul>
<b>Non-governmental Organisations</b>	<ul style="list-style-type: none"> <li>• Sharing section held among the factoring industry in Shenzhen</li> </ul>



## MATERIALITY ASSESSMENT

During the Reporting Period, the Group conducted a comprehensive materiality assessment to identify the significant ESG-related issues that are relevant to our operations. An external consultant was commissioned to carry out this assessment. The key objective was to determine the ESG issues that have a substantial impact on the Group's stakeholders and business operations. The outcomes of this assessment formed a crucial foundation for developing effective ESG management strategies and guiding the content and focus of the Group's reporting disclosures.

### Identification

With reference to international trends, peer analysis and ESG Reporting Code, the third-party consultant assisted the Group in identifying 34 topics that are most material to its business and impact on the environment and society.

### Engagement

Through an online questionnaire, the Group invited internal and external stakeholders to rate 34 identified topics based on their significance to the Group's business and operation and to the stakeholders respectively.

### Analysis

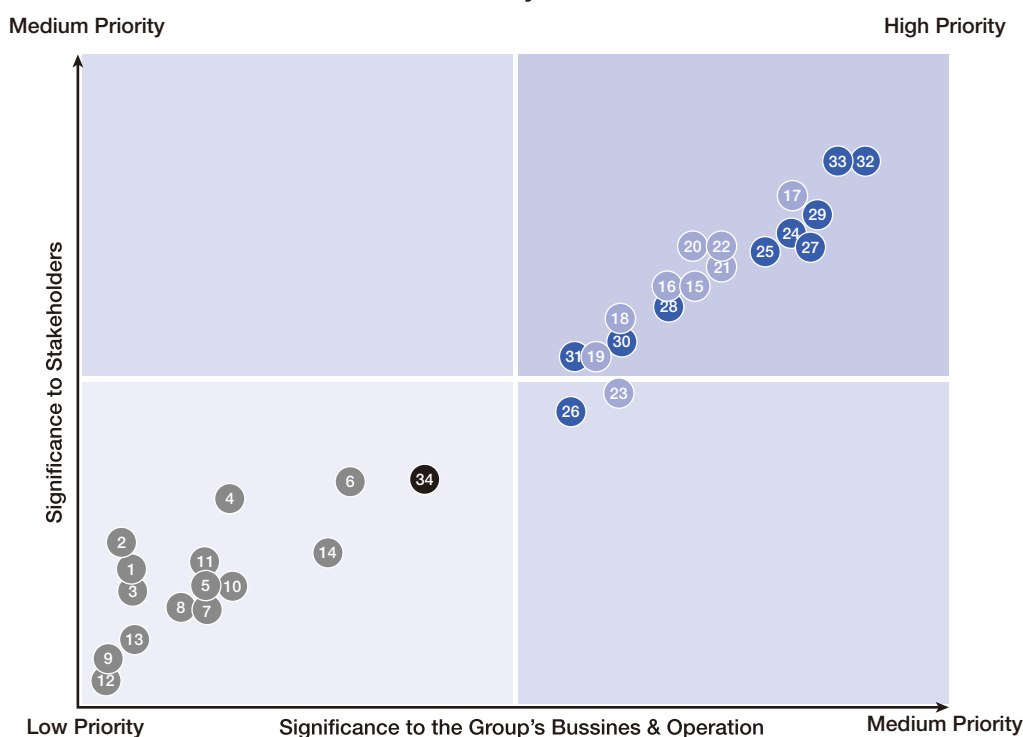
The consultant analysed the feedback of the stakeholders and plotted in the materiality matrix. The Report focuses on the most material ESG issues and highlights the Group's relevant strategies and impacts.

### Verification

The Group reviewed and verified the results of the materiality assessment for reporting as we strive for future performance improvement.

Based on the scores of each of the ESG issues identified by the stakeholders, the ESG issues were prioritised and shown in the materiality matrix below. Issues that fell in the upper right corner of the matrix were identified as the topics that matter most to the Group's business operations and our stakeholders are most concerned about.

## Materiality Matrix



Environment	Social	
	Employment	Operation
1. Air emission	15. Labour rights	24. Customer satisfaction
2. Greenhouse gas emission	16. Labour/Management relations	25. Customer service quality and complaints handling
3. Decarbonisation	17. Employee retention	26. Customer health and safety
4. Conversion of ecosystem	18. Diversity and equal opportunity	27. Marketing and product and service labelling compliance
5. Nature-related risk and opportunity management	19. Non-discrimination	28. Intellectual property
6. Circular economy	20. Occupational health and safety	29. Customer privacy and data protection
7. Environmental data management	21. Employee training	30. Responsible supply chain management
8. Climate change mitigation	22. Employee development	31. Fair operating practices on supplier
9. Climate risk management	23. Prevention of child labour and forced labour	32. Ethical business
10. Energy efficiency		33. Socio-economic compliance
11. Water and effluents		
12. Use of materials		
13. Waste Management		
14. Environmental compliance		
		Community
		34. Community involvement

According to the results of the Materiality Matrix illustrated above, the Group has identified our top six material topics as ethical business, socio-economic compliance, employee retention, customer privacy and data protection, marketing and product and service labelling compliance, and customer satisfaction. These priorities reflect the Group's commitment to fostering a sustainable and responsible business environment that aligns with stakeholder expectations. Moving forward, the Group will actively review and enhance our ESG policies and strategies. Additionally, the Group aims to continuously refine our reporting and disclosure practices by incorporating global standards and emerging best practices, ensuring greater transparency and accountability. By doing so, the Group strives to strengthen our ESG performance, build trust with stakeholders, and contribute meaningfully to sustainable development in the future.

### ENVIRONMENTAL PROTECTION

The Group deeply recognises the importance of environmental protection in achieving sustainable development and regards it as one of the core responsibilities of corporate development. As such, we are always committed to minimising the potential impact of our daily business operations on the environment through optimal management and innovative practices. Although the Group's main operations are cantered on office premises and the direct negative impact on the environment and natural resources is relatively limited, we have always been proactive in taking responsibility for environmental protection under the principle of "Prevention First, Continuous Improvement".

To fulfil this commitment, the Group strictly complies with all applicable environmental protection and pollution control regulations, including but not limited to the Air Pollution Prevention and Control Law of the PRC, the Environmental Protection Law of the PRC, the Law of the PRC on Prevention and Control of Ambient Noise Pollution, the Noise Control Ordinance and the Air Pollution Prevention and Control Ordinance. Apart from adhering to compliance requirements, we also continue to strengthen our internal environmental management and implement energy-saving and emission reduction measures, such as promoting a paperless office, optimising energy efficiency, and reducing waste emissions, to reduce our environmental impact at source.

## Emission Management

To assess our environmental impact, we actively measure and monitor our greenhouse gas (“GHG”) emissions. During the Reporting Period, there were none of combustion-related activities, means that the typical air emissions, such as nitrogen oxides (“NO<sub>x</sub>”), sulphur oxides (“SO<sub>x</sub>”), and respiratory suspended particles (“PM”), were not emitted by during 2024.

GHG Emissions	Unit	FY2024 <sup>1</sup>	FY2023	FY2022
Scope 1 <sup>2</sup>	Tonnes of carbon dioxide equivalent (“tCO <sub>2</sub> e”)	0	0	0
Scope 2 <sup>3</sup>	tCO <sub>2</sub> e	4.612	4.525	4.191
Scope 3 <sup>4</sup>	tCO <sub>2</sub> e	0.029	0.024	0.024
Total GHG emission	tCO <sub>2</sub> e	4.641	4.549	4.215
Intensity	tCO <sub>2</sub> e/total office area	0.017	0.016	0.015

During the Reporting Period, purchased electricity was the largest source of emission of the Group, accounting for over 99.5% of our total GHG emission during the Reporting Period. 4.641 tCO<sub>2</sub>e of the total CGH emission was emitted from the Group’s operations, representing a 1.9% increase from the previous year. The intensity was 0.017 tCO<sub>2</sub>e per m<sup>2</sup> of total office area during the Reporting Period.

To mitigate our carbon footprint, in addition to workplace emissions, the Group also promotes the utilisation of public transportation by our staff for commuting to and from work to diminish individual carbon emissions associated with daily travel. Furthermore, the Group underscores the preference for online conferences as a substitute for in-person meetings, thereby fostering collaboration and substantially lessening emissions linked to travel. Nevertheless, in instances where business trips are unavoidable, the Group gives precedence to economy-class transportation alternatives. The selection of economy class, which typically yields lower emissions in comparison to other travel classes, exemplifies the Group’s dedication to environmentally sustainable practices.

## Hazardous and Non-hazardous Waste

The Group’s business operations generate minimal hazardous waste, with no significant impact on the environment. In terms of non-hazardous waste, the primary source is general office waste, particularly paper. Given the relatively low volume, the Group estimates annual paper consumption to be around 10,000 sheets, which is considered insignificant in scale.

<sup>1</sup> Calculation is based on “How to prepare and ESG Report Appendix 2: Reporting Guidance on Environmental KPIs” published by the Stock Exchange.

<sup>2</sup> Scope 1 represents direct GHG emissions generated by the use of fuels for mobile sources.

<sup>3</sup> Scope 2 represents energy indirect GHG emissions generated by the use of purchased electricity from local power companies.

<sup>4</sup> Scope 3 covers energy indirect GHG emissions generated by paper disposal. The paper consumed by the Group is mainly for internal reporting and retention purpose. Only a small portion of paper consumed would be disposed of.

To further minimise waste generation, the Group has implemented a range of proactive measures. A key initiative is the promotion of a “Paperless Office” culture, which involves using digital platforms and network resources to circulate documents, information, notices, and meeting materials through the OA system. Printing is strictly limited to essential purposes only, reducing unnecessary paper usage.

The Group also places a strong emphasis on awareness and behavioural change. Reminders are strategically displayed in prominent locations to encourage employees to avoid excessive use of tissue paper and other disposable items. Additionally, the Group prioritises recycling efforts, reusing draft paper and single-sided printed sheets whenever possible to extend the lifecycle of resources.

To ensure accountability and continuous improvement, the Corporate Management Department monitors and reports printing costs for each department during monthly meetings. Departments that demonstrate the most effective cost-saving measures in printing are recognised with additional points in the annual performance assessment. This initiative aims to achieve a 30%–40% year-on-year reduction in printing costs across all departments.

Non-hazardous waste generated by the Group is primarily managed by the Property Management Department of the office building, which oversees the collection and treatment of such waste in an environmentally responsible manner.

During the Reporting Period, the Group maintained full compliance with all applicable laws and regulations related to environmental management, including air and greenhouse gas emissions, water and land discharges, hazardous and non-hazardous waste generation, and resource usage. No material incidents of non-compliance were reported, reflecting the Group’s commitment to sustainable and responsible business practices.

## Resources Consumption

The Group is dedicated to creating an environmentally friendly workplace by harnessing the collective efforts of individuals. Through a variety of eco-friendly initiatives, we strive to reduce energy consumption and minimise waste generation in our day-to-day operations. The Group’s major resource consumption includes the used of purchased electricity, water and paper. The Group’s business does not involve any use of packaging materials. To gain insight into resource consumption during FY2024, please refer to the table below:

Resource Consumption	Unit	FY2024	FY2023	FY2022
Purchased Electricity	kWh	7,560.00	7,416.00	7,214.00
Water	m <sup>3</sup>	13.00	13.00	12.00
Paper	kg	49.90	49.90	49.90

### ***Water Consumption***

During the Reporting Period, the Group consumed a total of 13 m<sup>3</sup> of water, indicating the same water consumption as the previous year. The management of water consumption is overseen by the property management department of the office building, which supplies a monthly breakdown of the Group's water usage throughout the Reporting Period. Notably, the consumption intensity amounted to 0.05 m<sup>3</sup> of water per m<sup>2</sup> of total office area.

### ***Energy Consumption***

During the Reporting Period, the Group's operations consumed a total of 7,560 kWh of energy, primarily from electricity usage for office operations. This figure reflects an increase of 1.94% compared to the previous year. The management of electricity consumption is entrusted to the property management department of the office building, which provides a monthly breakdown of the Group's electricity usage throughout the Reporting Period. Notably, the consumption intensity stood at 27.10 kWh of electricity per m<sup>2</sup> of total office area.

### ***Energy Use Efficiency Initiatives***

The Group is actively engaged in energy conservation through several initiatives to optimise energy efficiency and reduce energy consumption to avoid wastage of energy. At the same time, the Group encourages our staff to switch off idle electrical equipment and develop energy-saving habits.

In winter, the Group only uses ventilation equipment instead of heating and air-conditioning to further reduce energy consumption. Regular promotional and educational activities help employees understand the meaning of energy conservation and its importance to sustainable development and encourage them to adopt more energy-saving behaviours in their work and life. This all-encompassing approach not only effectively improves energy efficiency, but also gradually integrates an energy-saving culture into the core values of the organisation.

Looking ahead, the Group will continue to innovate and optimise energy management measures, such as introducing energy-saving technologies, upgrading high-efficiency equipment, and exploring more green energy solutions. Through continuous improvement in energy-saving mechanisms and staff engagement, the Group is committed to achieving continuous improvement in energy efficiency and contributing to the fight against global climate change. Our goal is not only to reduce energy consumption in our operations but also to contribute to the development of a green economy through practical actions and to advance our ambitious vision of sustainable development.

## Climate Change

The Group acknowledges the substantial and diverse challenges posed by climate change, which not only affects the global community but also affects our business operations. Understanding the pressing nature of this issue, we are fully committed to transparently disclosing our climate-related information in alignment with the four key elements outlined in the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations. These elements encompass Governance, Strategy, Risk Management, and Metrics and Targets. By adhering to these guidelines, we aim to provide comprehensive and relevant information regarding our approach to climate-related matters and their financial implications.

### Governance

- As an office-based company, the Group has not experienced significant threats to our business operations from climate change. Consequently, the Group has not established specific policies specifically addressing climate change. Instead, climate change strategies and initiatives are implemented and overseen by the establishment of the ESG task force team, who is responsible for managing ESG-related issues, including climate change.

### Strategy

- In order to comprehensively understand and proactively develop strategies that address the risks associated with climate change, the Group has conducted a thorough assessment of both physical and transition risks. This evaluation enables us to identify the time horizon, trend, and potential impacts in order to develop appropriate mitigation measures. Further details outlining the specific risks are provided below:

	<b>Climate Risks</b>	<b>Time Horizon</b>	<b>Trend</b>	<b>Potential Financial Impact</b>
<b>Physical Risks</b>	Acute	Short term	Increase	Extreme weather events, such as hurricanes, cyclones, floods, and earthquakes with greater intensity, can disrupt supply chains by damaging physical infrastructure, offices, operations, and employees, leading to interruptions, costly repairs, and logistical challenges.
	Chronic	Long term	Increase	Gradual shifts in climate patterns may drive up capital expenditures, operating costs, human resources expenses and insurance premium.



