



**SY HOLDINGS GROUP LIMITED**

**盛業控股集團有限公司**

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

Stock Code : 6069

# 2024

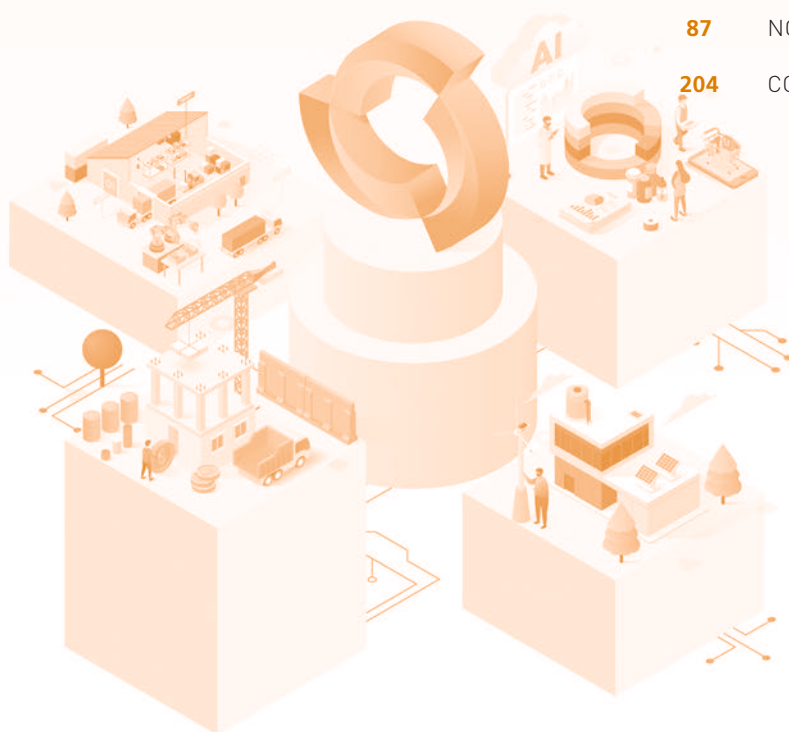
## Annual Report



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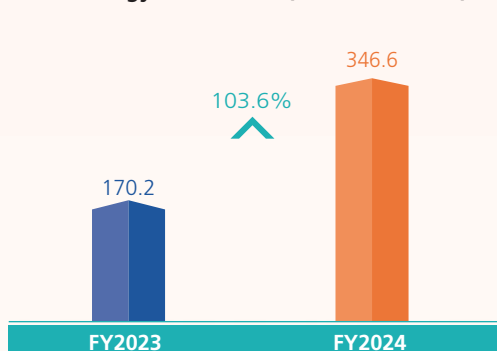
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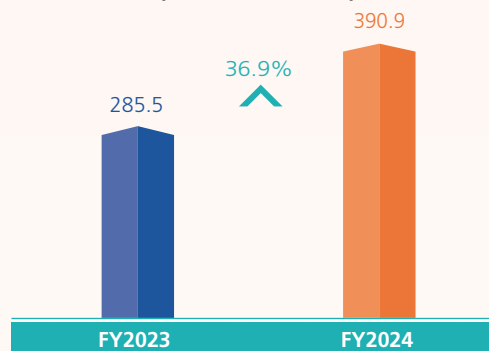
## 2 PERFORMANCE HIGHLIGHTS

For the year ended 31 December 2024

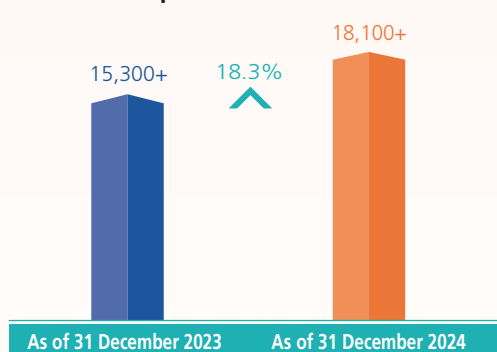
Revenue from platform-based technology services<sup>(note)</sup> (RMB in millions)



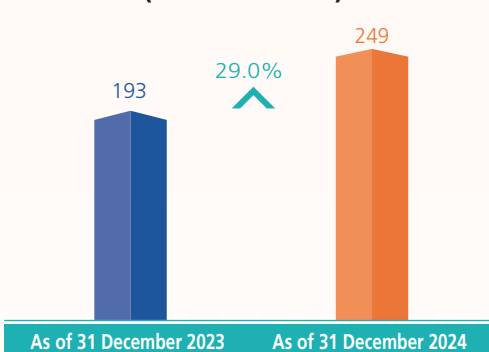
Profit after taxation (RMB in millions)



Total cumulative platform users



Total cumulative supply chain assets processed (RMB in billions)



Proportion of revenue from platform-based technology services

During the year ended 31 December 2024

**37.7%**



Cumulative R&D investment (RMB)

As of 31 December 2024

**>250 million**



Total funding facilities (RMB)

As of 31 December 2024

**>36.6 billion** +57.8%



Total funding partners

As of 31 December 2024

**163** +24.4%

Note: The platform-based technology services included technology and other services for loan facilitation, referral service, technology service for asset-backed securitisation products, supply chain technology services and other services.

# SUMMARY OF FINANCIAL INFORMATION 3

	FOR THE YEAR ENDED 31 December 2024 RMB'000	FOR THE YEAR ENDED 31 December 2023 RMB'000	FOR THE YEAR ENDED 31 December 2022 RMB'000	FOR THE YEAR ENDED 31 December 2021 RMB'000	FOR THE YEAR ENDED 31 December 2020 RMB'000
<b>OPERATING RESULTS</b>					
Revenue and income from principal activities	919,366	963,518	800,425	575,333	634,120
– Revenue from platform-based technology services	346,571	170,234	103,267	50,155	35,034
– Income from digital financing solutions	521,884	722,811	624,871	430,014	460,853
– Gain on refinancing of supply chain assets upon derecognition	50,911	70,473	72,287	95,164	138,233
<b>Finance costs</b>	<b>359,076</b>	408,797	276,348	129,228	126,721
<b>Share of results of associates</b>	<b>124,565</b>	20,360	(927)	16,814	14,706
<b>Net profit</b>	<b>390,867</b>	285,545	243,608	421,473	337,396
<b>Earnings per share (RMB cents)</b>	<b>39</b>	27	22	43	37
	AS AT 31 December 2024 RMB'000	AS AT 31 December 2023 RMB'000	AS AT 31 December 2022 RMB'000	AS AT 31 December 2021 RMB'000	AS AT 31 December 2020 RMB'000
<b>FINANCIAL POSITION</b>					
Total assets	10,598,922	11,819,568	11,378,459	8,802,773	4,786,498
Total liabilities	6,484,540	7,756,281	7,254,770	4,849,179	1,759,154
Net assets	4,114,382	4,063,287	4,123,689	3,953,594	3,027,344



# CHAIRMAN'S STATEMENT

## Dear Shareholders and Other Stakeholders,

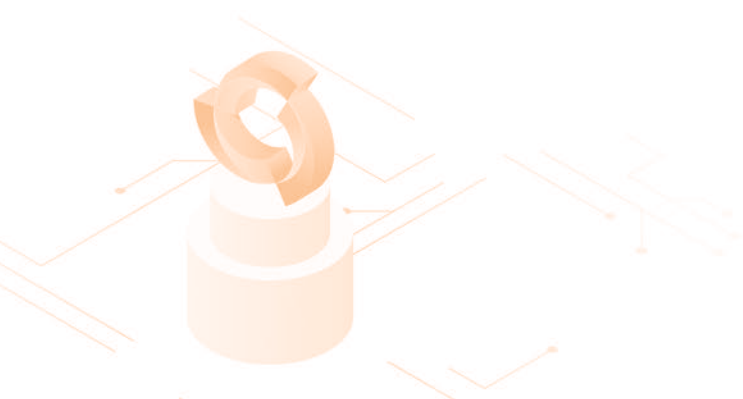
In 2024, the global landscape was characterised by increased geopolitical tensions and escalating rivalry among major powers. Despite ongoing market uncertainties, opportunities arose alongside challenges, with technological innovation and digital transformation serving as new engines of economic growth. Throughout the year, we remained steadfast in our commitment to our mission of empowering small and medium-sized enterprises (“SMEs”). By integrating technology into real-world industrial scenarios, we continued to drive our strategy of developing a comprehensive industrial digitalisation platform. Despite the low-yield environment, we did not retreat. Instead, we proactively sought breakthroughs and innovations, ultimately delivering strong results to our shareholders. We achieved strong financial performance, marking our 11 consecutive years of profitability. Net profit increased by an impressive 37% year-on-year to RMB390 million in 2024.

## Deepening AI+ Integration in Our Digital Industrial Platform

As we look forward to 2025, the swift pace of technological advancement is reshaping the global competitive landscape, with artificial intelligence leading the way. The 2025 State Council Government Work Report has highlighted the significance of promoting the “AI+” initiative – a movement to which we are fully dedicated, as we believe it will provide fresh impetus for innovation throughout the digital economy. In this technology-driven transformation, industrial digitalisation – central to the digital economy – is redefining business models across industries with unprecedented speed and scale. Remaining true to our founding vision of integrating technology into supply chains, SY Holdings leverages extensive datasets accumulated across three basic sectors: infrastructure, commodities, and pharmaceuticals. This empowers us to assist core enterprises in integrating resources, streamlining processes, and enhancing operational efficiency, in line with the evolving demands of new productive forces. This transformation represents not only a strategic upgrade for SY Holdings but also a proactive alignment with China’s national development priorities. It reflects our active participation in the global reconfiguration of growth dynamics – a commitment we shall continue to champion.

While the journey has been challenging, our perseverance has delivered meaningful progress. Backed by continued investment in technology and the delivery of digital ecosystem services, our platform development strategy has reached several key milestones. In 2024, revenue from the technology-related services—including platform services and supply chain technology solutions – increased by approximately 104% year-on-year to nearly RMB347 million, and its proportion accounting for operating revenue increased to 38%. This proportion is expected to exceed 50% in the future, establishing technology as the Group’s primary growth driver.

As of 31 December 2024, the cumulative R&D investment of SY Holdings reached over RMB250 million, and we hold 80 national invention patents and software copyrights. We have fully embraced the AI revolution by developing applications tailored to our industrial ecosystem. Artificial intelligence is now deeply embedded across multiple business functions, including intelligent risk management powered by big data, intelligent supplier management, supply chain process automation, and intelligent decision support for inventory and procurement. These innovations have significantly enhanced operational efficiency while reducing costs, underscoring our adaptability and future-ready mindset. In 2024, the supply chain asset facilitated per employee rose by approximately 62% year-on-year to RMB63 million, demonstrating a four-year compound annual growth rate (“CAGR”) of 52% – a robust indicator of sustained improvements in operational productivity.