	<b>Climate Risks</b>	<b>Time Horizon</b>	<b>Trend</b>	<b>Potential Financial Impact</b>
<b>Transition Risks</b>	Technology	Long term	Increase	In the transition phase, the Group expects higher costs for acquiring new technologies and incurring expenses related to adopting and implementing innovative processes and practices.
	Policy and Legal	Short to medium term	Increase	Stricter environmental regulations, enhanced climate disclosure requirements, and carbon pricing systems are likely to increase operating costs, as additional investments in measures, technologies, or infrastructure will be necessary to ensure compliance.
	Market	Short term	Increase	During this period, the Group may experience reduced revenue if it fails to align with shifting client preferences and stricter environmental standards in a timely manner.
	Reputation	Short to medium term	Increase	Stakeholders are becoming more aware of climate-related risks and sustainability practices, and any perceived shortcomings in the Group's response may erode investor confidence, potentially affecting stock prices, market capitalisation, and increasing liquidity risk.

Further details outlining the specific risks are provided below:

### Risk Management

- A risk assessment has been conducted based on assessing the possibility and impact of each identified risk into three levels: high, medium and low.

**High** – Risks at this level have the potential for serious consequences that can significantly impact the Group and hinder the achievement of strategic goals.

**Medium** – Risks at this level may either have the potential for serious consequences, but they are less likely to occur compared to high-risk situations or on the other way round.

**Low** – Risks at this level have limited harm and consequences for the Group to achieve our strategic goals, and the probability of occurrence is low.

Based on the Group's assessment of climate-related risks using the recommendations of the TCFD, it has determined that the climate-related risks fall within the medium to high-risk level according to our risk assessment. Further details outlining the specific risks are provided below:

	Climate Risks	Overall Risk Level	Management Approach
<b>Physical Risk</b>	Acute and Chronic	Medium	Develop relevant contingency plans for extreme weather events, such as work-from-home arrangements for non-essential employees.
<b>Transition Risk</b>	Policy and Legal	High	Engage with professionals to provide advice on climate-related issues. Continuously monitor the latest climate-related regulations and trend.
	Technology	Medium	Engage with professionals to provide advice on climate-related issues.
	Market	High	Diversify supply chain and customer base.
	Reputation	High	Continuously monitor the latest climate-related regulations and trend.

### Metric and Targets

- To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews our Scope 1, Scope 2, Scope 3 GHG emissions (in tCO<sub>2</sub>e), total GHG emissions (in tCO<sub>2</sub>e) and GHG emission intensity (in tCO<sub>2</sub>e/m<sup>2</sup>) regularly. The GHG emission data and information about target setting are shown in the section "Emission Management" of this Report.

## Our Environmental Targets

### **10%** reduction in GHG Emission intensity by FY2031

*Intensity in FY2021 (Base year) 0.013 tCO<sub>2</sub>e per total office area*

**Intensity in FY2024** 0.017 tCO<sub>2</sub>e per total office area

The Group sets a goal of reducing emissions intensity by 10% by 2031 by using 2021 as the baseline year. During the Reporting Period, there was an increase of 30.77% in emissions intensity compared to the baseline year.

### **10%** reduction in Energy Consumption intensity by FY2031

*Intensity in FY2021 (Base year) 20.35 kWh per total office area*

**Intensity in FY2024** 27.10 kWh per total office area

With a baseline year of 2021, the Group sets a target of achieving a 10% reduction in energy use intensity by 2031. During Reporting Period, there was an increase of 33.17% in emissions intensity compared to the baseline year.

To encourage water conservation, reminders are placed in prominent locations within washrooms to remind employees of using water responsibly. Given the limited consumption of water resources, the Group has not established specific targets for reducing water use.

## RESPONSIBLE EMPLOYMENT

The Group firmly believes that employees are our most valuable asset and the cornerstone of value creation. Acknowledging our critical role, we place a strong emphasis on employee well-being, as it directly enhances satisfaction, productivity, and engagement. We are committed to fostering a healthy and supportive work environment, recognising that a motivated workforce is essential for driving business performance and achieving sustainable success. As of the end of the Reporting Period, the Group's operations in Mainland China employed a total of 16 individuals from various provinces across the PRC. Throughout the Reporting Period, there were no significant incidents of non-compliance related to compensation, dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, or other benefits and welfare matters that would have materially impacted the Group.

The Group strictly complies with all relevant employment laws and regulations in Mainland China to protect the rights and interests of our employees. These include the Labour Law, Labour Contract Law, Regulations on Paid Annual Leave for Employees, Law on the Protection of Women's Rights and Interests, and the Special Rules on the Labour Protection of Female Employees.

Below is a breakdown of our total workforce and turnover rate across various categories:

		2024	2023	2022
<b>Total number of employees</b>		<b>16</b>	18	16
<b>By gender</b>	Male	<b>11 (68.75%)</b>	12 (66.67%)	11 (68.75%)
	Female	<b>5 (31.25%)</b>	6 (33.33%)	5 (31.25%)
<b>By age group</b>	18–25	<b>0 (0.00%)</b>	0 (0.00%)	0 (0.00%)
	26–35	<b>9 (56.25%)</b>	9 (50.00%)	10 (62.50%)
	36–45	<b>5 (31.25%)</b>	4 (22.22%)	4 (25.00%)
	46–55	<b>1 (6.25%)</b>	3 (16.67%)	1 (6.25%)
	56 or above	<b>1 (6.25%)</b>	2 (11.11%)	1 (6.25%)
<b>By geographical region</b>	Mainland China	<b>16 (100%)</b>	18 (100%)	16 (100%)
<b>By employment type</b>	Senior Management	<b>5 (31.25%)</b>	8 (44.45%)	7 (43.75%)
	Middle Management	<b>7 (43.75%)</b>	6 (33.33%)	4 (25.00%)
	General Staff	<b>4 (25.00%)</b>	4 (22.22%)	5 (31.25%)

### Employment Practices

To ensure clarity and structure in employee management, the Group has formulated a suite of essential documents that establish foundational guidelines for organisational conduct. The Employee Handbook delineates the Group's expectations for staff members while equipping them with critical insights into their rights, obligations, and benefits, thereby promoting transparency and consistency across workplace operations.

Complementing this, the Human Resources Management Policy defines structured principles and protocols governing HR practices. This framework addresses critical areas such as performance evaluation, professional development, and workplace relations, ensuring fairness in employee treatment and alignment of HR strategies with the organisation's overarching objectives. Additionally, the Recruitment Management Policy codifies a systematic approach to talent acquisition, selection, and onboarding. Designed to uphold stringent criteria, standardised procedures, and ethical standards, this policy reinforces the Group's commitment to attracting and integrating high-calibre talent in a manner that reflects our values and operational rigor.

#### Competitive Compensation and Benefits

The Group places a strong emphasis on attracting and retaining top talent. To achieve this, we offer a competitive compensation package designed to reward employees fairly and motivate them with a high-performance. Compensation includes a base salary supplemented by various allowances, which are determined by job position, responsibilities, experience, and individual performance.

In addition, the Group provides comprehensive social insurance coverage in compliance with the PRC's Social Insurance Law, encompassing pension funds, Housing Provident Funds, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance. For employees engaged in factoring operations, the Group also offers commercial combined insurance as an added benefit. To ensure fairness and alignment with market standards, the Group conducts annual salary reviews.

Beyond financial rewards, the Group supports employees through a range of leave options, including annual leave, sick leave, work-related injury leave, marriage leave, maternity leave, and compassionate leave. These provisions are designed to accommodate employees' diverse needs during various life stages. The Group strictly adheres to PRC employment regulations and local government guidelines regarding working hours, leave entitlements, and other employee benefits.

By prioritising employee welfare and safeguarding their rights, the Group is committed to cultivating a positive, inclusive, and supportive work environment that empowers employees to thrive.

## Recruitment, Promotion and Dismissal

The Group is deeply committed to fostering a culture of transparency, equity, and meritocracy in our recruitment and promotion processes. We prioritise the establishment of open and fair mechanisms to ensure equal opportunities for all individuals. Newly hired employees are subject to a 60-day probation period, during which their performance is closely evaluated.

We strongly believe in nurturing and developing our existing talent, offering internal promotion opportunities and salary adjustments based on comprehensive performance appraisals. These evaluations assess work capability, attitude, and the quality of output, and are conducted both during the probation period and at the end of each year to ensure employees' contributions are appropriately recognised and rewarded. To uphold consistency and fairness, the Group has implemented a clear and well-defined policy that outlines the procedures and criteria for determining job positions, salary levels, and management hierarchies.

Additionally, employees are required to notify the Group of their preference for either terminating or renewing their employment contract at least 30 days before its expiration. This initiative-taking approach enables the Group to manage workforce planning effectively and make necessary arrangements in a timely manner. In compliance with the Labour Contract Law of the PRC, the Group provides economic compensation to employees in circumstances specified by the law, further demonstrating our commitment to fair and lawful employment practices.

### Equal Opportunity

The Group is unwavering in our commitment to fostering equal opportunities for all employees in every aspect of their employment journey, including recruitment, compensation and benefits, training and development, and career advancement. We are dedicated to cultivating a fair, inclusive, and respectful work environment where individuals are valued and recognised for their contributions based on merit.

The Group strictly complies with all applicable laws and regulations, ensuring that employee remuneration and treatment are free from bias or discrimination related to age, gender, ethnicity, religion, colour, marital status, family responsibilities, retirement, disability, pregnancy, or any other protected characteristics.

### Employee Communication

To foster a culture of excellence, responsibility, and discipline in the pursuit of staff excellence. The Group has corresponding rewards and penalties designed to recognise and reward employees who consistently demonstrate outstanding performance, an intense sense of responsibility and exemplary behaviour, making them role models within the organisation. Employees who meet these criteria are eligible for rewards, such as cash bonuses, paid holidays, training opportunities and even potential promotions. On the other hand, in cases of serious misconduct or dishonesty on the part of individual employees, appropriate disciplinary measures, including cash penalties, will be implemented to maintain integrity and accountability.

## Healthy and Safe Workplace

The Group places the highest priority on the occupational health and safety of our employees, ensuring a secure and healthy working environment. We strictly comply with all relevant occupational health laws and regulations in Mainland China applicable to our operations, with a particular focus on workplace safety and the prevention of occupational hazards. Key laws and regulations guiding our practices include Labour Law, the Labour Contract Law, and PRC Law on the Prevention and Control of Occupational Diseases. By adhering to these legal frameworks and implementing robust safety measures, the Group is committed to safeguarding the health and safety of our employees, fostering a work environment that promotes their well-being and productivity.

To enhance awareness and understanding of health and safety practices, the Group consistently communicates with employees through notice boards, occupational health and safety regulations, and hazard-warning labels displayed in prominent locations. We provide regular safety training and supply personal protective equipment in accordance with national regulations, ensuring employees are equipped with the necessary tools and knowledge to protect themselves. Additionally, indoor air purifiers have been installed to improve air quality, and ventilation systems are regularly inspected and maintained to ensure proper airflow and fresh air circulation within the office premises.

### Occupational Health and Safety Data

	FY2024	FY2023	FY2022
Work related fatality	0	0	0
Fatality rate	0.00%	0.00%	0.00%
Work injury cases >3 days	0	0	0
Work injury cases ≤3 days	0	0	0
Lost days due to work injury	0	0	0

During the Reporting Period, the Group conducted fire drills to prepare employees for emergency situations. These drills were designed to equip employees with the skills to respond effectively and efficiently in the event of a fire or other critical incidents, further reinforcing our commitment to a safe and secure workplace. There were no cases of work-related fatalities, injuries, or instances of non-compliance that had a significant impact on the Group's ability to provide a safe working environment and protect employees from occupational hazards during the Reporting Period.

## Employee Training and Career Development

### Employee Training and Development

The Group is dedicated to fostering a culture of continuous learning and professional growth. To support this, we have implemented a training score scheme that encourages employees to participate in internal and external training programmes. These programmes cover essential topics like professional knowledge, laws and regulations, and industry trends, ensuring employees stay up-to-date and are skilled in their roles.



### ***Tailored Training Approach***

Before organising large-scale training sessions, we identify employee needs through questionnaires. This helps us customise the content to address specific skill gaps and align with the evolving demands of our workforce. In 2024, we conducted a series of training sessions aimed at enhancing various crucial aspects of our operations.

### ***Full Participation Achieved***

During the Reporting Period, 75% of employees participated in the training, demonstrating our collective commitment to learning and development. We also tracked average training hours by gender and employee category to ensure fairness and inclusiveness.

### ***Looking Ahead***

We plan to expand our training offers to include emerging skills and technologies, further aligning development opportunities with the Group's strategic goals. By continuously refining our programmes based on feedback and industry trends, we aim to maximise their impact on employee performance and career growth.

<b>2024 Training Profile</b>		<b>FY2024</b>
Average hours of training per employee and percentage (%) of employees who received training <sup>1</sup>		<b>2.19 hrs and 75%</b>
The percentage (%) of employees trained by gender	Male	<b>73%</b>
	Female	<b>80%</b>
The percentage (%) of employees trained by employee category	Senior Management	<b>40%</b>
	Middle Management/Supervisor	<b>100%</b>
	General Staff	<b>75%</b>
The average training hours completed per employee by gender	Male	<b>2.63 hrs</b>
	Female	<b>3.50 hrs</b>
The average training hours completed per employee-by-employee category	Senior Management	<b>0.4 hr</b>
	Middle Management/Supervisor	<b>3 hrs</b>
	General Staff	<b>3 hrs</b>

<sup>1</sup> Percentage of employees who received training is calculated by dividing the number of trained employees of each category by total employees of that category.

### Labour Standards

The Group fully complies with the Labour Law of the PRC and the PRC Law on the Protection of Minors, ensuring no child labour or forced labour occurred during the Reporting Period. Our recruitment process follows strict Human Resources policies with thorough verification of candidates' identity cards, educational certificates, and registration forms. The industry union and the Group's labour mediation committee actively work to prevent forced labour. If non-compliance is found immediate action will be taken, including termination and investigations to prevent recurrence.

### SUPPLY CHAIN MANAGEMENT

The Group has implemented a structured and systematic procurement procedure to ensure the efficient and effective sourcing of required items. The process begins with the user department submitting a detailed report specifying the necessary items and their requirements to the Department of Inventory. This procurement document then undergoes a multi-tier approval process. Only after receiving full approval from all relevant parties does the procurement process proceed.

The Procurement Department is tasked with sourcing the required items through a competitive tendering process. A minimum of three quotations are obtained to ensure both cost-effectiveness and quality. If a property is found to be faulty, the Department of Inventory coordinates with the supplier to arrange an exchange. The replacement item is rigorously inspected to ensure it meets the Group's specified standards and quality requirements.

Although the Group does not currently have a formal policy for managing environmental and social risks in our supply chain, it demonstrates environmental consideration by prioritising eco-friendly materials when purchasing renovation supplies and office furniture for our factoring operations. Additionally, factors such as brand reputation, market popularity, and supplier background are carefully evaluated during supplier selection. During the Reporting Period, the Group did not engage with any long-term suppliers, reflecting our flexible and project-based approach to procurement.

### PRODUCT RESPONSIBILITY

The Group has implemented robust risk control measures to effectively manage risks associated with our factoring business. Before approving traditional factoring loans, the Group conducts thorough due diligence to assess customers' repayment capacity and evaluate potential risks. These due diligence reports are reviewed and approved by qualified professionals with relevant expertise. Following this, the legal department drafts agreements designed to protect the Group from operational risks. These agreements are validated by professional law firms to ensure their legal enforceability.

To further mitigate risks after loan disbursement, the Group continuously monitors the financial health of our customers. This proactive monitoring allows for the early identification of emerging risks, enabling the Group to take timely and appropriate measures to prevent or mitigate potential issues.

In our factoring business with state-owned enterprises and conglomerates, the Group strategically targets customers known for their stability and risk resilience. This selective approach helps minimise risks inherent in the factoring business. For the communications factoring business, the Group engages third-party credit assessment service providers to evaluate the creditworthiness of end customers. This ensures a comprehensive assessment of risk and enhances the Group's ability to make informed decisions.

The Group places a strong emphasis on regulating product promotion and ensuring responsible sales practices. In doing so, the Group strictly adheres to the relevant laws and regulations of the PRC. See below for a list of relevant laws and regulations:

- Criminal Law
- Advertising Law
- Cyber Security Law
- Provisions on Protecting the Personal Information of Telecommunications and Internet Users

During the Reporting Period, there was no material non-compliance regarding health and safety, advertising, labelling and privacy matters relating to services provided and methods of redress recorded.

### **Intellectual Property Rights**

The Group places high importance on the protection of intellectual property rights, recognising our critical role in fostering innovation and respecting the rights of creators and innovators. In line with this commitment, the Group complies with all applicable laws and regulations governing the use of intellectual property. During the Reporting Period, there were no incidents intellectual property rights violations, reflecting the Group's dedication to upholding ethical standards and legal requirements in all our operations.

### **Privacy and Security**

The Group places a high priority on safeguarding the privacy and confidentiality of our customers' information. To ensure robust protection, the Group has implemented a range of measures and practices. All employees are bound by confidentiality clauses in their employment contracts, which require them to maintain the secrecy of business and customer-related information. Additionally, the Group designates a resolute person to oversee the management of sensitive data. Access to such information is strictly controlled, and employees must complete a formal registration process to gain authorised access. To reinforce the importance of confidentiality, the Group has established clear consequences for violations of confidentiality policies. Depending on the severity of the breach, employees may face disciplinary actions, including termination of employment.

During the Reporting Period, the Group remained fully compliant with all applicable laws and regulations in the PRC regarding the protection of confidential information. Importantly, there were no substantiated complaints, data leaks, thefts, or losses of customer information reported, underscoring the effectiveness of the Group's privacy protection measures.

### **Anti-money Laundering and Fraud**

The Group prioritises conducting our business operations free from any undue influence, upholding honesty, integrity, and fairness as fundamental values. To strengthen these principles and foster a culture of transparency, the Group consistently reports on its integrity maintenance efforts in alignment with our business development. Additionally, the Group has introduced a comprehensive set of guidelines called the "Six Prohibitions and Six Bans", which are enforced across all business activities. These guidelines clearly define prohibited and unacceptable behaviours, further solidifying the organisation's commitment to ethical conduct and integrity.

## The “Six Prohibitions and Six Bans” Regulation

The “Six Prohibition”

Engaging in activities unrelated to work during working hours

Offering advantages including service or favour to relatives and friends by exercising right or power at work

Conducting deceitful, fraudulent, or anti-competitive practices in bidding activities

Engaging in activities that violate the national laws and regulations, the Party rules or ethical standards

Receiving kickbacks, shares or performance shares of Group-related corporates in the name of employee himself / herself or a person with specific relationship with the employee

Causing accidents related to safety production and environmental protection which contribute to loss and damage to the Group due to negligence of duties

The “Six Bans”

Engaging in bribery

Investing in or receiving shares or performance shares that violates the regulations

Misappropriating or encroaching on Group-owned properties

Engaging in corruption, embezzlement, and fraud

Involving in negligence of duties

Disclosing trade secrets

Moreover, the Group has implemented comprehensive integrity training programmes for our employees, which include the viewing of educational and advisory videos centered on anti-corruption themes. These initiatives are designed to enhance employees’ awareness of clean and diligent governance, deepen their understanding of the purpose and significance of integrity, and underscore the importance of adhering to political and organisational disciplines.

In addition, throughout the operation of our factoring business, the Group consistently ensures that a minimum of two employees is present during on-site business negotiations with customers. This practice is in place to guarantee full compliance with the principles of fair competition, adherence to business ethics and market rules, and the active prevention of any form of misconduct from all parties involved. To further reinforce accountability, the Group has tasked executives and disciplinary inspection personnel who conduct periodic inspections to gain an in-depth understanding of the progress and integrity of business operations. Furthermore, senior employees within the Group are required to sign a bribery agreement, which serves as a formal commitment to abstain from engaging in any form of bribery or corrupt practices.

To strengthen the understanding of anti-corruption principles among directors and employees, the Group conducted extensive anti-corruption training for all employees during the Reporting Period. On average, each employee received one hour of anti-corruption training. This training ensures that employees remain informed about the latest relevant laws, regulations, and best practices, thereby promoting a robust culture of compliance and integrity across the organisation.

### ***Whistleblowing System***

The Group recognises the importance of maintaining a transparent and ethical work environment, and to facilitate this, it has established whistleblowing policies. These policies provide clear guidelines for employees to report any misconduct or non-compliant business practices they may observe in the workplace. By providing multiple channels for filing complaints and whistleblowing, the Group aims to prevent and address any instances of non-compliance effectively. Moreover, the Group ensures compliance with all applicable laws concerning the prohibition of corruption and bribery in the PRC. During the Reporting Period, no legal cases related to corrupt practices were concluded against the Group or our employees.

## **COMMUNITY INVESTMENT**

Although the Group did not implement formal policies regarding community engagement or charitable donations during the Reporting Period, it actively encourages our employees to participate in community projects and initiatives. This approach reflects the Group's commitment to fostering a sense of social responsibility among its workforce and contributing positively to the communities in which it operates.

# Biographical Details of Directors

## EXECUTIVE DIRECTORS

**Mr. Ji Hulin**, aged 50, was appointed as an executive Director and Chairman of the Board in January 2025. He graduated with a bachelor's degree in international finance and a master's degree in business administration from Wuhan University. Mr. Ji has over 27 years of management and administrative experience. Mr. Ji joined the group of Jiangsu Yue Da Group Company Limited in July 1997. Mr. Ji is the director of Yue Da Group (H.K.) Co., Limited ("YDHK"). Mr. Ji has been the member of the party committee and deputy general manager of Yueda Capital Company Limited since December 2024. Jiangsu Yue Da Group Company Limited holds 100% interests in YDHK and approximately 61.03% interests in Yueda Capital Company Limited which holds 100% interests in Yueda Capital (HK) Limited ("Yue Da Capital HK") and is accordingly deemed to be interested in approximately 69.86% of the shares of the Company beneficially owned by YDHK and Yue Da Capital HK under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

**Mr. Wu Yinghua**, aged 54, was appointed as an executive Director and Chairman of the Board in January 2024 and resigned in January 2025. Mr. Wu holds a bachelor's degree in accounting from Renmin University of China, is a Chinese certified public accountant, and obtained the senior accountant qualification certificate issued by the Department of Human Resources and Social Security of Jiangsu Province (江蘇省人力資源和社會保障廳). Mr. Wu has over 30 years of experience in the financial accounting industry. Mr. Wu joined Jiangsu Yue Da Group Company Limited in July 2005. Mr. Wu has been the secretary of the Party Committee and chairman of Yueda Capital Company Limited since December 2023.

**Mr. Xue Zhicheng**, aged 38, was appointed as an executive director of the Company in October 2024. Mr. Xue graduated with a bachelor's degree in international economics and trade from China Institute of Defense Science and Technology and a master's degree in software engineering from Chongqing University. Mr. Xue has over 15 years of experience in the financial management industry. Mr. Xue joined the group of Jiangsu Yue Da Group Company Limited in October 2015. Mr. Xue has been the deputy secretary of the party committee, director and general manager of Yueda Capital Company Limited since March 2023.

**Mr. Pan Mingfeng**, aged 41, was appointed as an executive director of the Company in April 2021. He is also the General Manager of Yueda Commercial Factoring, an indirect wholly-owned subsidiary of the Company. He is responsible for setting, implementing the business development plan and for improving product design of commercial factoring business and development of new business. Mr. Pan graduated from Nanjing University of Posts and Telecommunications with a major in Economics. He has over 10 years of experience in finance and risk management.

**Mr. Wu Shengquan**, aged 42, was appointed as an executive director and Chief Financial Officer of the Company in April 2023. He is also the Vice General Manager of Yueda Commercial Factoring, an indirect wholly-owned subsidiary of the Company and Yueda Commercial Factoring Co., Ltd., a fellow subsidiary of the Company, which is a company established in the PRC and is principally engaged in the provision of factoring, accounts receivable management and collection and factoring consultancy services. Mr. Wu is an intermediate accountant and an intermediate economist in the PRC and graduated from Jiangsu University with major in Accounting. He has over 20 years' experience in finance and business factoring.



## NON-EXECUTIVE DIRECTORS

**Mr. Li Biao**, aged 58, graduated with a specialist degree in pricing from Yancheng Business School in July 1985, and in political economics from the Party School of the Provincial Party Committee in January 2004. Mr. Li has over 20 years of management experience. Mr. Li worked as the director of the Yancheng Municipal Communist Youth League Committee Office from November 1997 to November 2003, and as a deputy director and, subsequently, a director in the Investment Promotion Bureau of the Yancheng Economic Development Zone from November 2003 to December 2006. He was appointed as a vice president of the Company from 2006 to 2009, a deputy general manager of Yueda Real Estate Group from June 2011 to August 2013, and the chairman and deputy secretary of the party committee of Yueda Real Estate Co., Ltd. from August 2013 to March 2017. Mr. Li has been serving as the party secretary and chairman of Yueda Real Estate Group Co., Ltd. since March 2017.

**Mr. Hu Huaimin**, aged 51, was appointed as an executive director of the Company in August 2011 and re-designated as a non-executive director and Vice Chairman of the Board in June 2020. Mr. Hu graduated from the Law School of Nanjing University and is qualified as a Chinese lawyer and an economist. He has over 20 years of experience in the PRC legal practice, corporate legal affairs, investment project operation and management.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Liu Yongping**, aged 69, has been appointed as an independent non-executive director of the Company since June 2010. He is a consultant of a firm of solicitors in Hong Kong. Dr. Liu graduated from Renmin University of China (中國人民大學) in 1983 with a bachelor degree in law, and graduated from the University of London in 1987 with a master degree in law. In 1994, Dr. Liu graduated from the University of Oxford with a doctor of philosophy. Previously, Dr. Liu worked for the People's Government of Beijing. At present, Dr. Liu is a practicing solicitor in Hong Kong. Dr. Liu has profound knowledge in the laws of the PRC, Hong Kong and England. Since 1994, Dr. Liu has embarked in areas on listing application for PRC based companies in Hong Kong and has been working on merger and acquisition. Dr. Liu is acquainted with matters concerning the Listing Rules. Dr. Liu is an independent non-executive Director of Wanjia Group Holdings Limited ((Stock code: 0401), a company with its shares being listed on the Main Board of the Stock Exchange). He is also an independent non-executive Director of Logan Group Company Limited (Stock code: 3380), a company with its shares being listed on the Main Board of the Stock Exchange since March 2023.

**Mr. Cheung Ting Kee**, aged 55, has been appointed as an independent non-executive director of the Company since July 2015. He has over 29 years of working experience in the securities industry including equity research, equity sales, fund management and corporate finance. Mr. Cheung is currently the sole director and a responsible officer of a Hong Kong company being a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Cheung obtained a Bachelor Degree of Business Administration and a Master Degree in Professional Accounting. He is a fellow member of the Institute of Certified Management Accountants, Australia. Since June 2022, Mr. Cheung has been an executive director of Planetree International Development Limited (stock code: 0613), shares of which are listed on the Main Board of the Stock Exchange.

**Ms. Zhang Yan**, aged 60, has been appointed as an independent non-executive director of the Company since September 2023. She is a senior engineer in the PRC, graduated from Changzhou University (previously known as Jiangsu Institute of Chemical Technology) in 1984 with major in basic organic synthesis. She was the deputy director from July 2001 to February 2009 and the director from February 2009 to March 2019, of the industrial investment department of Yancheng City Economic and Information Commission (鹽城市經信委). Ms. Zhang has extensive experience in investment project management, chemical process, safety and environmental protection. Ms. Zhang has been participating in the evaluation and acceptance of administrative licensing projects for production safety for many years. She has taken the lead in drafting policies, operational and technical documents, such as the Guiding Catalogue for the Structural Adjustment of the Chemical Industry in Yancheng City (《鹽城市化工產業結構調整指導目錄》), the Opinions on the Issuance of Implementation Opinions on the Intelligent and Green Development of the Chemical Industry in the City (《關於印發全市化工產業智能化綠色化發展實施意見》), the Guidelines for the Preparation of Implementation Programs for the Intelligent Construction of Chemical Enterprises in Yancheng City (《鹽城市化工企業智能化建設實施方案編製指南》), the Measures for the Acceptance of Automation Upgrading and Reconstruction Projects in Yancheng City (《鹽城市化工企業自動化升級改造工程驗收辦法》), and the Rules of Assessment for the Acceptance of Automation Upgrading and Reconstruction Projects in Yancheng City (《鹽城市化工企業自動化升級改造工程驗收評審細則》), promoting the safe production, transformation and development of chemical enterprises in Yancheng City. She is a member of the industry and information technology, environmental protection, safety experts' pool of Yancheng City.

# Directors' Report

The Board of Directors presents the annual report and the audited consolidated financial statements of the Company for the year ended 31st December, 2024.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in factoring related business in the PRC. The analysis of revenue and segment information of the Group during the year is set out in Note 5 to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 74 of this annual report.

## DIVIDEND

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31st December, 2024 of HK0.46 cent (2023: HK0.43 cent) per ordinary share, in an aggregate amount of RMB4,964,000 (2023: RMB4,558,000), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting. The final dividend, if approved by the shareholders at the forthcoming annual general meeting, is expected to be payable on or around 17th June, 2025.

## FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past financial years is set out on page 134 of this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 31st December, 2024 are set out in Note 13 to the consolidated financial statements.

## SHARE CAPITAL

Details of the Company's share capital as at 31st December, 2024 are set out in Note 25 to the consolidated financial statements.

During the year, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the shares in the Company.

## DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st December, 2024, which represent the share premium, contributed surplus and accumulated losses, were RMB194,324,000.

## BUSINESS REVIEW

Business review of the Company and a discussion and analysis of the Group's performance using financial key performance indicators during the year ended 31st December, 2024 and the material factors underlying its results and financial position are set out in the Chairman's Statement and Management Discussion and Analysis on pages 3 to 16 of the Annual Report.

## PRINCIPAL RISK AND UNCERTAINTIES

### 1. Credit risk

Credit risk is the primary risk that we face in our Factoring Operations. Credit risk arises from the inability or unwillingness of our customers, or the underlying debtors to make timely payments to us and/or to perform their contractual obligations. Our credit risk management measures were implemented to control credit risk. Details of the risk management measures are set out in pages 6 to 12 of Management Discussion and Analysis.