# CHAIRMAN'S STATEMENT

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## Expanding Asset Boundaries and Connecting to a New Industrial Ecosystem

We remain deeply committed to supporting and empowering the growth of SMEs. Over the past year, we have continued to expand the scope of our industrial services, strengthening partnerships with core enterprises in infrastructure, pharmaceuticals, and commodities. Simultaneously, we have extended our digital supply chain solutions into emerging sectors such as cross-border e-commerce, intelligent computing, and robotics. To date, we have facilitated RMB248.9 billion in cumulative supply chain assets to support SMEs' needs in order acquisition and working capital, representing a year-on-year increase of approximately 29%. Our platform now serves 18,113 clients – an approximately 18% increase compared to the previous year.

Our digital supply chain services have facilitated significant advancements in the e-commerce sector. In September 2024, we officially launched our "e-commerce instant financing" solution, integrating our digital capabilities into the ecosystems of leading e-commerce platforms. This allowed livestream merchants to boost sales revenue by over 100%, while the scale of our asset services grew rapidly. In March 2025, SY Holdings formed strategic partnerships with Xinbada, a leading supplier of Shein, and Shopee, marking a significant milestone in our efforts to advance the "global expansion strategy" and reaffirming our dedication to supporting the international growth of Chinese merchants. Looking ahead, we intend to launch our "New Global Infrastructure (NGI)" initiative in emerging markets such as Turkey, Southeast Asia, and Morocco. This initiative will enable us to provide customised fintech solutions worldwide, thereby further supporting the internationalisation of China's manufacturing sector and brands.

As we move forward, we remain steadfast in our commitment to innovation. We are expanding into the field of AI computing infrastructure, marking a new chapter in our technology strategy. This year, we have received strong support from the Wuxi Economic Development Zone, Jiangsu, PRC in areas which include intelligent computing resources, application innovation, and AI ecosystem development. These efforts have laid a solid foundation of computing power to support our future exploration of "AI + industrial supply chain" applications. With this support, we have also opened up new avenues for delivering value-added services to SMEs. By extending our digital supply chain capabilities into the emerging field of intelligent computing, we are unlocking new growth opportunities that are anticipated to significantly boost our revenue from platform-based technology service revenue.



## CHAIRMAN'S STATEMENT

To express our heartfelt appreciation for the ongoing support of our shareholders, we intend to declare a dividend of RMB0.347 per share. Since our listing, we have distributed over RMB800 million in cumulative dividends, achieving seven consecutive years of dividend payments. Looking forward, we remain dedicated to maintaining a dividend payout ratio of no less than 90% over the next three years (2024–2026), as we continue to deliver value to our shareholders and reaffirm our commitment to long-term, high-quality development.

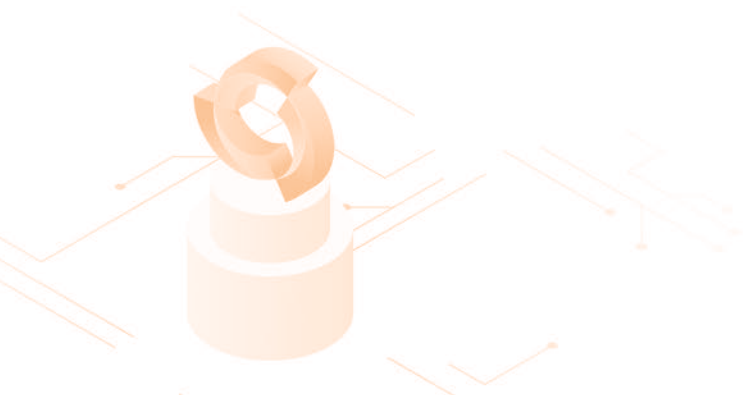
SY Holdings remains firmly committed to the principle of “Technology for Good” and actively engages in public welfare and charitable initiatives. We have established the SY Charity Foundation to focus on key areas such as supporting children in vulnerable situations, empowering youth through education and development programmes, and contributing to sustainable rural development. To date, we have contributed over RMB14 million charitable donations, accumulated more than 7,000 volunteer hours, and positively impacted over 15,000 individuals through our efforts. We are also committed to aligning with the United Nations Sustainable Development Goals (SDGs) and have integrated ESG principles throughout our strategy and operations. In recognition of our progress, our ESG rating on Wind has been upgraded from A to AA.

A decade of dedication has laid a strong foundation, and the true essence of our success is beginning to emerge. The past ten years have acted as a prelude – the coming decade will be our stage to gain momentum and advance confidently. In a vibrant market shaped by both challenges and opportunities, let us come together to create the next remarkable chapter of SY Holdings in the ten years to come.

**SY Holdings Group Limited**

**Tung Chi Fung**

*Chairman and Executive Director*



# MANAGEMENT DISCUSSION AND ANALYSIS

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## BUSINESS REVIEW

### 2024 Annual Review

SY Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**SY**”) is a digital intelligence company specializing in “AI + Industrial Supply Chains”. While deeply engaged in infrastructure, pharmaceuticals, and commodities—key national industries, the Group is also actively expanding into e-commerce, robotics, and intelligent computing services, which are strategic emerging industries. Through its self-developed, AI-driven industrial intelligence platform “SY Cloud Platform” (the “**Platform**”), the Group empowers small and medium enterprises (“**SMEs**”) by addressing their order fulfillment and working capital needs for supply chain operations, facilitating their growth and operational efficiency. As the platform-based strategy drives the expansion of platform technology services and with the strong support and complementary resources from both shareholders, the performance of the Company’s joint ventures has further improved, for the year ended 31 December 2024:

- The Group achieved net profit of approximately RMB390.9 million, reflecting a significant year-on-year increase of 36.9%.
- The Group recorded total revenue and income from principal activities of approximately RMB919.4 million, representing a slight year-on-year decline of 4.6%.
- The Group recorded share of results of associates of approximately RMB124.6 million, representing a significant year-on-year increase of 511.8%.

The Group has continuously enhanced its ability to serve the real economy, leveraging industrial ecosystem integration and industrial data linkages while strengthening a dual-engine approach of technology and data. With its “transaction-focused, entity-light” risk control framework and business model, the Group has effectively supports SMEs in accessing working capital and enhancing cost efficiency, and offers enterprise clients a comprehensive suite of sales and supply chain management services, including order and marketing management, intelligent goods inspection, digitalized supply and inventory management, as well as credit term management. As of 31 December 2024:

- The Platform served over 18,100 clients, with cumulative supply chain assets processed by the Platform to support clients’ needs in order acquisition and working capital turnover reaching approximately RMB249 billion, representing increases of 18.3% and 29.0%, respectively, from 31 December 2023.
- SMEs clients accounted for over 96%, while customer retention rate exceeded 80% and first-time borrowers made up more than 30%. Through its platform technology services, the Group can help SME clients achieve an annual sales growth of over 60%.
- Infrastructure Sector: Leveraging smart construction solutions and an intelligent procurement platform, the Group enhances supply chain digitalization for major infrastructure enterprises. At the same time, it captures real-time transaction data from SMEs suppliers. Through data analytics and intelligent matching, the Platform helps suppliers streamline bidding processes and access working capital.
- Pharmaceutical Sector: The Group has developed a supply chain tracking and management system for leading pharmaceutical distribution companies, enabling precise monitoring and intelligent analysis of drug circulation data and sales trends. This allows distributors to expand their business more effectively and optimize procurement, sales, and inventory management.





# MANAGEMENT DISCUSSION AND ANALYSIS

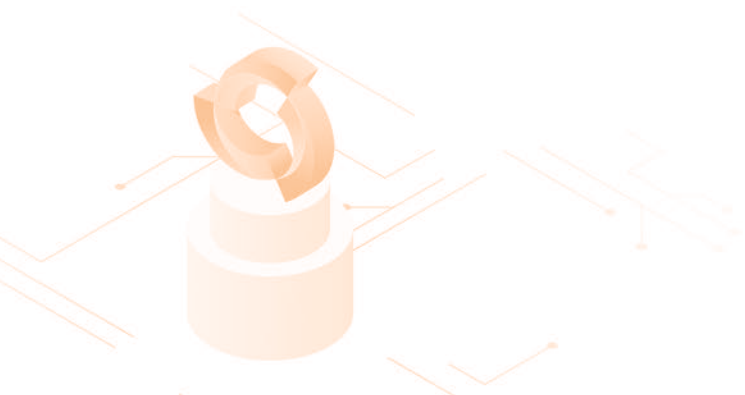
In the digital economy era, artificial intelligence (“AI”) and big data have become core drivers of technological advancement and economic growth. Through its platform-based and technology-driven strategy, the Group continues to increase Research & Development (“R&D”) investments to drive innovation and industry transformation. As of 31 December 2024:

- Cumulative R&D investment reached over RMB250 million, with R&D personnel accounting for nearly 30%.
- The Group holds 80 national invention patents and software copyrights, covering big data, cloud computing, AI, computing power, and other cutting-edge applications.
- The Group was named in the 2024 “Forbes China Top 50 Influential Fintech Companies” list.

The Platform connects industrial enterprises with financial institutions, utilizing big data analytics, AI-powered risk management, and AI-driven modeling to precisely match high-quality supply chain assets with diversified funding sources. The Platform also provides value-added supply chain services such as marketing and customer acquisition, client data analytics, and inventory management to enterprises within the industrial ecosystem.

- Revenue from platform-based technology services reached approximately RMB346.6 million for the year ended 31 December 2024, marking a year-on-year increase of 103.6%.
- The proportion of technology service revenue for the year ended 31 December 2024 rose from 17.7% for the year ended 31 December 2023 to 37.7%, becoming a key growth driver for the Group.
- The number of funding partners on the Platform as of 31 December 2024 increased to 163, reflecting a year-on-year growth of 24.4%, while the total funding facility exceeded RMB36.6 billion, marking a significant year-on-year increase of approximately 57.8%, reinforcing the Group’s role as a strategic partner for traditional financial institutions in advancing inclusive finance.

Since its establishment in 2013, the Group has maintained profitability for 11 consecutive years, with cumulative net profit exceeding RMB2.3 billion. For the year ended 31 December 2024, the Directors recommended the payment of a dividend of RMB34.7 cents per ordinary share of the Company, with a dividend payout ratio of 90%. The Group has maintained a high dividend policy for seven consecutive years, with total cumulative dividends paid exceeding RMB0.8 billion, and has announced a Dividend Payment Plan to conduct declaration and payment of dividends with payout ratio of no less than 90% for the financial years ending 31 December 2024, 31 December 2025 and 31 December 2026 (Details of the Dividend Payment Plan are disclosed in the Company’s announcement dated 10 October 2024). To further reward investors with tangible returns, the Company is also considering a special dividend distribution in 2025, subject to market conditions and final Board approval. Any dividend payment shall be conducted in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Codes on Takeovers and Mergers and Share Buy-backs and other applicable laws and regulations at the relevant time.



# MANAGEMENT DISCUSSION AND ANALYSIS

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## BUSINESS OUTLOOK AND PROSPECTS

### Expanding into New Industries & Unlocking Growth Drivers

While deepening its presence in key national industries such as infrastructure, pharmaceuticals, and commodities, the Group is actively expanding into strategic emerging sectors, including e-commerce, robotics, and intelligent computing services. These sectors represent a total potential market size exceeding RMB10 trillion, with an estimated customer base of over 10 million enterprises.

In the cross-border e-commerce sector, the Group has rapidly expanded into the new e-commerce landscape through strategic investments in e-commerce supply chain services. The Group has established partnerships with leading cross-border e-commerce platforms in China and Southeast Asia, facilitating the global expansion of Chinese manufacturers and enabling Chinese consumers to access global shopping opportunities. As of 31 December 2024, the Group has assisted hundreds of e-commerce merchants in securing supply chain working capital solutions totaling billions of RMB, establishing a new growth pillar for the business.

Furthermore, the Group has entered into a strategic collaboration with Xinbada (Guangzhou) Technology Co., Ltd. (“**Xinbada**”) to facilitate the expansion of China’s apparel industry and cross-border e-commerce platforms into global markets. The Group will support Xinbada’s development of flexible intelligent factories in Turkey, Southeast Asia, Morocco, and other regions. Through the strategic collaboration with Xinbada, the Group targets to establish supply chain connections with SHEIN, Temu, Cider, PatPat, and other cross-border e-commerce platforms. This collaboration is expected to unlock a business scale of nearly RMB10 billion.

Additionally, the Group has formed a strategic partnership with the largest e-commerce platform in Southeast Asia, to jointly launch cross-border e-commerce supply chain financial services, providing strong support for Chinese sellers in targeted marketing across overseas markets. The collaboration is projected to reach millions of potential Chinese sellers, unlocking a business scale in the hundreds of billions of RMB.

In the sector of robotics and semiconductors, the Group has established partnerships with leading venture capital firms, expanding its “funds + industry + finance” ecosystem and advancing the “equity investment + supply chain finance” model. The Group has engaged in discussions with leading humanoid robot companies to explore industrial ecosystem collaboration, to promote mass production and enhance sales through supply chain finance, thereby creating a full-cycle value chain of “industrial investment – ecosystem service empowerment”. This will continuously release industrial synergy effects and contribute significantly to technological innovation and industrial upgrading through financial technology.

### Embracing AI & Driving Digital Transformation

In the digital economy era, AI and big data have become core drivers of technological advancement and economic growth. The Group is continuously increasing R&D investments, focusing on data, models, and computing power to empower SMEs and fulfill its mission of “Making Supply Chains More Efficient and Finance More Inclusive.”



# MANAGEMENT DISCUSSION AND ANALYSIS

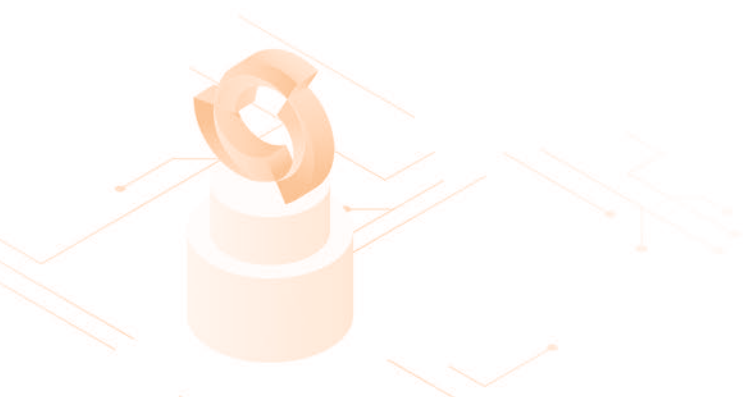
## AI Foundation Model Integration

- The SY Cloud Platform has fully integrated with the domestic open-source DeepSeek AI foundation model.
- The Group is also exploring the potential of leading AI models, including ChatGPT, Llama, Qwen, Doubao, and Zhipu AI, for industrial supply chain applications.
- By leveraging high-quality industry-grade training data, the Group is continuously enhancing AI models' industry-specific intelligence.
- The Group is actively exploring AI-driven solutions in supplier management, supply chain automation, and inventory decision support, empowering digital and intelligent supply chain transformation.

## Computing Power Expansion

- The Group has secured computing power support from Wuxi Economic Development Zone ("**Wuxi EDZ**"), which hosts the Xuelang Computing Center, NVIDIA AI Computing Center, and Sugon Advanced Computing Center, with over 1,000P of AI computing power.
- The Group has signed a strategic cooperation framework agreement with Wuxi EDZ to establish its East China headquarters, fostering a digital industrial ecosystem. In the future, the Group will collaborate with Internet Data Center ("**IDC**") service providers to explore opportunities for providing intelligent computing services through cloud services.

Driven by ample computing power, the Group will leverage the data analysis and processing capabilities of AI large models. By building an enterprise AI knowledge base, optimizing intelligent asset and funding matching algorithms, and strengthening big data intelligent risk control models, it is expected that by 2025, operational efficiency will improve by at least 50%, and the per capita service asset scale will be significantly enhanced, providing strong support for improving the Group's profit margins. The Group will focus on the industrial data and customer resources accumulated over the past decade, developing industry AI agents and deeply integrating them into the digital ecosystem service system at the industry level. This will help SMEs achieve more precise market analysis, smarter order acquisition, more efficient supply chain management, and more scientific cost management, thereby enhancing the scale of Group's platform technology service business.



# MANAGEMENT DISCUSSION AND ANALYSIS 11

## FINANCIAL REVIEW

### Revenue and income from principal activities

The Group's total revenue and income from principal activities primarily generated from the PRC market, and slightly decreased by 4.6% year-on-year to RMB919.4 million for the year ended 31 December 2024, compared to RMB963.5 million for the previous year, mainly due to the impact of the deemed disposal of Wuxi Guojin Commercial Factoring Co., Ltd. ("WXGJ") in February 2024 and partially offset by the significant growth in the business scale of platform-based technology services driven by the platformisation strategy.

### Platform-based technology services

The Group's platform technology services, powered by the SY Cloud Platform, connect the industrial ecosystem with financial institutions. By leveraging advanced technology-driven models, this Platform provides comprehensive sales and supply chain management solutions to enterprise clients, effectively addressing their order acquisition and working capital needs. Revenue from platform-based technology services significantly increased by 103.6% year-on-year to approximately RMB346.6 million for the year ended 31 December 2024, compared to approximately RMB170.2 million for the preceding year, mainly due to the strengthening of platform ecosystem connectivity and technological capabilities, the Group has continuously enhanced customer acquisition efficiency and risk control, which has enabled more SMEs to access supply chain working capital solutions through the Platform's network of external funding partners.

Additionally, the Group continues to expand its differentiated services, offering value-added supply chain technology solutions to ecosystem clients. These services include order and marketing management, intelligent goods inspection, and end-to-end digitalization of procurement, sales, and inventory management.

### Digital financing solutions

The Group's digital financial solutions primarily facilitate supply chain working capital support for SMEs client by its internal funding and credit enhancement entities through intelligent matching on the SY Cloud Platform. Revenue from digital financing solutions decreased by 27.8% year-on-year to RMB521.9 million for the year ended 31 December 2024, compared to RMB722.8 million for the last year, mainly due to the deemed disposal of WXGJ in February 2024. The Group has further deepened its asset-light strategy and enhanced its platform capabilities. Consequently a greater proportion of SMEs supply chain working capital needs are now being met through external funding partners connected the Platform.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Gain on refinancing of supply chain assets upon derecognition

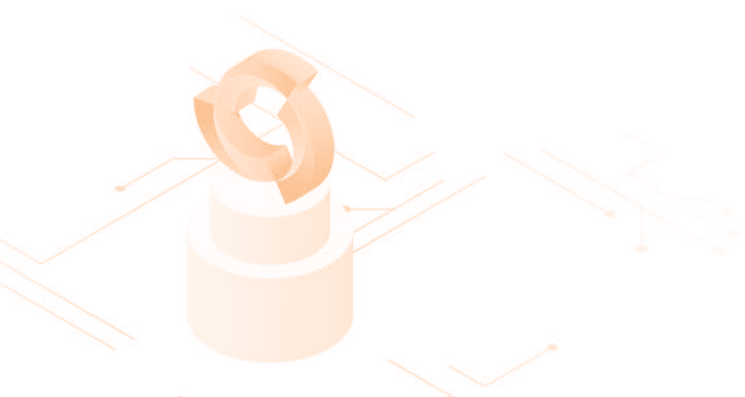
For supply chain assets held by the Group, the Platform may facilitate refinancing by introducing funding partners, thereby maximizing the value of our supply chain assets and enhancing the Company's cash flow management. Gain from this business segment is equal to the excess amount received or receivable from refinancing transactions over the carrying amount of the supply chain assets, as the Group does not bear the associated risks of these assets after such refinancing arrangements. The gain on refinancing of supply chain assets upon derecognition decreased by 27.8% year-on-year to RMB50.9 million for the year ended 31 December 2024, compared to RMB70.5 million for the preceding year.

## Other gains and losses

The Group booked other gains of RMB72.9 million in the year of 2024, an increase of 208.4% year-on-year, compared to RMB23.6 million for the preceding year. The increase is mainly due to (i) the increase in remeasurement gain of previously held equity interest in an associate upon step acquisition of a subsidiary; (ii) the increase in fair value gain of other financial assets at FVTPL; (iii) the increase in gains from disposal of subsidiaries; and (iv) the decrease in fair value loss of other financial liabilities at FVTPL.