### 2. Interest rate risk

Interest rate risk refers to the risk of losses in the Group's overall income and economic value resulting from adverse movements in interest rates, maturity structure and other factors. Profit margins of the Group may be narrowed down as a result of the fluctuation in market interest rates. We primarily manage the interest rate risk through balancing the repricing periods of the assets and its corresponding liabilities.

### 3. Operational risk

Operational risk refers to the risk of losses resulting from imperfect or problematic internal process, personnel and system or external events. We control or reduce operational risks by establishing a sound internal control system and management system, cultivating employees to develop good professional ethics, continuously improving the process of Factoring Operation, formulating rigorous and meticulous commercial factoring contracts, and establishing an advanced information management system.

### 4. 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. The duration of most of our factoring transactions are less than a year. Our target of liquidity risk management is to maintain moderate liquidity reserves and sufficient funding resources to adequately meet the repayment needs of matured liabilities and the funding needs of business development, and to achieve a higher profit margins level and control the liquidity management costs on conditions that liquidity risks have been well managed.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

As an environmentally responsible company, the Group is committed to continuously cling to environmental protection and observe the concept of sustainable development. Being part of a leading state-owned enterprise in China, the Group attaches great importance to corporate integrity and production safety while emphasising social responsibility.

More information of the Group's environmental performance is set out in the section headed "Environmental, Social and Governance Report" on pages 29 to 54.

## RELATIONSHIP WITH EMPLOYEES AND CUSTOMERS

The Group believes that employees are important assets and provides competitive remuneration packages to attract and retain employees. The management regularly reviews the Group's remuneration to its employees is up to prevailing market standard.

The Group values mutually beneficial long standing relationships with its customers. The Group aims at developing on mutual trust among its customers.

## DIRECTORS

The directors of the Company during the year and up to the date of this report were:

### Executive directors

Mr. Ji Hulin (*Chairman of the Board*) (appointed on 10th January, 2025)

Mr. Wu Yinghua (appointed on 12th January, 2024 and resigned on 10th January, 2025)

Mr. Xue Zhicheng (appointed on 14th October, 2024)

Mr. Yu Guangshan (re-designated on 12th January, 2024 and resigned on 14th October, 2024)

Mr. Pan Mingfeng

Mr. Wu Shengquan

### Non-executive directors

Mr. Li Biao

Mr. Hu Huaimin (*Vice Chairman of the Board*)

Mr. Liu Debing (resigned on 12th January, 2024)

### Independent non-executive directors

Dr. Liu Yongping

Mr. Cheung Ting Kee

Ms. Zhang Yan

In accordance with article 108(A) of the Company's articles of association, Mr. Wu Shengquan, Mr. Li Biao and Dr. Liu Yongping will retire by rotation and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with article 112 of the Company's articles of association, Mr. Xue Zhicheng and Mr. Ji Hulin whose appointment as director of the Company took effect from 14th October, 2024 and 10th January, 2025 respectively shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at such meeting.

## **CONFIRMATION BY INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received, from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

During the year, no Directors or their associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## **DIRECTORS' REMUNERATION**

The basis of determining the remuneration payable to the Directors is set out in the Corporate Governance Report on page 25 of the annual report. Details of Directors' remuneration are set out in Note 7 to the consolidated financial statements.

## **DIRECTORS' SERVICE CONTRACTS**

None of the Directors (including those being proposed for re-election at the forthcoming annual general meeting of the Company) has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The term of office of each of the non-executive Directors and the independent non-executive Directors is the period up to his retirement by rotation as required by the Company's articles of association.

## **DIRECTORS' BIOGRAPHIES**

Biographical details of the Directors are set out on pages 55 to 57 of the annual report.

## **EQUITY-LINKED AGREEMENTS**

Save as disclosed under the section headed "Share Options" in page 63 of the annual report, no equity-linked agreements were entered into by the Group, or existed during the year.

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OR ANY ASSOCIATED CORPORATION OF THE COMPANY

As at 31st December, 2024, the interests of each Director and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO, which were required 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 in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Name of the Company/associated corporation	Capacity	Number of ordinary shares (Note i)	Approximate percentage of issued share capital of the Company (Note ii)
Mr. Hu Huaimin	The Company	Beneficial Owner	2,424,666 (L)	0.21%
Mr. Li Biao	The Company	Beneficial Owner	690,640 (L)	0.06%
Mr. Xue Zhicheng	The Company	Deemed interest	650,000 (L) (Note iii)	0.06%

Notes:

- The letter "L" represents the Director's long position in the ordinary shares of the Company.
- The percentage of issued share capital of the Company is calculated by reference to 1,168,626,516 shares in issue as at 31st December, 2024.
- The spouse of Mr. Xue Zhicheng, Ms. Mu Rongrong, holds 650,000 shares of the Company. By virtue of Part XV of the SFO, Mr. Xue Zhicheng is deemed to be interested in the above-mentioned 650,000 shares of the Company.

Other than as disclosed above and in this annual report, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations as at 31st December, 2024.

## SHARE OPTIONS

Pursuant to a resolution passed on 20th May, 2021, a share option scheme (the "Scheme") was adopted. The Scheme is for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The Scheme is valid for 10 years from the date of its adoption. Under the Scheme, the Directors may, at their discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for shares in the Company:

- (a) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest ("Invested Entity"), including any executive Director of the Company, any of such subsidiaries or any Invested Entity;
- (b) any non-executive Directors (including independent non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group and, for the purposes of the Scheme, the offer of share options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants.

For the avoidance of doubt, the grant of any options by the Company for the subscription of shares in the Company or other securities of the Group to any person who fall within any of the above classes of participants shall not, solely by itself, unless the directors otherwise determine, be construed as a grant of option under the Scheme.

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by the directors from time to time.



The total number of the Company's shares which may be issued upon the exercise of all the options to be granted under the Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the adoption of the Scheme initially. The maximum number of the Company's shares to be issued upon the exercise of share options that may be granted under the Scheme under such initial mandate limit is 116,862,651 shares of the Company. The Company may seek approval of the shareholders of the Company in general meetings to refresh the 10% initial mandate limit. Notwithstanding that the mandate limit may be refreshed, the board of directors of the Company shall not grant options which would result in the maximum aggregate number of the Company's shares which may be issued upon exercise of all the outstanding options granted but yet to be exercised under the Scheme and any other share option schemes of the Company which entitle the holders to acquire or subscribe for the Company's shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

The subscription price for shares under the Scheme shall be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations on the date of the offer for grant; (ii) the average closing price of the shares of the Company as stated in the daily quotations of the Stock Exchange for the five business days immediately preceding the date of the offer for grant; and (iii) the nominal value of the shares of the Company.

As at 31st December, 2024, no outstanding share options under the Scheme.

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Other than the Scheme disclosed above, at no time during the year was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries, a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Further, save for the Scheme, the Group had not issued or granted any convertible securities, options, warrants or other similar rights during the year. As at 31st December, 2024, the Group had no redeemable securities.

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contracts of significance, to which the Company, or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a Director of the Company or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

The following are the continuing connected transactions that took place during the year ended 31st December, 2024.

### Factoring agreements with YDRE and its project companies

On 19th October, 2023, Yueda Commercial Factoring entered into a factoring agreement with Yueda Real Estate Group Company Limited ("YDRE") and the project companies of YDRE (the "2023 Factoring Agreement"). The 2023 Factoring Agreement are the master agreement which sets out the principles upon which detailed terms of the definitive agreements are to be determined. Definitive factoring agreements shall be entered into between Yueda Commercial Factoring and the project companies upon the grant of the factoring financing and detailed terms, including the interest rate and factoring administration fees, the term of the factoring financing and the repayment schedule of each transaction will be determined in accordance with the principles set out in the 2023 Factoring Agreement. Pursuant to the 2023 Factoring Agreement, Yueda Commercial Factoring offered a revolving credit limit of RMB180,000,000, which is to be shared among the project companies and the annual interest and factoring administration fees shall range from 7.8% to 8.2% of the financing principal under the 2023 Factoring Agreement. The available period of the factoring facilities under the 2023 Factoring Agreement was from 1st December, 2023 to 30th November, 2026. YDRE guarantees the repayment by project companies. As approximately 66.36% of the issued shares of YDRE is owned by YDHK, which is a shareholder of the Company and accordingly YDRE is a connected party. These transactions constituted continuing connected transactions of the Company and are subject to announcement and reporting requirements under Chapter 14A of the Listing Rules, details of which were disclosed in the announcement of the Company dated 19th October, 2023. During the year ended 31st December, 2024, the total annual interest and factoring administration fees of RMB11,757,000 under the 2023 Factoring Agreement were recorded. As at 31st December, 2024, the outstanding principal financing receivables under the 2023 Factoring Agreement is RMB133,060,000.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed-upon procedures in respect of the continuing connected transactions of the Group. The Company's auditor has reported the factual findings on these procedures to the Board. The Company also engaged a professional internal control consultant to review continuing connected transactions and the relevant internal control procedures. Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transactions were entered into by the Group in the ordinary course of its business; on normal commercial terms, or on terms no less favourable than terms available to or from (as the case may be) independent third parties, and in accordance with the terms of the agreements governing such transactions that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Details of the above connected transactions which are also the related parties transactions under the accounting standards for preparing the financial statements of the Company are set out in Note 31 to the consolidated financial statements.

## Other connected transactions

On 29th February, 2024, the Company as tenant and YDHK as landlord entered into a termination agreement (the "Termination Agreement"), pursuant to which the parties agreed to terminate (i) the agreement dated 30th June, 2023 entered into between YDHK as landlord and the Company as tenant in relation to the leasing of the Paterson Property for a term of one year and six months commencing from 1st July, 2023 and up to 31st December, 2024; and (ii) the agreement dated 30th June, 2023 entered into between YDHK as landlord and the Company as tenant in relation to the leasing of the STC Office for a term of one year and six months commencing from 1st July, 2023 and up to 31st December, 2024, from the date of the Termination Agreement. The details of which were disclosed in the announcements of the Company dated 30th June, 2023, 7th July, 2023 and 29th February, 2024.

During the year ended 31st December, 2024, right-of-use assets with a total carrying amount of RMB2,417,000 and lease liabilities of RMB2,437,000 were derecognised upon early termination of relevant lease agreements, details of which are set out in Note 14 to the consolidated financial statements.

## CONTROLLING AND SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST

The register of controlling and substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that as at 31st December, 2024, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Name	Name of the company/ associated corporation	Capacity	Number of issued ordinary shares held (Note i)	Percentage of the issued share capital of the Company (Note ii)
Yue Da Capital HK	The Company	Beneficial owner	607,370,000 (L)	51.97%
YDHK	The Company	Beneficial owner	208,979,333 (L)	17.88%
Yueda Capital Company Limited (Note iii)	The Company	Interest of a controlled corporation	607,370,000 (L)	51.97%
Jiangsu Yue Da Group Company Limited (Note iii)	The Company	Interest of a controlled corporation	816,349,333 (L)	69.86%

Notes:

- (i) The letter "L" represents the entity's long positions in the shares.
- (ii) The percentage of issued share capital of the Company is calculated by reference to 1,168,626,516 shares in issue as at 31st December, 2024.
- (iii) Jiangsu Yue Da Group Company Limited holds 100% interests in YDHK and 61.03% interests in Yueda Capital Company Limited which holds 100% interest in Yue Da Capital HK and is accordingly deemed to be interested in the shares of the Company beneficially owned by YDHK and Yue Da Capital HK under the SFO.

Other than as disclosed above, the Company has not been notified of any other persons who as at 31st December, 2024, had interests of 5% or more in any shares or underlying shares of the Company.

## OTHER DIRECTORS' INTEREST

As at the date of this report, the following Directors were also a director or an employee of the following companies, each of which had or was deemed to have an interest or short position in the shares or underlying shares in respect of equity derivatives of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Name of substantial shareholder of the Company</b>	<b>Position in substantial shareholder of the Company</b>
Mr. Ji Hulin	YDHK	Director
Mr. Xue Zhicheng	Yueda Capital Company Limited	Director
Mr. Li Biao	YDHK	Director
Mr. Wu Shengquan	Yue Da Capital HK	Director

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers during the year accounted for approximately 32.8% of the Group's total revenue and the largest customer accounted for approximately 8.9% of the Group's total revenue.

The Group is principally engaged in the provision of factoring services, accounts receivable management and collection services and accounts receivable consultancy services. The Group does not have any major suppliers.

So far is known to the Board, except for project companies of YDRE, which is a subsidiary of the ultimate controlling shareholder of the Company, details of which are set out in "Continuing Connected Transactions and Connected Transactions" in the Directors' Report, the Directors, their associates and substantial shareholders of the Company did not have any interest in the suppliers or customers as disclosed above as at 31st December, 2024.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of the employees' merit, qualifications and competence.

The Company has adopted a share option scheme as an incentive for directors and eligible employees. Details of the scheme are set out in the section headed "Share Options" in this annual report.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## TAX RELIEF

The Company is not aware of any relief from taxation available to its shareholders by reason of their holding of the shares of the Company.

## SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st December, 2024.

## REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the listed securities of the Company during the year (including sale of treasury shares).

The Company did not hold any treasury shares as at 31st December, 2024.

## AUDITOR

Messrs. Deloitte Touche Tohmatsu resigned as auditor of the Company and Jon Gepsom CPA Limited ("Jon Gepsom") was appointed as the auditor of the Company to fill the casual vacancy, both with effect from 29th November, 2024.

The financial statements of the Company for the year ended 31st December, 2024 were audited by Jon Gepsom. A resolution will be submitted to the annual general meeting to re-appoint Jon Gepsom as auditor of the Company.

On behalf of the Board

**Ji Hulin**

*CHAIRMAN*

Hong Kong  
20th March, 2025

# Independent Auditor's Report



## Jon Gepsom CPA Limited

1003-1005, 10/F, Siu On Centre  
188 Lockhart Road, Wan Chai, Hong Kong

## 中職信

## (香港)會計師事務所有限公司

香港灣仔駱克道 188 號  
兆安中心 10 樓 1003-1005 室

### TO THE SHAREHOLDERS OF YUE DA INTERNATIONAL HOLDINGS LIMITED

悅達國際控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Yue Da International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 74 to 133, which comprise the consolidated statement of financial position as at 31st December, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 31st 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 that 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

### How our audit addressed the key audit matter

#### ***Impairment assessment of factoring receivables***

We identified the impairment assessment of factoring receivables as a key audit matter due to its significance to the consolidated financial statements as a whole, and the use of judgement exercised by the management of the Group in estimating the expected credit losses ("ECL") on factoring receivables.

The carrying amount of factoring receivables was approximately RMB711,242,000, net of impairment allowance of RMB3,449,000, as at 31st December, 2024 and which represented approximately 95% of the total assets. As disclosed in Note 16 to the consolidated financial statements, as at 31st December, 2024, the carrying amount of traditional factoring receivables and communications factoring receivables was RMB649,620,000 and RMB61,622,000, respectively.

As disclosed in Note 4 to the consolidated financial statements, in performing the impairment assessment of factoring receivables, the ECL of the factoring receivables were assessed by the management after taking into account the historical loss experience, collaterals and guarantees that are integral to the contractual terms, financial condition of borrowers for the probability of default and loss given default, as well as forward-looking information.

Our procedures in relation to the impairment assessment of factoring receivables included:

- Obtaining an understanding of the management's methodology for determining allowance for impairment on factoring receivables;
- Evaluating the reasonableness of the management's assessment of the internal credit rating and basis of estimated loss rates applied to the individual assessment on traditional factoring receivables or to the collective assessment on communications factoring receivables by reference to historical loss experience, collaterals and guarantees that are integral to the contractual terms, financial condition of borrowers;
- Engaging our internal valuation specialist to evaluate the appropriateness of the significant assumptions used in the ECL model, including probability of default, loss given default and forward-looking information; and
- Assessing the appropriateness of source data, on a sample basis, used in the ECL model.

## **OTHER MATTER**

The consolidated financial statements of the Group for the year ended 31st December, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 20th March, 2024.

## **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 auditor's 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 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement. 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 HKSAAs 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 HKSAAs, 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.
- Conclude on the appropriateness of the Company's 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.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

- 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 basis for forming an opinion on the consolidated 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters 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.

The engagement partner on the audit resulting in the independent auditor's report is Wong Ka Bo, Jimmy.

### **Jon Gepsom CPA Limited**

*Certified Public Accountants*

### **Wong Ka Bo, Jimmy**

*Practising Certificate Number: P07560*

1003–1005, 10/F., Siu On Centre  
188 Lockhart Road, Wan Chai  
Hong Kong

20th March, 2025

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5		
Income from traditional factoring business		43,564	31,009
Income from communications factoring business		20,288	57,478
		63,852	88,487
Other income		311	533
Other gains and (losses), net	6	(2,878)	(1,735)
Gain from fair value changes of financial assets at fair value through profit or loss		–	4,638
Reversal of impairment losses under expected credit losses model, net	33	3,974	8,518
Guarantee and service fees for communications factoring business		(10,998)	(30,814)
Staff costs		(8,739)	(10,483)
Depreciation expenses		(1,193)	(2,156)
Other expenses		(6,102)	(11,549)
Finance costs	8	(10,472)	(18,962)
Profit before tax		27,755	26,477
Income tax expense	9	(11,297)	(11,285)
Profit and total comprehensive income for the year	10	16,458	15,192
Profit and total comprehensive income for the year attributable to owners of the Company		16,458	15,192
Earnings per share			
– Basic and diluted	11	RMB1.41 cents	RMB1.30 cents

# Consolidated Statement of Financial Position

At 31st December, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Assets			
Property, plant and equipment	13	9	71
Right-of-use assets	14	1,241	3,351
Deferred tax assets	24	2,257	1,856
Financial assets at fair value through profit or loss	15	–	41,338
Factoring receivables and other assets	16	56,274	61,039
		59,781	107,655
Current Assets			
Factoring receivables and other assets	16	659,207	576,827
Amounts due from related parties	17	9,471	8,676
Cash and cash equivalents	18	16,947	41,061
		685,625	626,564
Current Liabilities			
Other payables and liabilities	19	13,350	18,606
Amounts due to related parties	17	192,753	87,584
Amounts due to directors	20	371	227
Taxation payable		767	1,030
Bank borrowings	21	80,000	50,000
Obligations arising from asset-backed financing arrangements	22	–	76,490
Lease liabilities	23	523	3,387
Dividends payable		–	8,896
		287,764	246,220
Net Current Assets		397,861	380,344
Total Assets Less Current Liabilities		457,642	487,999

# Consolidated Statement of Financial Position

At 31st December, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Capital and Reserves			
Share capital	25	105,965	105,965
Reserves		337,622	325,733
Equity Attributable to Owners of the Company		443,587	431,698
Non-current Liabilities			
Obligations arising from asset-backed financing arrangements	22	–	42,095
Lease liabilities	23	725	60
Deferred tax liabilities	24	13,330	14,146
		14,055	56,301
		457,642	487,999
Net Assets		443,587	431,698

The consolidated financial statements on pages 74 to 133 were approved and authorised for issue by the board of directors on 20th March, 2025 and are signed on its behalf by:

**Ji Hulin**  
DIRECTOR

**Wu Shengquan**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31st December, 2024

	Attributable to owners of the Company						Total RMB'000
	Share capital RMB'000	Share premium RMB'000 (Note iv)	Non- distributable reserves RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	Capital contribution RMB'000 (Note iii)	Accumulated losses RMB'000	
At 1st January, 2023	105,965	967,576	13,897	157,178	23,949	(843,163)	425,402
Profit and total comprehensive income for the year	-	-	-	-	-	15,192	15,192
Special dividends declared (Note 12)	-	(8,896)	-	-	-	-	(8,896)
Transfer	-	-	3,290	-	-	(3,290)	-
At 31st December, 2023 and 1st January, 2024	105,965	958,680	17,187	157,178	23,949	(831,261)	431,698
Profit and total comprehensive income for the year	-	-	-	-	-	16,458	16,458
Final dividends paid (Note 12)	-	(4,569)	-	-	-	-	(4,569)
Transfer	-	-	2,680	-	-	(2,680)	-
At 31st December, 2024	105,965	954,111	19,867	157,178	23,949	(817,483)	443,587

## Notes:

- (i) The non-distributable reserves represent statutory reserves appropriated from the profit after tax of the Company's subsidiaries established in the People's Republic of China (the "PRC") under the PRC laws and regulations.
- (ii) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 2001 and the surplus arising on the capitalisation of an amount payable to a fellow subsidiary as part of the group reorganisation.
- (iii) The capital contribution represents deemed contribution from the ultimate parent and a shareholder arising from certain transactions with the Company in prior years.
- (iv) Pursuant to the Companies Act (As Revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

# Consolidated Statement of Cash Flows

For the year ended 31st December, 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Profit before tax	27,755	26,477
Adjustments for:		
Finance costs	10,472	18,962
Depreciation of property, plant and equipment	51	94
Depreciation of right-of-use assets	1,142	2,062
Loss on remeasurement of financial guarantee contracts	2,547	5,529
Gain from fair value changes of financial assets at fair value through profit or loss	–	(4,638)
Gain on early settlement of obligations arising from assets-based financing arrangements	(224)	(3,859)
Reversal of impairment losses under expected credit losses model, net	(3,974)	(8,518)
Loss on disposal of property, plant and equipment	17	2
Gain on derecognition of right-of-use assets and lease liabilities	(20)	–
Interest income from bank deposits	(88)	(282)
Net foreign exchange losses	53	63
Operating cash flows before movements in working capital	37,731	35,892
(Increase) decrease in factoring receivables	(76,328)	147,538
Decrease (increase) in other assets	141	(6,002)
(Decrease) increase in other payables	(5,407)	3,858
CASH (USED IN) FROM OPERATIONS	(43,863)	181,286
Income tax paid	(12,777)	(15,117)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(56,640)	166,169
INVESTING ACTIVITIES		
Interest received from bank deposits	88	282
Subscription of financial assets at fair value through profit or loss	–	(16,000)
Advance to related parties	(605)	(642)
Purchase of property, plant and equipment	(6)	(7)
NET CASH USED IN INVESTING ACTIVITIES	(523)	(16,367)

## Consolidated Statement of Cash Flows

For the year ended 31st December, 2024

	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES		
Repayment of obligations arising from asset-backed financing arrangements	(80,019)	(246,023)
Repayment of bank borrowings	(150,000)	(135,000)
Repayment to related parties	(241,433)	(70,611)
Interest paid on obligations arising from asset-backed financing arrangements	(2,309)	(14,884)
Interest paid on bank borrowings and lease liabilities	(5,113)	(4,078)
Repayment of lease liabilities	(1,288)	(2,105)
Repayment to directors	(227)	(609)
Obligations arising from asset-backed financing arrangements raised	–	156,990
New bank borrowings raised	180,000	95,000
Advance from related parties	346,512	86,156
Advance from directors	371	227
Dividends paid	(13,465)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	33,029	(134,937)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,134)	14,865
Effect of foreign exchange rate changes	20	(71)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	41,061	26,267
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR represented by bank balances and cash	16,947	41,061



# Notes to the Consolidated Financial Statements

For the year ended 31st December, 2024

## 1. GENERAL INFORMATION

The Company is incorporated and registered as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s immediate parent is Yueda Capital (HK) Limited (“Yue Da Capital HK”), a company incorporated in Hong Kong with limited liability, and the Company’s ultimate parent is Jiangsu Yue Da Group Company Limited (“Jiangsu Yue Da”), a state-owned enterprise established with limited liability in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company is an investment holding company. The principal activity of its subsidiaries is Factoring Business (as defined in Note 5).

As the Group’s operations are in the PRC, the consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### 2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1st January, 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – CONTINUED

### 2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>4</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2027.

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

#### **HKFRS 18 *Presentation and Disclosure in Financial Statements***

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

## **2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – CONTINUED**

### **2.2 New and amendments to HKFRSs in issue but not yet effective – Continued**

#### ***HKFRS 18 Presentation and Disclosure in Financial Statements – Continued***

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1st January, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

## **3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION**

### **3.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

### **3.2 Material accounting policy information**

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 *Impairment of Assets*.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below.

#### ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### ***Basis of consolidation – Continued***

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

##### ***Subsidiaries***

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.

In the Company's statement of financial position, investments in subsidiaries is stated at cost less impairment losses.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### ***Taxation***

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### ***Taxation – Continued***

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### **Reimbursement assets**

Financial guarantee contracts held by the Group that are not integral to the related communications factoring receivables are separately accounted for, which are measured at the higher of:

- the premium paid over the period of the related guarantees; and
- any reimbursement right.

Reimbursement assets are recognised if it is virtually certain that reimbursement will be received when there is a default of the related communications factoring receivables and the amount can be measured reliably.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.



### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### ***Financial instruments – Continued***

Interest income which are derived from the Group's ordinary course of business (i.e. Factoring Business as defined in Note 5) are presented as revenue.

##### *Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

##### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### ***Financial instruments – Continued***

##### *Financial assets – Continued*

Classification and subsequent measurement of financial assets – Continued

##### (ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is presented as “gain from fair value changes of financial assets at fair value through profit or loss” in the consolidated statement of profit or loss and other comprehensive income.

##### Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including factoring receivables, other assets, amounts due from related parties, and cash and cash equivalents), which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition in which case, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### ***Financial instruments – Continued***

##### *Financial assets – Continued*

##### Impairment of financial assets – Continued

##### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, 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:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### **Financial instruments – Continued**

##### *Financial assets – Continued*

##### Impairment of financial assets – Continued

##### (i) Significant increase in credit risk – Continued

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### ***Financial instruments – Continued***

##### *Financial assets – Continued*

##### Impairment of financial assets – Continued

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

##### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. The estimate of expected cash shortfalls reflect the cash flows expected from collateral and other credit enhancements such as guarantees that are integral to the contractual terms and are not recognised separately by the Group.

Lifetime ECL for communications factoring receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### ***Financial instruments – Continued***

##### *Financial assets – Continued*

##### Impairment of financial assets – Continued

##### (v) Measurement and recognition of ECL – Continued

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

#### 3.2 Material accounting policy information – Continued

##### ***Financial instruments – Continued***

##### *Financial liabilities and equity instruments*

##### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities at amortised cost*

The Group's financial liabilities (including other payables, bank borrowings, obligations arising from asset-backed financing arrangements and amounts due to related parties/directors) are subsequently measured at amortised cost, using the effective interest method.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **Impairment assessment of factoring receivables**

The Group performs impairment assessment under ECL model on traditional factoring receivables individually. In addition, for communications factoring receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings. A considerable amount of judgement is required in estimating the ultimate realisation of financial assets.

In performing the impairment assessment of factoring receivables, the ECL of the factoring receivables were assessed by the management after taking into account the historical loss experience, collaterals and guarantees that are integral to the contractual terms, financial condition of borrowers for the probability of default and loss given default, as well as forward-looking information. The provision of ECL is sensitive to changes in estimates.

The information about the ECL and the Group's financial assets are disclosed in Notes 33 and 16 respectively. As at 31st December, 2024, the carrying amounts of factoring receivables was RMB711,242,000 (2023: RMB630,940,000), net of allowance for impairment of RMB3,449,000 (2023: RMB7,423,000).



## 5. REVENUE AND SEGMENT INFORMATION

### Revenue

Revenue represents interest income received and receivable from provision of traditional and communications factoring services. An analysis of the Group's revenue is as follows:

	2024 RMB'000	2023 RMB'000
Income from traditional factoring business ( <i>Note</i> )	43,564	31,009
Income from communications factoring business	20,288	57,478
	63,852	88,487

*Note:* Included in income from traditional factoring business is an amount of RMB8,388,000 (2023: RMB7,629,000) representing fees that are considered to form an integral part of the effective interest rate of the traditional factoring receivables and is treated as an adjustment to the effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, negotiating the terms of the instrument, preparing and processing documents and closing the transaction.

### Segment information

Information reported to the chief operating decision maker of the Group, being the executive directors of the Company, for the purpose of resource allocation and assessment focuses on revenue analysis by traditional and communications factoring business ("Factoring Business"). No other discrete financial information is provided other than the Group's result and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

### Geographical information

All of external revenues of the Group in both years are attributable to customers established in the PRC, the place of domicile of the Group's major operating entities. As at 31st December, 2024, the Group's non-current assets excluding those related to financial instruments and deferred tax assets of RMB67,000 (2023: RMB208,000) and RMB1,183,000 (2023: RMB3,214,000) are located in the PRC and Hong Kong, respectively.

**5. REVENUE AND SEGMENT INFORMATION – CONTINUED****Segment information – Continued****Information about major customers**

The Group does not have any revenue from individual customer contributing over 10% of the total revenue of the Group during the years ended 31st December, 2024 and 2023.