## Share of results of associates

The growth of the Group's major associate companies continues to thrive due to the strong support and resource synergy provided by joint venture partners. On one hand, these associate companies utilize the Group's industrial ecosystem connections, big data analytics, AI-driven enhancements, and comprehensive system support to improve customer acquisition efficiency and strengthen risk management capabilities. This has led to significant increases in both business scale and revenue while effectively mitigating risks. On the other hand, the credit backing from their controlling shareholders has further reduced funding costs, resulting in a substantial rise in net profits for these associate companies. The development of these associate companies is a crucial part of the Group's platform-based strategy, facilitating business expansion and revenue growth through resource integration. The share of results of associates surged 511.8% year-on-year, rising from RMB20.4 million for the year ended 31 December 2023 to RMB124.6 million for the year ended 31 December 2024.



# MANAGEMENT DISCUSSION AND ANALYSIS 13

## Expenses

The following table sets forth the comparative figures of the principal components of the operational expenses for the year ended 31 December 2024 and 2023.

	Year ended 31 December		
	2024 RMB'000	2023 RMB'000	Year-on-year
Staff costs	187,608	177,768	5.5%
Depreciation and amortisation	32,195	31,511	2.2%
Other costs and operating expenses (excluding materials cost)	55,531	62,472	(11.1%)
<b>Total</b>	<b>275,334</b>	<b>271,751</b>	<b>1.3%</b>

The Group's total operational expenses increased by 1.3% year-on-year to RMB275.3 million for the year ended 31 December 2024, compared to RMB271.8 million for the year ended 31 December 2023, mainly due to the increase in staff costs of RMB9.8 million.

The operational cost-to-income ratio for the year of 2024 was 29.9% when compared with 28.1% in 2023, excluding material costs and one-time expenses.

## Net profit

Net profit in the year of 2024 was RMB390.9 million, an increase of RMB105.4 million or 36.9% year-on-year, compared to RMB285.5 million for the year ended 31 December 2023.

## Adjusted net profit

Adjusted net profit increased by 17.7% year-on-year to RMB343.3 million for the year ended 31 December 2024, compared to RMB291.6 million for the year ended 31 December 2023.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Non-HKFRSs Measure: adjusted net profit

To supplement our consolidated results which are prepared and presented in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”), we utilize non-HKFRSs adjusted net profit (“**adjusted net profit**”) as an additional financial measure. We define adjusted net profit as profit for the year, as adjusted by excluding remeasurement gain of previously held equity interest in an associate upon step acquisition of a subsidiary, gain from disposal of subsidiaries and equity-settled share-based payments based on our share incentive plan.

Adjusted net profit is not required by, or presented in accordance with, HKFRSs. We believe that the presentation of non-HKFRSs measures when shown in conjunction with the corresponding HKFRSs measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance, such as certain non-cash items and the impact of certain non-recurring investment transactions. We also believe that the non-HKFRSs measures are appropriate for evaluating the Group’s operating performance. However, the use of this particular non-HKFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRSs. In addition, this non-HKFRSs financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following tables set forth reconciliations of the Group’s non-HKFRSs measures for the year ended 31 December 2024 and 2023, respectively, to the nearest measures prepared in accordance with HKFRSs.

	2024 RMB'000	2023 RMB'000
<b>Profit for the year</b>	<b>390,867</b>	285,545
<b>Less:</b>		
Remeasurement gain of previously held equity interest in an associate upon step acquisition of a subsidiary (note 1)	(49,282)	–
Gain from disposal of subsidiaries (note 1)	(5,177)	–
<b>Add:</b>		
Loss from disposal of subsidiaries (note 1)	–	475
Equity-settled share-based payments based on our share incentive plan (note 2)	6,920	5,578
<b>Adjusted net profit for the year (non-HKFRSs)</b>	<b>343,328</b>	291,598

Notes:

1. The non-recurring gain/loss is one-off in nature.
2. It represents the share options/restricted share unit (“**RSU**”) that we granted under our share incentive plan, which is a non-cash expense.



# MANAGEMENT DISCUSSION AND ANALYSIS 15

## Supply chain assets at fair value through other comprehensive income ("FVTOCI")

Supply chain assets at FVTOCI as of 31 December 2024 were RMB4,891.3 million, a 36.2% decrease year-on-year. Daily average balance of self-funded supply chain assets over the year of 2024 was RMB5,778.9 million, a 27.2% decrease over the year of 2023, mainly due to the deemed disposal of WXGJ in February 2024 and deepened asset-light strategy. Based on the daily average balance of self-funded supply chain assets, interest yield on supply chain assets in the year of 2024 was 8.4%, which was 0.4 percentage points lower year-on-year.

The details of major terms of supply chain assets, including collateral types, maturity profile, and the size and diversity of clients are set out below.

As at 31 December 2024, all of the total supply chain assets were secured by charge over trade receivable, in respect of which the legal title and legal right to receivable cash flows were also transferred to the Group. Furthermore, the supply chain assets of RMB217.1 million were secured by certain commercial acceptance bills received from customers, while as of 31 December 2023, the supply chain assets of RMB160.5 million were secured by certain commercial acceptance bills received from customers and the supply chain assets of RMB16.6 million were secured by deposit from customers. These bills can be applied and used to settle any outstanding receivables of supply chain assets for the corresponding contract if default occurs.

As at 31 December 2024, there were a total of 5,125 (31 December 2023: 3,187) outstanding supply chain assets obtained by the Group, out of which 173 (31 December 2023: 137) supply chain assets are referred to as sizeable loans with principal amount exceeds RMB10 million, 343 (31 December 2023: 744) supply chain assets with principal amount between RMB1 million and RMB10 million, 4,609 (31 December 2023: 2,306) supply chain assets with principal amount less than RMB1 million.

As at 31 December 2024, no supply chain assets (31 December 2023: RMB397.4 million) were obtained from the related parties (which are associates of the Group under the Listing Rules and the non-controlling shareholder of a material subsidiary) of the Group. The remaining balance of the outstanding supply chain assets were obtained from the independent third parties of the Group. The supply chain assets normally have a term of 7 days to 25 months (31 December 2023: 1 to 24 months) and the effective interest rates ranging mainly from 5.00% to 15.50% (31 December 2023: 4.90% to 14.00%) per annum.

Details of our Company's credit risk and impairment assessment of supply chain assets are set out in note 40(b) to the financial statements.

Supply chain assets at FVTOCI with ageing analysis presented below per maturity dates:

	As at	
	31 December 2024 RMB'000	31 December 2023 RMB'000
Within six months	3,311,862	5,087,444
Within a period of more than six months but not exceeding one year	1,577,396	2,449,011
Within a period of more than one year but not exceeding two years	2,049	126,889
	4,891,307	7,663,344





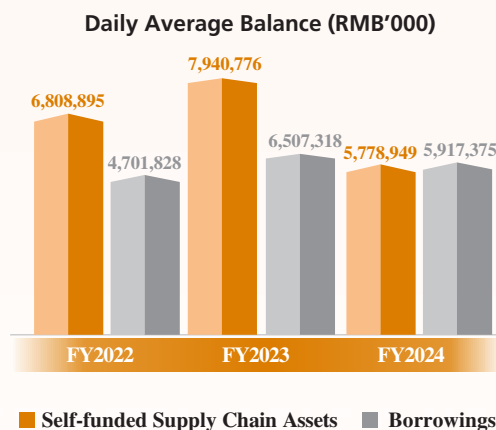
# MANAGEMENT DISCUSSION AND ANALYSIS

## Movements in impairment loss allowance on supply chain assets

The Group's impairment loss allowance on supply chain assets decreased by 32.7% year-on-year to RMB57.4 million as at 31 December 2024, compared to RMB85.3 million as at 31 December 2023, mainly attributable to the decrease in gross balance of supply chain assets as at 31 December 2024 and the improvement on the quality of supply chain assets. No impairment loss allowance were written off for the year ended 31 December 2024 (for the year ended 31 December 2023: Nil).

## Borrowings and finance cost

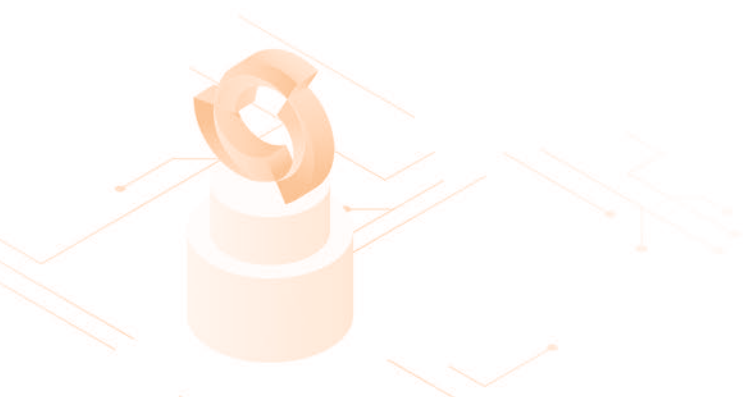
Borrowings, including loans from related parties, as of 31 December 2024 was RMB5,136.1 million, a 28.5% decrease year-on-year. Daily average balance of borrowings over the year of 2024 were RMB5,917.4 million, a 9.1% decrease year-on-year. The decrease in finance costs of RMB49.7 million year-on-year was mainly due to the decrease in the daily average balance of borrowings and the decrease in average borrowings interest rate from 6.3% over the year of 2023 to 6.1% over the year of 2024.



## Taxation

Income tax expenses represent the tax expense arising from the assessable profit generated by the Group in the PRC, withholding tax levied on interest income of Hong Kong subsidiaries, withholding tax levied on dividend declared of PRC subsidiaries and deferred tax. Except for certain PRC subsidiaries that enjoy preferential tax rates, PRC enterprise income tax is calculated at 25% of the estimated assessable profits for both years ended 31 December 2024 and 2023. The increase in effective tax rate from 23.0% for the year ended 31 December 2023 to 24.9% for the year ended 31 December 2024 was mainly attributable to the increase in profit before taxation in subsidiaries with applicable tax rate of 25% and the increase in withholding tax on the undistributed earnings of PRC subsidiaries.

For the year ended 31 December 2024, income tax expenses amounted to approximately RMB129.3 million (for the year ended 31 December 2023: RMB85.1 million).



# MANAGEMENT DISCUSSION AND ANALYSIS 17

## KEY INTERNAL CONTROLS IN RESPECTIVE OF DIGITAL FINANCING SOLUTIONS

The Group has established and maintained comprehensive approval and risk assessment procedures, sound internal control system and established credit risk control policies in place which take into account internal and external factors to determine the approval of digital financing solutions. The Group applies industry risk assessment model which is based on a conventional risk control and industry-specific evaluation model for credit assessment of digital financing solutions. Details of our Company's impairment assessment as at 31 December 2024 are set out in note 40(b) to the financial statements.