**6. OTHER GAINS AND (LOSSES), NET**

	2024 RMB'000	2023 RMB'000
Net foreign exchange losses	(558)	(63)
Loss on remeasurement of financial guarantee contracts	(2,547)	(5,529)
Gain on early settlement of obligations arising from assets-backed financing arrangements (Note 22)	224	3,859
Loss on disposal of property, plant and equipment	(17)	(2)
Gain on derecognition of right-of-use assets and lease liabilities (Note 14(iv))	20	–
	(2,878)	(1,735)

## Notes to the Consolidated Financial Statements

For the year ended 31st December, 2024

### 7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to each of the eleven (2023: eleven) directors and the chief executive were as follows:

#### 2024

	Executive directors					Non-executive directors			Independent non-executive directors			Chief Executive	Total
	Mr. Wu Yinghua	Mr. Xue Zhicheng	Mr. Pan Mingfeng	Mr. Wu Shengquan	Mr. Yu Guangshan	Mr. Liu Debing	Mr. Li Biao	Mr. Hu Huaimin	Dr. Liu Yong Ping	Mr. Cheung Ting Kee	Ms. Zhang Yan	Dr. Wong Mun Kin	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note i)	(Note ii)			(Note iii)	(Note iv)						(Note ix)	
Fees	-	-	-	-	-	-	-	-	219	219	-	-	438
Other emoluments:													
Salaries	-	-	519	366	193	-	-	347	-	-	-	-	1,425
Other benefits	-	-	49	83	29	-	-	197	-	-	60	66	484
Accommodation provided by the Group	-	-	-	-	-	-	-	244	-	-	-	-	244
Contributions to retirement benefits schemes	-	-	75	74	43	-	-	83	-	-	-	29	304
Total emoluments	-	-	643	523	265	-	-	871	219	219	60	95	2,895

#### 2023

	Executive directors			Non-executive directors				Independent non-executive directors				Chief Executive	Total
	Mr. Pan Mingfeng	Mr. Wu Shengquan	Mr. Bai Zhaoliang	Mr. Liu Debing	Mr. Li Biao	Mr. Hu Huaimin	Mr. Yu Guangshan	Dr. Liu Yong Ping	Mr. Cheung Ting Kee	Ms. Zhang Yan	Ms. Qian Ying	Dr. Wong Mun Kin	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note v)	(Note vi)	(Note iv)			(Note iii)			(Note vii)	(Note viii)	(Note ix)	
Fees	-	-	-	-	-	-	-	214	214	-	-	-	428
Other emoluments:													
Salaries	477	155	184	620	-	465	562	-	-	-	-	-	2,463
Other benefits	44	69	40	55	-	159	44	-	-	-	-	60	471
Accommodation provided by the Group	-	-	-	-	-	163	-	-	-	-	-	-	163
Contributions to retirement benefits schemes	72	55	11	114	-	109	71	-	-	-	-	36	468
Total emoluments	593	279	235	789	-	896	677	214	214	-	-	96	3,993

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

## 7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION – CONTINUED

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

In addition to the directors' remuneration disclosed above, certain non-executive directors and the chief executive are not paid directly by the Company but receive remuneration from the Company's holding company, in respect of their services to the larger group which includes the Company and its subsidiaries. No apportionment has been made as the qualifying services provided by these directors to the Company and its subsidiaries are incidental to their responsibilities to the larger group.

No emoluments have been paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31st December, 2024 and 2023. No director waived or agreed to waive any emoluments during the years ended 31st December, 2024 and 2023.

Notes:

- (i) The director was appointed as an executive director and the chairman of the board of directors of the Company on 12th January, 2024.
- (ii) The director was appointed as an executive director on 14th October, 2024.
- (iii) The director has been re-designated as an executive director of the Company on 12th January, 2024 and resigned on 14th October, 2024.
- (iv) The director resigned on 12th January, 2024.
- (v) The director was appointed as an executive director and the Chief Financial Officer of the Company on 11th April, 2023.
- (vi) The director resigned on 11th April, 2023.
- (vii) The director was appointed as an independent non-executive director of the Company on 4th September, 2023.
- (viii) The director resigned on 19th June, 2023.
- (ix) The emoluments of the chief executive disclosed above include those services rendered by him as the chief executive of the Company.

## 7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION – CONTINUED

Out of the five individuals with the highest emoluments in the Group, two (2023: three) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining three individuals (2023: two) are follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	1,947	1,498
Contributions to retirement benefits schemes	154	98
	<b>2,101</b>	1,596

Their emoluments were within the following band:

	2024 Number of employees	2023 Number of employees
Nil to HK\$1,000,000	3	1
HK\$1,000,001 to HK\$1,500,000	–	1

During both years, no emoluments were paid by the Group to the five highest paid individuals (including directors, chief executive and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the chief executive nor any of the directors of the Company waived any emoluments during both years.

## 8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	5,113	3,917
Interest on obligations arising from asset-backed financing arrangements	5,305	14,884
Interest on lease liabilities	54	161
	<b>10,472</b>	18,962

**9. INCOME TAX EXPENSE**

	2024 RMB'000	2023 RMB'000
Current tax		
– PRC Enterprise Income tax (“EIT”)	10,120	9,854
– PRC withholding tax paid in respect of distribution of earnings of the PRC subsidiary	1,250	1,250
– Underprovision in prior years – PRC EIT	1,144	198
	12,514	11,302
Deferred tax (Note 24)	(1,217)	(17)
	11,297	11,285

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the PRC on EIT (the “EIT Law”) and the Implementation Regulation of the EIT Law, the applicable income tax rate for the PRC subsidiary of the Group is 25% (2023: 25%) for both years.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	27,755	26,477
Tax at the domestic income tax rate of 25% (2023: 25%) (Note)	6,939	6,619
Tax effect of expenses not deductible for tax purpose	3,603	4,510
Tax effect of income not taxable for tax purpose	(64)	(1,167)
Underprovision in respect of prior years	1,144	198
Provision of withholding tax for income derived from the PRC subsidiary	1,070	1,125
Others	(1,395)	–
Income tax expense	11,297	11,285

Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used.

## 10. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year has been arrived at after charging (crediting) the following items:

	2024 RMB'000	2023 RMB'000
Auditors' remuneration (included in other expenses)	1,095	1,371
Legal and professional fee (included in other expenses)	1,292	3,308
Depreciation of property, plant and equipment	51	94
Depreciation of right-of-use assets	1,142	2,062
Staff costs (including directors' emoluments)	8,739	10,483
Interest income from bank deposits (included in other income)	(88)	(282)

## 11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	16,458	15,192

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,168,626,516	1,168,626,516

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue during both years.

**12. DIVIDENDS**

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 final dividend of HK0.43 cent per ordinary share (2023: nil)	<b>4,569</b>	–
2023 special dividend of HK0.84 cent per ordinary share	–	8,896
	<b>4,569</b>	8,896

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31st December, 2024 of HK0.46 cent (2023: HK0.43 cent) per ordinary share, in an aggregate amount of RMB4,964,000 (2023: RMB4,558,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

During the year ended 31st December, 2024, a final dividend in respect of the year ended 31st December, 2023 of HK0.43 cent (2023: nil) per ordinary share, in an aggregate amount of RMB4,569,000 (2023: nil), has been paid in June 2024.

A special dividend in respect of the year ended 31st December, 2023 of HK0.84 cent per ordinary share, in an aggregate amount of RMB8,896,000 was approved by the board of directors of the Company on 14th December, 2023 and was paid in January 2024.



## Notes to the Consolidated Financial Statements

For the year ended 31st December, 2024

### 13. PROPERTY, PLANT AND EQUIPMENT

	<b>Leasehold improvement</b> RMB'000 (Note)	<b>Furniture, fixtures and equipment</b> RMB'000	<b>Motor vehicles</b> RMB'000 (Note)	<b>Total</b> RMB'000
<b>COST</b>				
At 1st January, 2023	264	383	590	1,237
Additions	–	7	–	7
Disposals	–	(24)	–	(24)
At 31st December, 2023 and 1st January, 2024	264	366	590	1,220
Additions	–	6	–	6
Disposals	–	(351)	–	(351)
At 31st December, 2024	264	21	590	875
<b>DEPRECIATION</b>				
At 1st January, 2023	132	355	590	1,077
Charge for the year	88	6	–	94
Eliminated on disposals	–	(22)	–	(22)
At 31st December, 2023 and 1st January, 2024	220	339	590	1,149
Charge for the year	44	7	–	51
Eliminated on disposals	–	(334)	–	(334)
At 31st December, 2024	264	12	590	866
<b>CARRYING VALUES</b>				
At 31st December, 2024	–	9	–	9
At 31st December, 2023	44	27	–	71

Note: Leasehold improvement and motor vehicles are fully depreciated but still in use.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives using the straight-line method, as follows:

Leasehold improvement	Over the shorter of 20 years or remaining terms of the lease
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

**14. RIGHT-OF-USE ASSETS**

	<b>Leased properties RMB'000</b>
<b>As at 31st December, 2024</b>	
Carrying amount	1,241
<b>As at 31st December, 2023</b>	
Carrying amount	3,351
<b>For the year ended 31st December, 2024</b>	
Depreciation charge	1,142
<b>For the year ended 31st December, 2023</b>	
Depreciation charge	2,062

*Notes:*

- (i) During the year ended 31st December, 2024, expense relating to short-term leases is RMB165,000 (2023: RMB1,697,000).
- (ii) During the year ended 31st December, 2024, total cash outflows for leases are RMB1,453,000 (2023: RMB3,963,000).
- (iii) During the year ended 31st December, 2024, additions to right-of-use assets is RMB1,446,000 (2023: RMB4,781,000) in which the amount of nil (2023: RMB4,328,000) is accordance with the lease agreements entered between the Group and a related party.
- (iv) During the year ended 31st December, 2024, right-of-use assets with a total carrying amount of RMB2,417,000 (2023: nil) and lease liabilities of RMB2,437,000 (2023: nil) were derecognised upon early termination of relevant lease agreements.

The Group regularly entered into short-term leases for office premises and staff quarter.

For both years, the Group leases various offices, staff quarters and office equipment for its operations. Lease contracts are entered into for fixed term of two to three years (2023: six months to three years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Details of the lease maturity analysis of lease liabilities are set out in Note 23.

**15. FINANCIAL ASSETS AT FVTPL**

Financial assets measured at FVTPL arising from:

	<b>2024 RMB'000</b>	2023 RMB'000
Subordinated tranches	—	41,338

Details of these subordinated tranches investments are disclosed in Notes 22 and 33.

## Notes to the Consolidated Financial Statements

For the year ended 31st December, 2024

### 16. FACTORING RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Factoring receivables		
Traditional factoring business (Note i)	649,620	449,642
Communications factoring business (Note ii)	61,622	181,298
	711,242	630,940
Reimbursement assets (Note iii)	1,778	4,325
Other receivables and prepayments	2,461	2,601
	715,481	637,866
Analysed as:		
Current portion	659,207	576,827
Non-current portion	56,274	61,039
	715,481	637,866

Notes:

- (i) For traditional factoring business, as at 31st December, 2024, the carrying amount of traditional factoring receivables of RMB649,620,000 (2023: RMB449,642,000) were not past due. The range of interest rates and maturity dates attributed to the Group's traditional factoring receivables was 6.5% to 9.0% (2023: 7.5% to 9.4%) per annum and from 4th January, 2025 to 30th December, 2026 (2023: 29th February, 2024 to 5th December, 2024), respectively. The management reviews and assesses for impairment of the traditional factoring receivables on an individual basis and continues to monitor any significant changes. All of the traditional factoring receivables are secured by receivables from borrowers amounting to RMB782,840,000 (2023: RMB508,880,000). As at 31st December, 2024 and 2023, all of the traditional factoring receivables are guaranteed by guarantors. The financial guarantee is integral to the contractual terms of the factoring arrangements. To measure the ECL, traditional factoring receivables have been assessed individually.
- (ii) For communications factoring business, the Group cooperates with leading communications service providers in the PRC to provide financing service to large number of debtors with small size of loan amounts per each debtor. As the factoring receivables are individually insignificant and the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed in estimating ECL. As at 31st December, 2024, the carrying amount of communications factoring receivables of RMB61,622,000 (2023: RMB181,298,000) were not past due and out of the total amount, RMB5,287,000 (2023: RMB14,524,000) are fully secured by bank deposits from individual customers and RMB54,243,000 (2023: RMB125,378,000) is guaranteed by guarantors. The range of interest rates and maturity dates attributed to the Group's communications factoring receivables was 11.0% to 33.0% (2023: 9.9% to 26.7%) per annum and from 10th January, 2025 to 10th January, 2027, (2023: 10th January, 2024 to 20th December, 2026), respectively. The management reviews and assesses for impairment of the communications factoring receivables based on collective assessment and continues to monitor any significant changes. Financial guarantee contracts held by the Group are not integral to the communications factoring receivables and are separately accounted for by the Group.
- As at 31st December, 2024, nil (2023: RMB97,225,000) of the Group's communications factoring receivables relate to the asset-back financing arrangements as disclosed in Note 22.
- (iii) Reimbursement assets represent the amount that expected to be reimbursed by guarantors of the communications factoring receivables upon a default of settlement. The amount is recognised when, and only when it is virtually certain that reimbursement will be received when there is a default and the amount can be measured reliably.

Details of the impairment assessment of factoring receivables and other assets are set out in Note 33.

**17. AMOUNTS DUE FROM/TO RELATED PARTIES**

Name of related party	Relationship	Nature	Due from	
			2024 RMB'000	2023 RMB'000
Yue Da Mining Limited	Fellow subsidiary	Non-trade related	4,170	4,109
Yue Da Capital HK	Immediate holding company	Non-trade related	5,301	4,567
			9,471	8,676

Note: The amounts due from related parties are unsecured, interest-free and repayable on demand for as at 31st December, 2024 and 2023.

Details of the impairment assessment of amounts due from related parties are set out in Note 33.

Name of related party	Relationship	Nature	Due to	
			2024 RMB'000	2023 RMB'000
Yueda Capital Company Limited ("Yue Da Capital")	Intermediate holding company	Non-trade related	117,000	4
Yue Da Capital HK	Immediate holding company	Non-trade related	71,313	71,313
Yue Da Group (H.K.) Co., Limited ("YDHK")	Fellow subsidiary	Non-trade related	4,440	3,838
Yueda Commercial Factoring Co., Ltd.	Fellow subsidiary	Non-trade related	—	12,429
			192,753	87,584

Note: The amounts due to related parties are unsecured, interest-free and repayable on demand as at 31st December, 2024 and 2023.

## Notes to the Consolidated Financial Statements

For the year ended 31st December, 2024

### 17. AMOUNTS DUE FROM/TO RELATED PARTIES – CONTINUED

The Group's amounts due from/to related parties that are denominated in currencies other than the functional currency of the relevant group entity are set out below:

	2024 RMB'000	2023 RMB'000
Amounts due from related parties		
United States dollars ("US\$")	4,072	4,012
Hong Kong dollars ("HK\$")	5,329	4,594
Amounts due to related parties		
HK\$	4,440	3,838

### 18. CASH AND CASH EQUIVALENTS

Cash and cash equivalent include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates which range from 0.10% to 0.25% (2023: 0.01% to 0.40%) per annum.

The Group's cash and cash equivalents that are denominated in a currency other than the functional currency of the relevant group entity are set out below:

	2024 RMB'000	2023 RMB'000
US\$	1	1
HK\$	164	183

Details of the impairment assessment of cash and cash equivalents are set out in Note 33.

**19. OTHER PAYABLES AND LIABILITIES**

	2024 RMB'000	2023 RMB'000
Accrued staff costs	2,343	3,915
Other payables and accrued charges	11,007	14,691
	13,350	18,606

The Group's other payables that are denominated in a currency other than the functional currency of the relevant group entity are set out below:

	2024 RMB'000	2023 RMB'000
HK\$	5,887	6,855

**20. AMOUNTS DUE TO DIRECTORS**

Amounts mainly represent the directors' emolument payables. The amounts are unsecured, interest-free and repayable on demand. As at 31st December, 2024, the amounts include RMB231,000 (2023: RMB227,000) which is denominated in HK\$, a currency other than the functional currency of the relevant group entity.

**21. BANK BORROWINGS**

	2024 RMB'000	2023 RMB'000
Repayable within one year and classified as current liabilities: Bank loans ( <i>Note</i> )	80,000	50,000

*Note:* The amount due is based on scheduled repayment date set out in the loan agreements.

As at 31st December, 2024, the bank loans carried fixed interest rate of 3.8% to 4.0% per annum (2023: 5.5%).

As at 31st December, 2024 and 2023, the bank loan amounting RMB50,000,000 is secured by the Group's factoring receivables with carrying amount of RMB50,000,000.