Leveraging years of accumulated industry experience, the Group conducts cross-verification of transaction data through multi-dimensional data to validate and confirm the authenticity and reasonableness of transactions made by SME customers. By performing comprehensive assessments on SME customers, including defining customer profiles, profiling core enterprises within the supply chain, and evaluating the transaction status corresponding to accounts receivable, the Group supports SME customers and provides them with prudent and tailored digital financial solutions while mitigating fraud risks.

### Credit Approval

With the aid of industry risk assessment models, the Group adopts a dual approval mechanism for core enterprise admission evaluation and transaction-level evaluation in its digital financial solutions business to manage the risk exposure of individual accounts receivable financing and the Group's overall business operations.

- **Core Enterprise Admission Evaluation**

Core enterprises serve as key entities in the operation of production and research supply chains, holding critical resources and data within the supply chain. Strategically, the Group focuses on selected key industries and core enterprises to develop and refine its industry risk assessment models. Based on this, the Group conducts admission evaluations for core enterprises within selected key industries, comprehensively considering their financial conditions, payment capabilities, operational records, and future development. Furthermore, the Group implements concentration control to manage the upper limit of business scale for individual core enterprises.

- **Transaction-Level Evaluation**

Once a core enterprise within a specific industry is admitted by the Group, customers within the ecosystem of that core enterprise can apply for supply chain financing under the digital financial solutions based on their accounts receivable from the core enterprise. For each accounts receivable financing application, the Group conducts a transaction-level evaluation and determines the financing limit, taking into account factors including but not limited to: (i) The amount of accounts receivable held by the customer, which must have sufficient value (i.e., equal to or greater than the financing amount applied for) to serve as a credit enhancement measure for the specific application under the digital financial solutions; and (ii) The real-time transaction profile of the underlying transactions for the accounts receivable maintained by the Group.

The transaction-level evaluation is empowered by the Group's data-driven supply chain technology platform, "SY Cloud platform." This Platform connects industry ecosystem data and integrates multiple technologies, including Artificial Intelligence ("AI"), electronic signatures, Optical Character Recognition ("OCR"), Natural Language Processing ("NLP"), big data analytics, video verification, and facial recognition. Through multi-dimensional and multi-source data, it verifies the authenticity and reasonableness of transactions.



# 18 MANAGEMENT DISCUSSION AND ANALYSIS

## Monitoring of loan recoverability

The timely repayment of the digital financing solutions and risk exposures is monitored by the Group's Risk Management Department. Leveraging on the data-driven technology platform, the Group continues to monitor its assets through regular monitoring of repayment, invoice status verification and 24-hour public opinion monitoring to ensure that the entire financing process is under comprehensive, continuous and effective management and control.

The Group establishes close cooperation with various banks, opens designated accounts, collects and monitors the repayment information in a timely manner, and effectively tracks the customers' continuity of business operation and stability of cooperation with core enterprises, thereby further strengthening the risk control and realizing closed-loop cash flow management.

## Loan collection

Where irregularity is noted by our Risk Management Department, a working group comprised of multi-functional team members will plan and take remedial actions, which normally include extending repayment terms or negotiating settlement proposals with the customer. If these remedial actions prove unsuccessful, the Group will take legal action against the customer and take control of the collateral assets.

## CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

During the year ended 31 December 2024, the Group's main source of funds was the cash generated from its daily operations and proceeds from new borrowings. As at 31 December 2024, the Group had cash and cash equivalents of RMB515.6 million (31 December 2023: RMB658.2 million), of which 89.5% and 8.6% were denominated in RMB and HKD respectively. Net cash from operating activities was RMB2,759.6 million in 2024 (for the year ended 31 December 2023: RMB1,681.9 million), an increase of RMB1,077.7 million year-on-year was mainly due to the change from net cash used in supply chain assets at FVTOCI of RMB1,137.7 million for the year ended 31 December 2023 to net cash from supply chain assets at FVTOCI of RMB2,160.6 million for the year ended 31 December 2024.

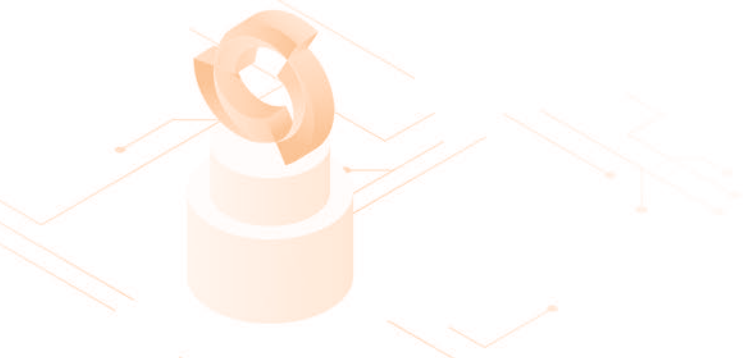
As at 31 December 2024, the Group had interest-bearing borrowings and loans from related parties which amounted to RMB5,136.1 million (31 December 2023: RMB7,182.9 million). Its gearing ratio, expressed as total liabilities over total equity was 1.58 as at 31 December 2024 (at 31 December 2023: 1.91). Further details of interest-bearing borrowings and loans from related parties are set out in note 32 and 38(b)(vi), respectively, to the financial statements.

## FINAL DIVIDEND

The Directors recommend the payment of a final dividend of RMB34.7 cents per ordinary share of the Company for the year ended 31 December 2024 (for the year ended 31 December 2023: HK26.9 cents per ordinary share). As of the date of this annual report, the Company holds 521,000 treasury shares, which will not be eligible for dividends or distributions.

## EXPECTED DATE OF DIVIDEND PAYMENT

The Board recommend that the proposed final dividend be paid on Friday, 20 June 2025 to those shareholders whose names appear on the Company's register of members on Thursday, 22 May 2025, subject to approval by the shareholders of the Company at the forthcoming annual general meeting to be held in Friday, 16 May 2025.



# MANAGEMENT DISCUSSION AND ANALYSIS 19

## CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed on Thursday, 22 May 2025, and no transfer of shares will be effected on that day. In order to qualify for the proposed final dividend, shareholders of the Company should ensure that all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 21 May 2025. The ex-dividend date for the proposed final dividend will be on Tuesday, 20 May 2025.

The Company will further announce the dates of closure of register of members of the Company for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting as and when appropriate in accordance with the requirements of the Listing Rules.

## ELECTION OF THE CURRENCY FOR RECEIVING DIVIDEND

If Shareholders wish to receive all (but not part, save in the case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in HKD) of the final dividend year ended 31 December 2024 in HKD, Shareholders should complete a dividend currency election form ("**Dividend Currency Election Form**"), which is expected to be despatched to Shareholders on 27 May 2025 and shall be returned to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 June 2025. If no election is made by a Shareholder or no Dividend Currency Election Form is received by the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, by 4:30 p.m. on Thursday, 12 June 2025, such Shareholder will automatically receive the final dividend for the year ended 31 December 2024 in RMB. If Shareholders wish to receive the final dividend year ended 31 December 2024 in RMB in the usual way, no additional action would be required.

## USE OF PROCEEDS

### The Placement in 2021

On 24 September 2021 (after the trading hours), the Company and China International Capital Corporation Hong Kong Securities Limited (the "**Placement Agent**") entered into a placement agreement pursuant to which the Company conditionally agreed to place, through the Placement Agent on a best effort basis, a maximum of 63,068,000 ordinary shares at a price of HK\$8.80 per share (the "**Placement**"). The placing shares were allotted and issued pursuant to the general mandate for the Company.

The Placement was completed on 5 October 2021. An aggregate of 63,068,000 new shares were successfully issued by the Company and placed by the Placing Agent to two placees, namely Xitong International Holdings (HK) Limited and Pavilion Capital Fund Holdings Pte. Ltd., at a price of HK\$8.80 for each new share. The new shares from the Placement represent approximately 6.29% of the issued share capital of the Company translating to total net proceeds of approximately HK\$550.8 million (equivalent to approximately RMB456.2 million).

The placing price of HK\$8.80 per share represents: (i) a discount of approximately 7.95% to the closing price of HK\$9.56 per share as quoted on the Stock Exchange on 24 September 2021; (ii) a discount of approximately 9.45% to the average closing price of the shares of approximately HK\$9.718 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding but excluding 24 September 2021; and (iii) a discount of approximately 9.44% to the average closing price of the shares of approximately HK\$9.717 per share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding but excluding 24 September 2021.

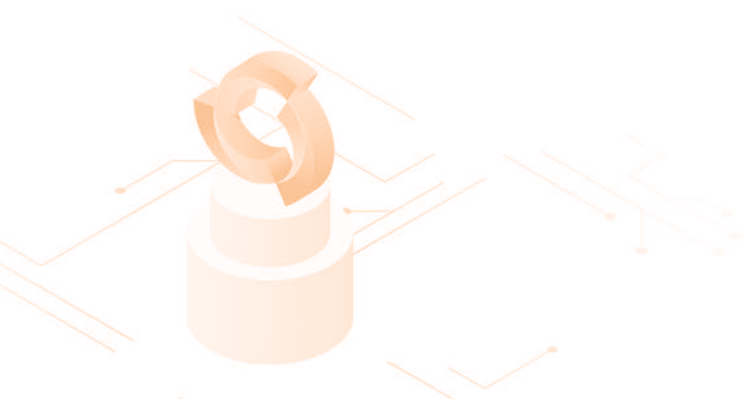


# 20 MANAGEMENT DISCUSSION AND ANALYSIS

## Use of proceeds from the Placements

During the year ended 31 December 2021, 2022, 2023 and 2024, details of the use of proceeds of the placement were as follows:

		Actual use of net proceeds during the year ended 31 December 2021 (Approximately HK\$ million)	Actual use of net proceeds during the year ended 31 December 2022 (Approximately HK\$ million)	Actual use of net proceeds during the year ended 31 December 2023 (Approximately HK\$ million)	Actual use of net proceeds during the year ended 31 December 2024 (Approximately HK\$ million)	Intended use and expected timeline of the remaining amount of net proceeds
Use of proceeds	Net proceeds raised (Approximately HK\$ million)					
Strategic acquisition of and/or investment in business(es) in the industrial technology and digital financing	275.4	275.4	–	–	–	The amount of strategic acquisition of and/or investment in business(es) in the industrial technology and digital financing had been fully utilised.
Expansion and development of the Group's supply chain technology services segment	165.2	2.3	33.2	20.7	41.4	The remaining unutilised amount of approximately HK\$67.6 million will be used for expansion and development of the Group's supply chain technology services segment and is expected to be fully utilised by 31 December 2025.
General working capital of the Group's platformisation	110.2	7.1	103.1	–	–	The amount of net proceeds for general working capital of the Group's platformisation had been fully utilised.