As at 31st December, 2024 and 2023, the whole amount of bank loans is guaranteed by Jiangsu Yue Da.

**22. OBLIGATIONS ARISING FROM ASSET-BACKED FINANCING ARRANGEMENTS**

	2024 RMB'000	2023 RMB'000
The carrying amount of the above obligations are repayable:		
Within one year	—	76,490
More than one year but less than two years	—	42,095

During the year ended 31st December, 2023 and 2022, the Group entered into several asset-backed financing arrangements (the “Financing Arrangements”), which the Financing Arrangements involved establishment of special purpose asset-backed vehicles through issuing agents (the “SPVs”) or special purpose trust administered by trustees (the “SPTs”). Under the schemes, contractual rights of factoring receivables (the “Transferred Assets”) are transferred to the SPVs/SPTs by the Group and a fellow subsidiary of the Company, except for one SPT scheme in which the Group is the sole transferor. The SPVs/SPTs then issued asset-backed securities to investors, the priority tranches of which were subscribed by independent investors whilst the subordinated tranches of which were subscribed by the Group and the fellow subsidiary proportional to the value of the Transferred Assets transferred by both parties. For the SPT scheme in which the Group is the sole transferor, the entire subordinated tranche was subscribed by the Group.

According to offering documents of the SPVs or trust agreements of the SPTs between the SPVs/SPTs and investors (holders of priority and subordinated tranches), the decisions of the relevant activities are controlled by the holders of the priority tranches until such tranches are fully settled. As at 31st December, 2023, the priority tranches of the SPVs are still not fully settled while the priority tranches of the SPTs are fully settled. Accordingly, the Group as holders of subordinated tranches could not exercise control over the SPVs thus the SPVs are not consolidated. As at 31st December, 2024, the priority tranches of the SPVs are fully settled.

Furthermore, pursuant to the agreements between the SPVs/SPTs and the transferors (the Group or the Group and the fellow subsidiary), the Group are required to repurchase the factoring receivables transferred to SPVs/SPTs when they are identified as non-performing and the Group has also retained risks and rewards through subscription of the subordinated tranches. The Group assessed and concluded that the Group has retained substantially all risks and rewards of the Transferred Assets and accordingly continues to recognise the factoring receivables and recognise obligations arising from these Financing Arrangements. As at 31st December, 2024, nil (2023: RMB97,225,000) of the Group’s communications factoring receivables relate to these Financing Arrangements.

## 22. OBLIGATIONS ARISING FROM ASSET-BACKED FINANCING ARRANGEMENTS – CONTINUED

At initial recognition, the obligations arising from these Financial Arrangements were measured at fair value, taking into consideration the Group's borrowing rates and the estimated cash flows, which represent the cash consideration and the subordinated tranches received by the Group. These obligations are subsequently measured at amortised cost with effective interest rate at 6.73%. As at 31st December, 2024, the carrying amounts of obligations due to SPVs and SPTs amounted to nil and nil, respectively (2023: RMB118,585,000 and nil). Priority tranches issued by the SPVs were listed on the Shenzhen Stock Exchange and the obligations payable to the priority tranches are guaranteed by the ultimate holding company of the Company.

The subordinated tranches subscribed and held by the Group constitute contractually linked instruments as the SPVs/SPTs prioritise payments to the holders of priority tranches prior to repaying the subordinated tranches. The Group has the right to payment only if the SPVs/SPTs have sufficient cashflow to satisfy the obligations payable to the holders of priority tranches. Accordingly, the contractual cash flows of the subordinated tranches are not solely payments of principal and interest and were measured at fair value at initial recognition and subsequently measured at fair value through profit and loss.

During the year ended 31st December, 2024 and 2023, several Financing Arrangements were early settled. Accordingly, a gain on early settlements of Financing Arrangements amounting to RMB224,000 (2023: RMB3,859,000) (Note 6) were recognised in the profit or loss.

During the year ended 31st December, 2023, the fair value of subordinated tranches subscribed by the Group amounted to RMB36,700,000 at initial recognition.

## 23. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	523	3,387
Within a period of more than one year but not more than two years	486	60
Within a period of more than two years but not exceeding five years	239	–
	1,248	3,447
Less: Amount due for settlement within 12 months shown under current liabilities	(523)	(3,387)
Amount due for settlement after 12 months shown under non-current liabilities	725	60



## Notes to the Consolidated Financial Statements

For the year ended 31st December, 2024

### 24. DEFERRED TAX (ASSETS) LIABILITIES

The followings are the major deferred tax (assets) liabilities recognised and movements thereof during the current and prior years:

	Reimbursement assets RMB'000	Impairment losses on factoring receivables RMB'000	Distributable profits of subsidiaries RMB'000	Other RMB'000	Total RMB'000
At 1st January, 2023	2,464	(3,985)	13,190	638	12,307
(Credit) charge to profit or loss	(1,383)	2,129	1,125	(638)	1,233
Reversal upon payment of withholding tax	–	–	(1,250)	–	(1,250)
At 31st December, 2023 and 1st January, 2024	1,081	(1,856)	13,065	–	12,290
(Credit) charge to profit or loss	(636)	994	1,070	(1,395)	33
Reversal upon payment of withholding tax	–	–	(1,250)	–	(1,250)
At 31st December, 2024	445	(862)	12,885	(1,395)	11,073

The following is an analysis of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	(2,257)	(1,856)
Deferred tax liabilities	13,330	14,146
	11,073	12,290

The aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have been recognised was RMB128,856,000 (2023: RMB130,650,000).

**25. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Amount HK\$'000</b>	<b>Shown in the consolidated financial statements RMB'000</b>
Ordinary shares of HK\$0.10 each:			
Authorised			
At 1st January, 2023, 31st December, 2023 and 31st December, 2024	2,000,000,000	200,000	N/A
Issued and fully paid			
At 1st January, 2023, 31st December, 2023, 1st January, 2024 and 31st December, 2024	1,168,626,516	116,863	105,965

**26. SHARE-BASED PAYMENTS TRANSACTIONS****The Scheme**

A share option scheme was adopted pursuant to a resolution passed on 20th May, 2021 (the "Scheme"). The purpose of the Scheme is to enable the Group to grant share options to the eligible participants as incentives or rewards for their contribution to the Group. The Scheme is valid for 10 years from the date of its adoption.

Under the Scheme, the board of directors of the Company may, at its discretion, invite any eligible participant to take up share options to subscribe for the shares of the Company at a price determined as set out below. The eligibility of any of the eligible participants is set out below.

The total number of the shares of the Company which may be issued upon the exercise of all the options to be granted under the Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the adoption of the Scheme initially. The maximum number of the shares of the Company to be issued upon the exercise of share options that may be granted under the Scheme under such initial mandate limit is 116,862,651 shares of the Company. The Company may seek approval of the shareholders of the Company in general meetings to refresh the 10% initial mandate limit. Notwithstanding that the mandate limit may be refreshed, the board of directors of the Company shall not grant options which would result in the maximum aggregate number of the shares of the Company which may be issued upon exercise of all the outstanding options granted but yet to be exercised under the Scheme and any other share option schemes of the Company which entitle the holders to acquire or subscribe for the shares of the Company exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

## 26. SHARE-BASED PAYMENTS TRANSACTIONS – CONTINUED

### The Scheme – Continued

The subscription price in respect of any share option under the Scheme shall, subject to any adjustments made pursuant to the Scheme for the event of any alteration in the capital structure of the Company, be at the discretion of the directors of the Company, provided that it shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares of the Company on the offer date of share options, (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date of share options, and (iii) the nominal value of the Company's share.

The eligibility of any of the eligible participants to an offer of share options under the Scheme shall be determined by the directors of the Company from time to time on the basis of the opinion of the directors of the Company as to his contribution to the development and growth of the Group. The eligible participants under the Scheme included:

- (a) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest ("Invested Entity"), including any executive Director of the Company, any of such subsidiaries or any Invested Entity;
- (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the Scheme, the offer of share options may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

## **26. SHARE-BASED PAYMENTS TRANSACTIONS – CONTINUED**

### **The Scheme – Continued**

The making of an offer of share options to any director of the Company, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director of the Company who or whose associate is the proposed grantee of an option).

Options granted under the Scheme must be taken up not be later than 21 days from the offer date, upon payment of HK\$1 per each grant.

As at 31st December, 2024 and 2023, no outstanding share options under the Scheme.

## **27. CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debts, which include amounts due to related parties, bank borrowings, obligations arising from asset-backed financing arrangements, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

## Notes to the Consolidated Financial Statements

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### 28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those 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.

	Lease liabilities	Amounts due to directors	Amounts due to related parties	Obligations arising from asset-backed financing arrangements	Bank borrowings	Dividends payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January, 2023	751	609	72,055	280,529	90,000	–	443,944
Financing cash flows	(2,266)	(382)	15,545	(103,917)	(43,917)	–	(134,937)
Foreign exchange translation	20	–	(16)	–	–	–	4
Non-cash changes:							
Initial recognition and early termination	–	–	–	(2,029)	–	–	(2,029)
Special dividends declared (Note 12)	–	–	–	–	–	8,896	8,896
Redemption of financial assets at FVTPL	–	–	–	(70,882)	–	–	(70,882)
Interest expenses	161	–	–	14,884	3,917	–	18,962
Recognition of lease liabilities	4,781	–	–	–	–	–	4,781
As at 31st December, 2023 and							
1st January, 2024	3,447	227	87,584	118,585	50,000	8,896	268,739
Financing cash flows	(1,288)	144	105,079	(82,328)	24,887	(13,465)	33,029
Foreign exchange translation	26	–	90	–	–	–	116
Non-cash changes:							
Early termination	(2,437)	–	–	(25,562)	–	–	(27,999)
Final dividends declared (Note 12)	–	–	–	–	–	4,569	4,569
Redemption of financial assets at FVTPL	–	–	–	(16,000)	–	–	(16,000)
Interest expenses	54	–	–	5,305	5,113	–	10,472
Recognition of lease liabilities	1,446	–	–	–	–	–	1,446
At 31st December, 2024	1,248	371	192,753	–	80,000	–	274,372

## 29. RETIREMENT BENEFITS SCHEMES

The relevant PRC subsidiary is required to make contributions to the state-managed retirement schemes in the PRC based on 20% (2023: 20%) of the monthly salaries of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liability to these retired staffs.

In addition, the Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% (2023: 5%) of the relevant payroll costs to the scheme, subject to a cap of monthly relevant income of HK\$30,000 (2023: HK\$30,000) for the MPF Scheme which contribution is matched by employees. The Group also makes voluntary contribution in addition the mandatory contribution. The Group's contributions to MPF Scheme for its employees are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contribution under the MPF Scheme that may be used by the Group to reduce the existing level of contribution.

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay long services payments ("LSP") to qualifying employees in Hong Kong upon retirement, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment)  $\times$  2/3  $\times$  Years of service. Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan. In June 2022, the Hong Kong Special Administrative Region Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which will be effective from 1st May, 2025 (i.e. the "Transition Date"). Under the Amendment Ordinance, any benefits from MPF Scheme of an entity would no longer be eligible to offset against its obligations on LSP for the portion of the LSP accrued on or after the Transition Date. The unfunded LSP obligation at 31st December, 2024 and 2023 and the current service cost during the years ended 31st December, 2024 and 2023 is insignificant.

The total expense of RMB1,162,000 (2023: RMB1,371,000) recognised to profit or loss represents contributions payable to these schemes by the Group in respect of current year.

## 30. PLEDGE OF ASSETS

- (i) As disclosed in Note 21, the Group's credit facilities were secured by the Group's factoring receivables of RMB50,000,000 (2023: RMB50,000,000) in aggregate as at 31st December, 2024.
- (ii) As disclosed in Note 22, the Group has the contractual obligations to transfer the cashflows relating to the Group's communications factoring receivables of nil as at 31st December, 2024 (2023: RMB97,225,000) under asset-backed financing arrangements.

## 31. RELATED PARTY DISCLOSURES

- (i) The Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government. The Company is ultimately controlled by the PRC government. The Company's immediate parent is Yue Da Capital HK, a company incorporated in Hong Kong with limited liabilities, and the Company's ultimate parent is Jiangsu Yue Da, which is controlled by the Yancheng Municipal People's Government.
- (a) Other than as disclosed elsewhere in the consolidated financial statements, the Group has following transactions and balances with subsidiaries of Jiangsu Yue Da:

Name of related parties	Nature of transactions/ balances	2024 RMB'000	2023 RMB'000
<b>Fellow subsidiary</b>			
Yancheng Yueda Zhiye Development Limited	Factoring receivables	–	30,018
Jiangsu Yue Da Green Construction Technology Company Limited	Income from traditional factoring business	7,124	6,048
Jiangsu Yue Da Commercial Properties Company Limited	Income from traditional factoring business	–	2,972
	Factoring receivables	35,098	14,764
Jiangsu Yueda Saifuna Energy Saving Technology Company Limited	Income from traditional factoring business	255	699
Shanghai Yuezhi Real Estate Development Company Limited	Factoring receivables	25,730	–
Yueda Real Estate (Dongtai) Company Limited	Factoring receivables	39,608	–
Yueda Real Estate (Sheyang) Company Limited	Factoring receivables	32,315	–
YDHK	Short-term leases expenses	–	1,563

The transactions are determined by the parties through arm's length negotiation.

Note: As at 31st December, 2024 and 2023, the factoring receivables balances were fully guaranteed by Yueda Real Estate Group Company Limited, a fellow subsidiary of the Company.

**31. RELATED PARTY DISCLOSURES – CONTINUED****(i) Continued****(b) Transactions and balances with other government related entities**

Apart from the transactions with related parties disclosed above, the Group also conducts business with other government related entities. The directors of the Company consider those government related entities are independent third parties so far as the Group's business transactions with them are concerned.

In establishing its pricing strategies and approval process for transactions with other government related entities, the Group does not differentiate whether the counter-party is a government related entity or not.

**(ii) Compensation of key management personnel**

The remuneration of directors of the Company and key management during the year, which is determined by the remuneration committee having regard to the performance of individuals and market trends, is as follows:

	2024 RMB'000	2023 RMB'000
Short-term benefits	3,406	4,396
Post-employment benefits	342	510
	3,748	4,906



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### 32. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiary as at 31st December, 2024 and 2023 are as follows:

Name of subsidiary	Country of establishment and operations	Registered capital	Attributable equity interest held indirectly by the Company		Principal activities
			2024 %	2023 %	
Yueda (Shenzhen) Commercial Factoring Co., Ltd. (悅達商業保理(深圳)有限公司) (Note)	PRC	Registered capital – RMB400,000,000	100	100	Provision of factoring services and accounts receivable management and collection services

Note: The company is wholly foreign-owned enterprise.

The above table list the subsidiary of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries has issued any debt securities at the end of the year.

### 33. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	2024 RMB'000	2023 RMB'000
<b>Financial assets</b>		
Financial assets at FVTPL	–	41,338
Financial assets at amortised cost	740,121	683,084
<b>Financial liabilities</b>		
Amortised cost	284,098	279,617

**33. FINANCIAL INSTRUMENTS – CONTINUED****Financial risk management objectives and policies**

The Group's major financial instruments include financial assets at fair value through profit or loss, factoring receivables, other receivables (included in other assets), amounts due from related parties, cash and cash equivalents, other payables, amounts due to related parties/directors, bank borrowings, obligations arising from asset-backed financing arrangements, dividends payable and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Market risk***(i) Currency risk*

The Group has foreign currency financial assets and liabilities which expose the Group to foreign currency risk.