# MANAGEMENT DISCUSSION AND ANALYSIS 21

The Company has been actively expanding its supply chain technology service business, mainly focusing on developing supply chain technology services in the infrastructure and pharmaceutical industries to create business synergies. Since (i) the Company needs more time to conduct business research and evaluate its business needs and the risks involved in order to identify potential projects and promote implementation; and (ii) secure better business returns and strive for a more advantageous market position of the Company, it is expected that the remaining unutilised net proceeds allocated to expansion and development of the Group's supply chain technology services segment of approximately HK\$67.6 million is expected to be fully utilized by 31 December 2025.

The Directors considers that the delay in the use of the unutilised net proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the best interests of the Company and its shareholders as a whole.

The expected timeline of full utilisation of the unutilised net proceeds is based on the Directors' best estimation barring any unforeseen circumstances, and may be subject to change based on the market conditions. Should there be any material change or delay in the use of proceeds, further announcement(s) will be made by the Company as and when appropriate.

## CAPITAL COMMITMENTS

As at 31 December 2024, the capital commitments of the Group comprised purchase of property and equipment of approximately RMB236.9 million and investment in an associate of approximately RMB0.2 million (31 December 2023: purchase of property and equipment of approximately RMB352.0 million and investment in an associate of approximately RMB0.2 million).

## CONTINGENT LIABILITIES

Save as disclosed in note 31 of the "Notes to the consolidated financial statements", the Group did not have any other guarantees or other material contingent liabilities.

## PLEDGE OF ASSETS

As at 31 December 2024, the Group had pledged bank deposits of RMB1,401.4 million, wealth management products of RMB14.2 million, equity tranche of RMB100.3 million, investment property with carrying amount of RMB30.2 million, leasehold land with carrying amount of RMB80.4 million, and certain supply chain assets with an aggregate carrying amount of RMB3,067.1 million to banks, associates and third parties for facilities, loan facilitation platform in partnership with banks and derivative financial instruments (31 December 2023: pledged bank deposits of RMB866.5 million, wealth management products of RMB102.7 million, equity tranche of RMB63.0 million, investment property with carrying amount of RMB31.1 million, and certain supply chain assets with an aggregate carrying amount of RMB3,208.8 million to banks, associates and third parties for facilities, loan facilitation platform in partnership with banks and derivative financial instruments).



# MANAGEMENT DISCUSSION AND ANALYSIS

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

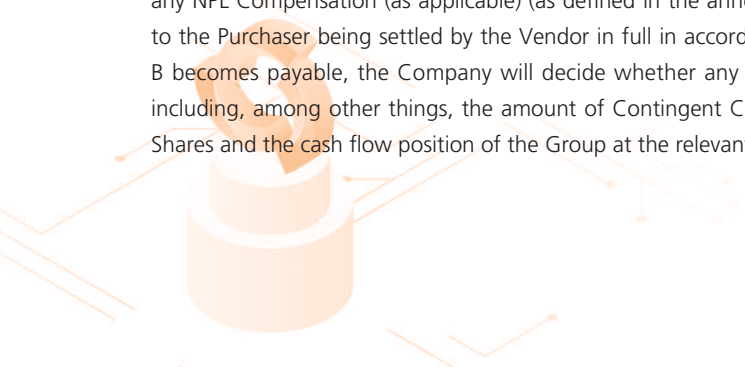
On 28 February 2024, the Company entered into a collaboration agreement with 無錫市太湖新城資產經營管理有限公司 (Wuxi Taihu New City Asset Management Co., Ltd.\*) ("**Wuxi Taihu New City**"), WXGJ and other subsidiaries of the Company (the "**Collaboration Agreement**"), pursuant to which, among others, Wuxi Taihu New City subscribed RMB569.4 million of the capital increase in WXGJ, and the parties agreed to provide financial assistance and guarantees pursuant to the terms of the Collaboration Agreement. The Group's total indirect equity interest in WXGJ had been diluted from 80% to 49% and WXGJ ceased to become a subsidiary of the Group. Details of the capital increase and terms of the Collaboration Agreement are disclosed in the Company's announcements dated 28 February 2024 and 20 March 2024 and the Company's circular dated 24 April 2024.

In March 2024, the Group de-registered 霍爾果斯永卓商業保理有限公司 (Khorgos Yong Zhuo Factoring Limited\*).

On 9 July 2024, a direct wholly-owned subsidiary of the Company ("**Purchaser**"), the Company and Future Gold Enterprises Limited ("**Vendor**") entered into an acquisition agreement ("**Acquisition Agreement**"), pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Share, representing all the issued shares of the Great Style Holdings Limited ("**Target Company**"), at a closing consideration of RMB300 million. Subject to the satisfaction of the performance targets of the Target Company in 2024 and 2025, the Purchaser has agreed to pay an additional contingent consideration of up to RMB500 million in aggregate. Pursuant to the Acquisition Agreement, the consideration comprises (i) the closing consideration of RMB300 million (the "**Closing Consideration**"), (ii) contingent consideration to be assessed in respect of the financial year ended 31 December 2024 of up to RMB200 million (if any) ("**Contingent Consideration A**") and (iii) contingent consideration to be assessed in respect of the two financial years ended 31 December 2025 of up to RMB300 million (if any) ("**Contingent Consideration B**" together with Contingent Consideration A, the "**Contingent Consideration**"). Pursuant to the terms and subject to the conditions of the Acquisition Agreement, the Company and the Purchaser shall have the right to unilaterally decide that all or part of Contingent Consideration B be settled by allotment and issue and/or transfer out of treasury, of consideration shares to the Vendor pursuant to the future General Mandate ("**Consideration Shares**"). Pursuant to the supplemental agreement to the Acquisition Agreement dated 23 August 2024, the parties agreed that (i) the issue/transfer price per Consideration Share will be at a discount of 15% to the average closing price on the Stock Exchange in the 5 trading days immediately prior to the date of the report certifying the adjusted net profit of the Target Company for the financial year ended 31 December 2025, subject to the lowest issue/transfer price of HK\$5.2 ("**New Floor Price**" previously HK\$4.7 ("**Change in Floor Price**")); and (ii) the Consideration Shares be subject to a lock-up period of 90 days from the date of allotment and issue of the Consideration Shares (including the transfer of treasury shares) by the Company to the Vendor (both dates inclusive), during which any or all of the Consideration Shares obtained by the Vendor under the Acquisition Agreement may not be transferred in any manner and may not be used to secure or repay debts ("**Lock-up Restrictions**").

In the event that (i) the Contingent Consideration B becomes payable and the Company elects to satisfy the Contingent Consideration B wholly by way of the allotment and issue of Consideration Shares, and (ii) the New Floor Price is eventually adopted as the issue price for the Consideration Shares, the Change in Floor Price will reduce the dilution effect to the then Shareholders as a result of the issuance of the Consideration Shares. The Lock-up Restrictions aim to prevent the immediate transfer/pledge of the Consideration Shares after their allotment and issue (or transfer) to the Purchaser, thereby reducing market volatility.

The calculation and payment of the Contingent Consideration will be subject to (i) the fulfillment of the performance targets, i.e. the audited or reviewed consolidated net profit after taxation, exclusive of fair value gains or losses derived from the financial instruments of the Target Group, to be achieved by the Target Company ("**Adjusted Net Profit**") for the relevant assessment period, and (ii) any NPL Compensation (as applicable) (as defined in the announcement of the Company dated 9 July 2024) payable by the Vendor to the Purchaser being settled by the Vendor in full in accordance with the Acquisition Agreement. If any Contingent Consideration B becomes payable, the Company will decide whether any Consideration Shares will be issued based on the then circumstances including, among other things, the amount of Contingent Consideration B payable (if any), the then prevailing market price of the Shares and the cash flow position of the Group at the relevant time.



# MANAGEMENT DISCUSSION AND ANALYSIS 23

For illustration purposes only, (i) the maximum amount of Contingent Consideration A of RMB200 million would only be applicable if the Adjusted Net Profit for the financial year ending 31 December 2024 is not less than RMB29.4 million; and (ii) the maximum amount of Contingent Consideration B of RMB300 million would only be applicable if the Adjusted Net Profit for the financial year ending 31 December 2025 is not less than RMB47 million. On one hand, the Contingent Consideration provide significant incentives for the Vendor to ensure a smooth and successful development of the Target Group post-completion because their entitlement to receive the Contingent Consideration ultimately depends on whether the Target Group could continue serving its existing major customers and/or to secure additional or alternative customers. On the other hand, the respective caps of Contingent Consideration provide more certainty to the Group in terms of the maximum amount of Consideration payable by it under the acquisition and will facilitate the Group's management of its financial resources.

The Contingent Consideration constitutes a performance guarantee by the Vendor in relation to the Target Group, and the Company will comply with the disclosure requirements under Rule 14.36B of the Listing Rules as and when appropriate. As of 31 December 2024, the adjusted net profit of the Target Company was approximately RMB47.4 million, which has met the performance guarantee and the payment conditions for Contingent Consideration A. According to the consideration calculation method announced on 9 July 2024, the consideration paid by the Purchaser to the vendor is RMB250 million, including an excess amount of RMB50 million. This consideration has been fully paid in cash as of 31 March 2025. Details of the terms of the Acquisition Agreement are disclosed in the Company's announcements dated 9 July 2024, and the supplemental announcements dated 23 August 2024.

Save as disclosed above, the Group has no material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

## SIGNIFICANT INVESTMENTS HELD BY THE GROUP

The information on the Group's significant investments held as at 31 December 2024 is as follows:

### Investments in Associates

Name of investee	Nature of investment	Registered capital as at 31 December 2024	Equity interest	Investment cost	Carrying amount as at 31 December 2024	Percentage to the Group's total asset as at 31 December 2024	Share of result of associates during the year	Dividend received during the year
		(RMB'000)	(%)	(RMB'000)	(RMB'000)	(%)	(RMB'000)	(RMB'000)
Significant investment								
Wuxi Guojin Factoring Limited ("WXGJ")	Investment in shares	240,000	49%	734,752	774,683	7.31%	39,931	–





## 24 MANAGEMENT DISCUSSION AND ANALYSIS

WXGJ is principally engaged in the provision of supply chain services. Leveraging the business growth opportunities presented by WXGJ, the Group considers it could extend its leading supply chain technology services and inclusive financial solutions to micro, small and medium-sized enterprise customers within the ecosystem. This initiative aims to foster additional growth in platform-based service fees, thereby driving further optimization of revenue structure. As of 31 December 2024, the Group's investment in associates amounted to RMB1,504 million, representing a year-on-year increase of approximately 158.4% from RMB582 million as of 31 December 2023. As a key initiative under the platform-based strategy, the development of associated companies has received further resource support from the shareholders of the associated companies of the Group. Among them, with additional capital contributions from the co-investing shareholders, WXGJ (a former subsidiary of the Group) became one of the Group's key associated companies in February 2024 after the capital increase pursuant to the Collaboration Agreement as disclosed in the Company's announcements dated 28 February 2024 and 20 March 2024 and the Company's circular dated 24 April 2024. Furthermore, WXGJ and other key associated companies of the Group have continued to benefit from strong shareholders backing and complementary resources, leading to significant growth in business scale and revenue. Further details of investment in associates are set out in note 21 to the financial statements.

Save as disclosed above, the Group did not hold any other significant investments for the year ended 31 December 2024.

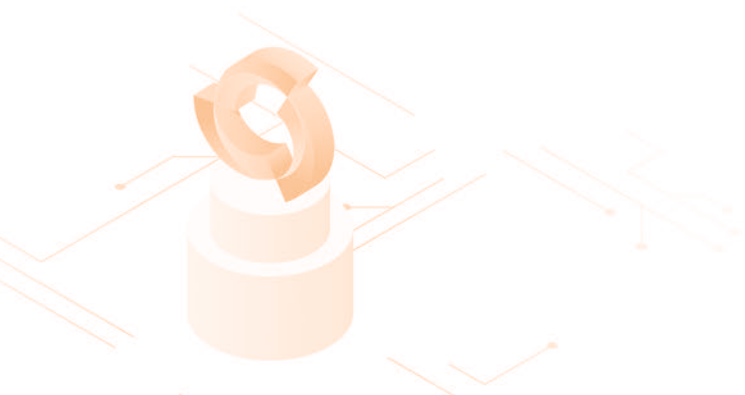
### FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As a digital intelligence company specializing in "AI + Industrial Supply Chains", the Group will continue to explore initiatives to acquire technological capabilities, more comprehensive data insights and open new markets to capitalize on the burgeoning demand for supply chain technology and financial services. Looking ahead, the Group will continue expanding its industrial investment portfolio, engaging with high-potential enterprises with strong technological barriers and commercialization prospects. The Group aims to establish a full-cycle value chain integrating industrial investment and ecosystem service empowerment, seizing opportunities in new productivity sectors and unlocking new business growth drivers.

At the same time, the Group will increase R&D investments, focusing on key areas such as data, AI models, and computing power, to accelerate the digital and intelligent transformation of industries. By leveraging technology, SY Holdings will empower and support SMEs in their growth, further advancing industrial digitalization and intelligence-driven development.

### FOREIGN EXCHANGE RISKS

The Group's exposure to foreign currency risk related primarily to cash and cash equivalents, pledged bank deposits, other receivables, equity instruments at FVTOCI, trade and other payables, borrowings and lease liabilities that are denominated in HK\$, US\$ and S\$. The Group has entered into foreign currency exchange swap contracts, cross currency swap contracts and foreign currency forward contracts during the year to manage its foreign currency risk exposures arising from certain variable-rate bank borrowings denominated in HK\$ and US\$. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner.



# MANAGEMENT DISCUSSION AND ANALYSIS 25

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 363 staff (31 December 2023: 358 staff). Total staff costs (including Directors' emoluments) were approximately RMB214.6 million (including share option benefits RMB5.6 million and RSU benefits RMB1.3 million) for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB202.0 million, including share option benefits RMB4.0 million and RSU benefits RMB1.6 million). Remuneration is determined by reference to market conditions and the performance, qualifications and experience of individual employee. In light of the Group's continuous strive to maintain its market position, recruitment and retention of talent is of paramount importance to the future development of the Group. Therefore, the Group is committed to continuously enhancing and optimizing its remuneration and benefits policies to remain competitive. A comprehensive incentive plan has been adopted to reward existing and retain new senior management members and employees. Year-end bonuses are based on individual performance and are paid to employees as recognition of and reward for their contributions. Other benefits include contributions to the statutory mandatory provident fund scheme and social insurance together with housing provident funds for the employees in the PRC (including mainland China and Hong Kong SAR) and Singapore, respectively.

The Group operates a share scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group, who contribute to the success of the Group's operations, and to attract suitable personnel for further development of the Group.

Employees in mainland China are covered by the mandatory social security schemes operated by the PRC Government. The Group is required by the PRC laws to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits.

In Hong Kong, the Group participates in the Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant monthly income subject to a cap, which is currently set at HK\$1,500.

In Singapore, the Group participates in a defined contribution scheme which is administered by the Central Provident Fund ("**CPF**") Board in Singapore. Under the CPF, the employer and its employees are each required to make contributions to the fund at the applicable rates of the eligible employees' salaries.

## RECENT DEVELOPMENT OF REGULATORY FRAMEWORK

There was no significant change of the regulatory framework which would have material adverse impact on the Group's business and operations during the year ended 31 December 2024.

The Directors confirmed that the Group will be able to comply with the applicable laws.



## BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Tung Chi Fung**, aged 38, is the founder of the Group. He was appointed as an Executive Director and the Chairman of the Board on 4 March 2017. Mr. Tung is the Compliance Officer and Authorised Representative of the Group. He is also the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Group. Further, Mr. Tung is one of the members of the Risk Management Committee of the Group.

Mr. Tung is responsible for the overall strategic planning, business development and maintaining relations with customers and monitoring the implementation of human resources policies.

Mr. Tung is an honorary director of Raleigh China (a non-profit making organisation in the People's Republic of China), the vice president of Handpicked Love Foundation (a non-profit making organisation in the People's Republic of China), a director of The Lok Sin Tong Benevolent Society, Kowloon (a non-profit making organisation in Hong Kong), the sponsoring body manager of Lok Sin Tong Leung Kau Kui College, as well as a Committee Member of the Singapore Management University ("**SMU**") Enterprise Board, a member of the SMU International Advisory Council and a donor of the SMU P.A. K Entrepreneurship Fund.

**Ms. Wang Ying**, aged 37, was appointed as an Executive Director on 29 November 2024 and has been appointed as the CFO of the Group since October 2024, responsible for the Group's overall financial management, capital and liquidity management. She was appointed as the Chairman of the Sustainability Committee with effect from 29 November 2024. Ms. Wang is one of the members of the Risk Management Committee of the Group.

Ms. Wang obtained her Bachelor's Degree in Management from the China University of Geosciences in 2011.

Ms. Wang has over 10 years of experience in financial management. Prior to joining the Group, Ms. Wang served as a financial executive in Ningbo Shanshan Co., Ltd. ("**Ningbo Shanshan**" stock code: 600884, a company listed on the Shanghai Stock Exchange) from March 2011 to December 2012, where she was responsible for preparing financial reports. From May 2018 to May 2021, Ms. Wang was the head of finance department, board secretary, joint company secretary and executive director at FY Financial (Shenzhen) Co., Ltd. (stock code: 8452), a company listed on GEM of the Stock Exchange, which is a subsidiary of Ningbo Shanshan.

### NON-EXECUTIVE DIRECTOR

**Mr. Lo Wai Hung**, aged 65, Mr. Lo joined the Group in January 2016 as the Chief Financial Officer of the Group where he was responsible for the Group's overall financial accounting and reporting corporate finance and company secretarial matters. He was also a member of the Risk Management Committee of the Group until March 2020. From March 2017 to November 2019, he also served as the company secretary of the Group. Mr. Lo ceased to be the Chief Financial Officer with effect from 10 December 2021 and was appointed as a non-executive director of the Group on the same date. He was appointed as a member of the Audit Committee and a member of the Sustainability Committee with effect from 29 November 2024.

Mr. Lo obtained a Bachelor of Commerce Degree from the James Cook University of North Queensland in Australia in May 1985. He became an associate member of the Institute of Chartered Accountants in Australia and New Zealand in April 1991 and became a member and a fellow member of the Hong Kong Institute of Certified Public Accountants in February 1992 and November 1999, respectively. Mr. Lo has over 25 years of experience in auditing, finance and management.

As at the date of this annual report, Mr. Lo also served as an independent non-executive director of (1) Talent Property Group Limited (stock code: 760) since 1 February 2011; (2) Tibet Water Resources Ltd. (stock code: 1115) since 28 September 2021; and (3) China New Town Development Company Limited (stock code: 1278) since 30 December 2021. Mr. Lo was an independent non-executive director of (1) Shandong Weigao Group Medical Polymer Company Ltd (stock code: 1066) from 10 August 2009 to 6 June 2022 and (2) C Cheng Holdings Limited (stock code: 1486) from 5 December 2013 to 3 April 2023. All the aforementioned companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

# BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT 27

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Fong Heng Boo**, aged 75, was appointed as an Independent Non-executive Director in September 2018. He is a member of the Audit Committee of the Company. He obtained a Bachelor of Accountancy (Honours) from the University of Singapore in August 1973. Mr. Fong has over 45 years of experience in auditing, finance, risk management, business development and corporate governance. He was with the Auditor-General's Office (AGO), Singapore between 1975 and 1993. He held the position of Assistant Auditor-General when he left the AGO. Prior to his retirement in 2014, Mr. Fong was the Director (Special Duties) at the Singapore Totalisator Board as the Head of Finance and Investment functions. Mr. Fong has been admitted as a fellow chartered accountant of Singapore of the Institute of Singapore Chartered Accountants since August 2004.

As at the date of this annual report, Mr. Fong is also serving as (1) an independent director of TA Corporation Ltd, a company listed on the Singapore Exchange (stock code: PA3), since December 2017; (2) an independent director of Livingstone Health Holdings Limited, a company listed on the Singapore Exchange (stock code: 5FH), since July 2018; (3) an independent director of Bonvest Holdings Limited, a company listed on the Singapore Exchange (stock code: B28), since July 2021; (4) an independent director of Keong Hong Holdings Limited, a company listed on the Singapore Exchange (stock code: 5TT), since January 2022; (5) an independent director of Kwan Yong Holdings Limited, a company listed on the Stock Exchange (stock code: 9998), since April 2020; and (6) an independent director of UOA Development BHD, a company listed on Bursa Malaysia (stock code: 5200), since October 2021.