The carrying amounts of the Group's monetary assets and monetary liabilities which are denominated in a currency other than the functional currency of the relevant group entities at the end of the reporting period date are as follows:

	<b>Liabilities</b>		<b>Assets</b>	
	<b>2024 RMB'000</b>	<b>2023 RMB'000</b>	<b>2024 RMB'000</b>	<b>2023 RMB'000</b>
US\$	–	–	<b>4,071</b>	4,013
HK\$	<b>10,558</b>	14,158	<b>5,829</b>	4,853

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

**Sensitivity analysis**

The Group is mainly exposed to HK\$ and US\$ exchange risk relative to RMB.

No sensitivity analysis is disclosed as the management of the Group considers that the exposure is insignificant to the Group.

**33. FINANCIAL INSTRUMENTS – CONTINUED****Financial risk management objectives and policies – Continued****Market risk – Continued***(ii) Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed rate factoring receivables, bank borrowings, obligations arising from asset-backed financing arrangements and lease liabilities as set out in Notes 16, 21, 22 and 23 respectively. Currently, the Group does not have a hedging policy. However, management of the Group monitors interest rate exposure and will consider hedging significant fixed interest rate exposure should the need arise. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (as set out in Note 18).

The management of the Group considers that the cash flow interest rate risk arising from deposits as included in cash and cash equivalents is insignificant having regard to the stable trend in interest rates and thus no material fluctuation is anticipated in the near future.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2024 RMB'000	2023 RMB'000
Revenue		
Financial assets at amortised cost	63,852	88,487
Other income		
Financial assets at amortised cost	88	282

Total interest expense from financial liabilities not measured at fair value through profit or loss:

	2024 RMB'000	2023 RMB'000
Financial liabilities at amortised cost	10,418	18,801

*(iii) Other price risk*

The Group is exposed to other price risk through its subordinated tranches arising from asset-backed financing arrangements as disclosed in Note 22.

### 33. FINANCIAL INSTRUMENTS – CONTINUED

#### Financial risk management objectives and policies – Continued

##### *Credit risk and impairment assessment*

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to factoring receivables, other receivables (included in other assets), financial assets at FVTPL, amounts due from related parties and cash and cash equivalents. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Except for financial assets at FVTPL, the Group performs impairment assessment for other financial assets under ECL model.

The Group applies HKFRS 9 to measure ECL for which uses a 12m ECL for all factoring receivables of which the credit risk has not increased significantly since initial recognition. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

##### *Traditional factoring business*

The Group had concentration of credit risk as 65.3% (2023: 55.2%) of the total factoring receivables as at 31st December, 2024 was due from nine (2023: seven) customers from traditional factoring business.

In order to minimise the credit risk in relation to traditional factoring receivables credit limits and credit terms granted to customers are approved by delegated officers and follow-up action is taken to recover overdue debts.

The Group seeks to maintain strict control over its outstanding traditional factoring receivables on an individual basis to minimise its credit risk. The management of the Group has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. The policy includes evaluation of collectability and aging analysis of the factoring receivables based on management's judgement on creditworthiness of the borrowers and the guarantors, collaterals and past collection history.

### 33. FINANCIAL INSTRUMENTS – CONTINUED

#### Financial risk management objectives and policies – Continued

##### ***Credit risk and impairment assessment – Continued***

###### *Traditional factoring business – Continued*

To measure the ECL, factoring receivables for traditional factoring business with gross amount of RMB651,127,000 (2023: RMB450,761,000) have been assessed individually. The credit losses expectations are based on the Group's historical loss experience, collaterals and guarantees that are integral to the contractual terms, financial condition of borrowers for the probability of default and loss given default, as well as forward-looking information.

Management performs ongoing credit evaluations of individual customers' financial condition. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment. The Group has policies to limit the credit exposure on receivables by taking into account the availability of guarantee from third parties and getting payment guarantee. The settlement patterns of customers are regularly monitored by the Group. As at 31st December, 2024, the expected loss rate for traditional factoring receivables is 0.23% (2023: 0.25%).

###### *Communications factoring business*

The Group uses collective assessment in estimating ECL on factoring receivables for communications business. The Group takes into consideration of internal credit rating of various debtors, which are grouped based on historical collection records, taking into consideration collaterals and forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Financial guarantee contracts held by the Group in relation to the communications factoring receivables are separately accounted for by the Group. The Group recognised reimbursement asset, when and only when, it is virtually certain that reimbursement will be received and the amount can be measured reliably. The amount recognised for the reimbursement is capped at the amount of impairment losses recognised under ECL model for the related receivables under such guarantees.

###### *Other receivables (included in other assets)*

For other receivables, management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. No allowance for impairment was made since the management of the Group considers that the probability of default is minimal after considering the counterparties' repayment history.

**33. FINANCIAL INSTRUMENTS – CONTINUED****Financial risk management objectives and policies – Continued****Credit risk and impairment assessment – Continued***Amounts due from related parties*

The Group has taken into account the economic outlook of the industries in which the related parties operate, and concluded that there has been no significant increase in credit risk since initial recognition. No allowance for impairment was made since the management of the Group considers that the probability of default is minimal after considering the counterparties' repayment history.

*Cash and cash equivalents*

The credit risk on liquid funds (i.e. bank balances) is limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies, which is considered as of high credit quality by the management, and the probability of default of the counterparty banks is insignificant, accordingly, no allowance for credit losses is provided as the amount of ECL is immaterial.

As at 31st December, 2024 and 2023, the Group performed impairment assessment on bank balances by reference to the average loss rates for respective credit rating grades published by international credit-rating agencies and concluded that the exposure of credit loss is insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

<b>Internal credit rating</b>	<b>Description</b>	<b>Factoring receivables/ other financial assets</b>
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Watch list	Debtor frequently settle after due dates	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

### 33. FINANCIAL INSTRUMENTS – CONTINUED

#### Financial risk management objectives and policies – Continued

##### Credit risk and impairment assessment – Continued

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External	Internal	12m or lifetime ECL	Gross carrying amount	
		credit rating	credit rating		2024 RMB'000	2023 RMB'000
<b>Financial assets at amortised cost</b>						
Traditional factoring receivables	16	N/A	Low risk	12m ECL (not credit-impaired)	651,127	450,761
Communications factoring receivables	16	N/A	Low risk	12m ECL (not credit-impaired)	59,481	177,292
		N/A	Watch list	12m ECL (not credit-impaired)	4,083	10,310
Other receivables (included in other assets)	16	N/A	Low risk	12m ECL (not credit-impaired)	2,461	2,407
Amounts due from related parties	17	N/A	Low risk	12m ECL (not credit-impaired)	9,471	8,676
Cash and cash equivalents	18	Ba1 to Aa2	Low risk	12m ECL (not credit-impaired)	16,947	41,061

**33. FINANCIAL INSTRUMENTS – CONTINUED****Financial risk management objectives and policies – Continued****Credit risk and impairment assessment – Continued***Collective assessment – Communications factoring business*

As part of the Group's credit risk management, the Group applies collective assessment for its customers in relation to its communications factoring business. The following table provides information about the exposure to credit risk for communications factoring receivables which are assessed on a collective basis with 12m ECL. Debtors with gross carrying amounts under 12m ECL are RMB63,564,000 as at 31st December, 2024 (2023: RMB187,602,000).

Gross carrying amount

Internal credit rating	2024		2023	
	Average loss rate	Communications factoring receivables RMB'000	Average loss rate	Communications factoring receivables RMB'000
Low risk	3.39%	59,481	3.30%	177,292
Watch list	3.76%	4,083	4.41%	10,310
		63,564		187,602

Note: For the outstanding balance as at 31st December, 2024 and 2023, the total amount was not past due.



**33. FINANCIAL INSTRUMENTS – CONTINUED****Financial risk management objectives and policies – Continued****Credit risk and impairment assessment – Continued***Collective assessment – Communications factoring business – Continued*

The estimated loss rates are estimated based on historical observed default rates of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management of the Group to ensure relevant information about specific debtors is updated.

The movements in the allowance for impairment in respect of factoring receivables during the reporting period were as follows:

	<b>12m ECL (not-credit- impaired) RMB'000</b>
As at 1st January, 2023	15,941
Changes due to financial instruments recognised as at 1st January, 2023:	
– Impairment losses reversed	(11,079)
– Impairment losses recognised	198
New financial assets originated or purchased	2,363
As at 31st December, 2023	7,423
Changes due to financial instruments recognised as at 1st January, 2024:	
– Impairment losses reversed	(5,625)
New financial assets originated or purchased	1,651
As at 31st December, 2024	3,449

**Liquidity risk**

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management also monitors the utilisation of borrowings.

The Group relies on amounts due to related parties, bank borrowings and obligations arising from asset-backed financing arrangements as a significant source of liquidity. Details of which are set out in Notes 17, 21 and 22 respectively.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

**33. FINANCIAL INSTRUMENTS – CONTINUED****Financial risk management objectives and policies – Continued****Liquidity risk – Continued**

The table includes both interest and principal cash flows.

*Liquidity tables*

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
<b>2024</b>							
<b>Non-derivative financial liabilities and lease liabilities</b>							
Other payables	-	10,974	-	-	-	10,974	10,974
Amounts due to related companies	-	192,753	-	-	-	192,753	192,753
Amounts due to directors	-	371	-	-	-	371	371
Bank borrowings	3.9	-	30,263	51,341	-	81,604	80,000
Lease liabilities	5.0	-	190	383	754	1,327	1,248
		204,098	30,453	51,724	754	287,029	285,346
<b>2023</b>							
<b>Non-derivative financial liabilities and lease liabilities</b>							
Other payables	-	14,325	-	-	-	14,325	14,325
Amounts due to related companies	-	87,584	-	-	-	87,584	87,584
Amounts due to directors	-	227	-	-	-	227	227
Bank borrowings	5.5	-	-	50,227	-	50,227	50,000
Obligations arising from asset-backed financing arrangements	6.7	-	26,183	55,834	43,463	125,480	118,585
Dividends payable	-	8,896	-	-	-	8,896	8,896
Lease liabilities	6.1	-	1,035	2,806	67	3,908	3,447
		111,032	27,218	108,867	43,530	290,647	283,064

The amounts included above for variable interest rate instruments is subject to change if interest rates differ to those determined at the end of the reporting period.

**33. FINANCIAL INSTRUMENTS – CONTINUED****Fair value measurements of financial instruments**

This note provides information about how the Group determines fair values of various financial assets.

***Fair value measurement and valuation process***

The financial controller of the Group is responsible to determine the appropriate valuation techniques and key inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged independent qualified professional valuers to perform the valuation. The financial controller works closely with the independent qualified professional valuers to establish the appropriate valuation techniques and key inputs to the model. Financial controller reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and key inputs used in determining the fair value of various assets are disclosed below:

***Fair value of the Group's financial assets that are measured at fair value on a recurring basis***

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and key inputs used).

Financial assets	Fair value as at 31st December	Fair value hierarchy	Valuation technique(s) and key input(s)	Sensitivity
	2024 RMB'000	2023 RMB'000		
Financial assets at FVTPL	-	41,338	Level 3 2024: Nil  2023: Income approach with key inputs (i) estimated cash flows (ii) discount rate of 12.37%	2024: Nil (2023: a significant increase/decrease discount rate adopted would result in a significant decrease/increase in fair value. No further sensitivity analysis has been disclosed for the impacts of changes in the relevant unobservable inputs as the management of the Group considers the exposure is insignificant to the Group. The fair value gain for the year ended 31st December, 2023 mainly attributed to the accretion discounting effect.)

**33. FINANCIAL INSTRUMENTS – CONTINUED****Fair value measurements of financial instruments – Continued*****Reconciliation of Level 3 fair value measurements***

	<b>Financial assets at FVTPL RMB'000</b>
At 1st January, 2023	89,752
Purchased	16,000
Fair value adjustment at initial recognition	20,700
Derecognition upon early settlements of obligations arising from assets-backed financing arrangements	(89,752)
Total gains in profit or loss	4,638
At 31st December, 2023 and 1st January, 2024	41,338
Derecognition upon early settlements of obligations arising from assets-backed financing arrangements	(41,338)
At 31st December, 2024	–

***Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis***

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

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For the year ended 31st December, 2024

### 34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current Assets		
Property, plant and equipment	9	27
Right-of-use assets	58	3,187
Investment in a subsidiary	1	1
Amount due from a subsidiary	403,263	375,360
	403,331	378,575
Current Assets		
Other receivables	315	53
Amounts due from subsidiaries	329	935
Amounts due from related parties	9,471	8,676
Bank balances and cash	1,278	751
	11,393	10,415
Current Liabilities		
Other payables and accruals	6,815	9,073
Lease liabilities	61	3,178
Amount due to a subsidiary	12,622	12,622
Amounts due to related parties	75,753	75,151
Amounts due to directors	371	227
Dividends payable	–	8,896
	95,622	109,147
Net Current Liabilities	(84,229)	(98,732)
Total Assets Less Current Liabilities	319,102	279,843
Capital and Reserves		
Share capital (Note 25)	105,965	105,965
Reserves	213,137	173,818
	319,102	279,783
Non-current Liability		
Lease liabilities	–	60
	319,102	279,843

**34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – CONTINUED**

Movement in the Company's capital and reserves:

	Share capital RMB'000	Share premium RMB'000 (Note ii)	Contributed surplus RMB'000 (Notes i and ii)	Capital contribution RMB'000 (Note iii)	Accumulated losses RMB'000	Total RMB'000
At 1st January, 2023	105,965	967,576	231,749	18,813	(1,019,874)	304,229
Special dividends declared (Note 12)	–	(8,896)	–	–	–	(8,896)
Loss for the year	–	–	–	–	(15,550)	(15,550)
At 31st December, 2023 and 1st January, 2024	105,965	958,680	231,749	18,813	(1,035,424)	279,783
Final dividends paid (Note 12)	–	(4,569)	–	–	–	(4,569)
Profit for the year	–	–	–	–	43,888	43,888
At 31st December, 2024	105,965	954,111	231,749	18,813	(991,536)	319,102

Notes:

- (i) The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired pursuant to the group reorganisation in 2001 over the nominal value of the share capital of the Company issued for the acquisition.
- (ii) Pursuant to the Companies Act (As Revised) of the Cayman Islands, the share premium account and the contributed surplus are distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.
- (iii) The capital contribution represents deemed contributions from the ultimate parent and a shareholder arising from certain transactions with the Company in prior years.

# Financial Summary

	Year ended 31st December,				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	47,658	58,292	102,618	88,487	63,852
Profit for the year attributable to: Owners of the Company	10,499	15,114	30,543	15,192	16,458

	As at 31st December,				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Assets and liabilities					
Total assets	770,994	707,743	905,122	734,219	745,406
Total liabilities	(391,249)	(312,884)	(479,720)	(302,521)	(301,819)
	379,745	394,859	425,402	431,698	443,587
Equity attributable to owners of the Company	379,745	394,859	425,402	431,698	443,587