As stated above, Mr. Fong is holding directorship of six listed companies currently. The Board has made enquiries with Mr. Fong and noted his good attendance record for board meetings and general meetings among these listed companies. The Board is confident that Mr. Fong would still be able to devote sufficient time to the Board given that he has substantial knowledge and experience in discharging directors' duties through his past work experience and his services as an independent non-executive director in different listed companies. He has good understanding of his role as the independent non-executive director of listed companies and has sufficient experience in estimating the time required for attending to the affairs of each listed company.

**Mr. Tang King San Terence**, aged 52, was appointed as an Independent Non-executive Director on 10 December 2021. He is the chairman of the Audit Committee and a member of the Nomination Committee. He obtained an Honor Bachelor's Degree in Mathematics with a double major in Actuarial Science and Statistics from the University of Waterloo, Canada in 1996 and a Master of Accounting from the Curtin University of Technology, Australia in April 2000. Mr. Tang is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. He is also a certified information system auditor (CISA), certified information security manager (CISM) and certified internal auditor (CIA). He also served as a director of the Information Systems Audit and Control Association, China Hong Kong Chapter from 2008 to 2018.

Mr. Tang has over 20 years of experience in financial audit, data governance, operations improvement, and information system implementations. Prior to joining the Group, since July 1998, he worked as an accountant at Deloitte Touche Tohmatsu ("Deloitte") and had advanced to the position of senior manager in June 2004. He left Deloitte briefly and re-joined Deloitte in May 2006 where he was thereafter admitted to partnership in June 2008 and retired as partner in October 2018. He has led and served numerous advisory and attest projects for global conglomerates in financial services, technology and consumer business sectors in the PRC.



## BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

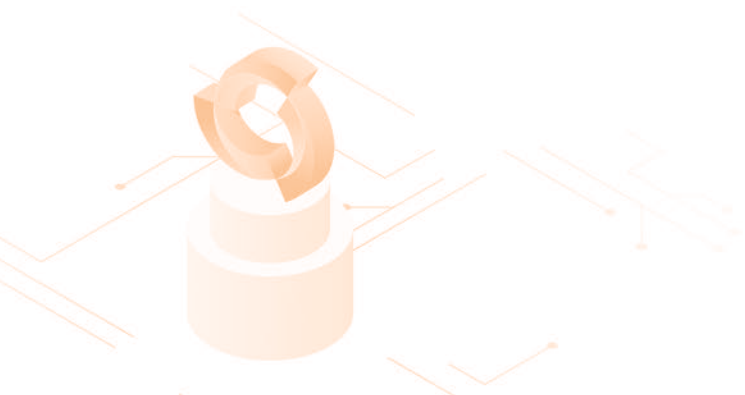
**Ms. Chan Yuk Ying Phyllis**, aged 64, was appointed as an Independent Non-executive Director in July 2022. She was appointed as the Chairman of the Remuneration Committee and a member of the Nomination Committee with effect from 29 November 2024. She obtained a Degree of Bachelor of Economics with Honors from the La Trobe University in Australia in 1985. Ms. Chan is a member of the Chartered Accountants Australian and New Zealand. Ms. Chan has over 35 years of experience in financial audit, regulatory bodies, financial advisory, business development and investor relations.

Ms. Chan worked as auditor between March 1986 to January 1991 in Hong Kong and Australia. She worked as an analyst in the Corporate Regulation Division of the Australian Securities Commission between January 1991 to March 1992 responsible for examination of accounts for compliance with disclosure requirements and approving accounting standards under the Corporations Law and served on some multi-discipline investigative teams. She worked in the Listing Division of The Stock Exchange of Hong Kong Limited between April 1992 to May 1996. After working five years in regulatory bodies, she worked for 10 years in corporate finance in investment banks between May 1996 to April 2006 responsible for financial advisory and initial public offerings. In Shandong Weigao Group Medical Polymer Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1066), she was responsible for business development and investor relations from May 2006 to February 2022.

**Mr. Sun Wei Yung Kevin**, aged 53, a great-great-grandnephew of Dr. Sun Yat-sen, is a member of the fifth generation of Dr. Sun's family. Mr. Sun was appointed as an Independent Non-executive Director of the Company with effect from 15 October 2024. He was also appointed as a member of the Remuneration Committee and a member of the Sustainability Committee with effect from 29 November 2024.

Mr. Sun received his Bachelor of Science Degree from the Cornell University School of Hotel Administration in 1994 and has over 30 years of experience in the travel and hospitality industry. From 1995 to 1999, Mr. Sun worked on hotel project development in the Hong Kong Special Administrative Region and China's mainland. From 1999 to 2008, Mr. Sun served as Assistant Vice President of Customer Service, Director of Project Development and Vice President of Consulting Services in the business units of Associated International Hotels Limited (Stock Code: 0105.HK), CK Asset Holdings Limited (Stock Code: 1113.HK), and The Wharf (Holdings) Limited (Stock Code: 0004.HK), which are companies listed on the Main Board of the Stock Exchange. During 2009 to 2021, Mr. Sun established Prolink Hotel Development Limited and Hong Kong Prolink Development Limited, which is principally engaged in tourism and hotel projects, asset management, financial analysis, research and evaluation.

Mr. Sun has been active in public service for many years. Currently Mr. Sun is serving as the Hong Kong Deputy to the 14th National People's Congress of the People's Republic of China, the Executive Vice President of the Hong Kong Association for Promotion of Peaceful Reunification of China, the Trustee of the China Overseas Friendship Association, the Vice President of the Hong Kong China Friendship Association, the Councillor of the China Soong Ching Ling Foundation, the Vice President of Hong Kong Rosamond Foundation, the Honorary President of Federation of Hong Kong Zhongshan Community Organisations and the Honorary President of Hong Kong Ningxia Society Association.



# BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

## SENIOR MANAGEMENT

**Mr. Yuan Ye**, aged 37, is the Chief Strategy Officer of the Group. Mr. Yuan joined the Group in April 2021 and is responsible for corporate strategic planning, strategic investments, investor relations and branding activities.

Mr. Yuan has extensive capital market and managerial experience. Prior to joining the Group, he was an Executive Director of Olympus Capital Asia, which is a Pan-Asia private equity firm with AUM over USD2 billion. Mr. Yuan had led the firm's investment activities in China and Southeast Asia, with a focus on fin-tech, logistics, e-commerce and corporate services. He had led several stellar investments cross the region, including SY, Scommerce which is the largest private logistics platform in Vietnam, and Bukalapak which is a leading e-commerce player in Indonesia.

Before that, he was a partner at an investment advisory firm, focusing on special situations investments and state-owned assets privatization in China. Mr. Yuan is also a Chartered Accountant in Singapore, and holds a BBA Hons (Accountancy) Degree from the National University of Singapore.

## COMPANY SECRETARY

**Mr. Wang Zheng**, aged 35, was appointed as the Company Secretary of the Group in November 2019. Mr. Wang joined the Group in November 2018 and is responsible for company secretarial and corporate governance matters.

Mr. Wang has solid experience in legal, regulatory and compliance, and obtained a Bachelor of Laws Degree in International Law and Legal Studies from the Shanghai University of Political Science and Law in 2012, the National Legal Professional Qualification in the People's Republic of China in 2012, a Master of Laws Degree in International Economic Law from the School of Oriental and African Studies, University of London in 2013 and a Master of Corporate Governance Degree awarded by the Open University of Hong Kong (now known as Hong Kong Metropolitan University) in 2018. Mr. Wang has also been an associate of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries (now known as the Hong Kong Chartered Governance Institute) since 2018.



## 30 CORPORATE GOVERNANCE REPORT

The Board of directors of the Company (the “**Board**”) understands that sound corporate governance practices is fundamental to maintaining and promoting the confidence of shareholders. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. Throughout the financial year ended 31 December 2024, the Group had complied with the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Board is committed to maintaining and ensuring a high standard of corporate governance. The Board will review the corporate governance practices of the Group from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.




### CODE OF CONDUCT REGARDING DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with provisions set out in Appendix C3 of the Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the year ended 31 December 2024.

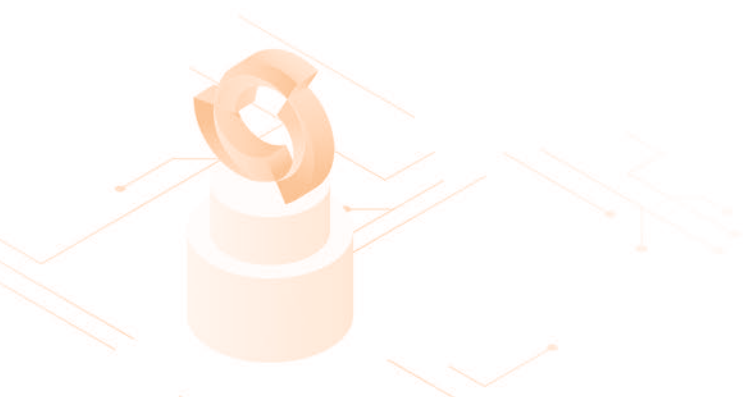
### CULTURE OF THE COMPANY

The Company is committed to developing a positive and progressive culture that is built on its Vision, Mission, and Value; one that allows employees across the Group to thrive, meet their full potential, and that enables the Company to deliver long-term sustainable growth and success and to fulfil its role as a leading supply chain technology platform.

Throughout 2024, the Company continued to strengthen its cultural framework by focusing on specific areas, including but not limited to SME and inclusive financing, client service, industrial digitalization and talent development, through various initiatives set out in the Business Review of this Annual Report and the Group’s Environment, Social and Governance (“**ESG**”) Report of 2024 (the “**2024 ESG Report**”).

 <p><b>Vision</b> To become Asia’s most reliable supply chain technology platform</p>	 <p><b>Mission</b> To make supply chain finance more efficient and inclusive</p>	 <p><b>Value</b> Integrity, People Oriented Service Oriented, Pursuit of Innovation</p>
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More information about the Company’s Vision, Mission and Value is available on the Group’s website ([www.syholdings.com](http://www.syholdings.com)).



# CORPORATE GOVERNANCE REPORT 31

## BOARD OF DIRECTORS

### Responsibilities

The Company aims to establish and maintain a competent and independent Board to supervise the Group's business. The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's missions and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives.

The Board has established Board committees and has delegated to these committees various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to senior management of the Group if and when considered appropriate. The management of day-to-day operation of the Group's businesses and implementation of the business plans, strategies and policies adopted by the Board has been delegated to the senior management of the Group.

The main functions performed by the Board include but are not limited to the following matters:

- Formulate the Group's strategy and direction and monitor the implementation thereof;
- Decide all material contracts, acquisitions, investments, divestments, disposals of assets or any significant capital expenditure;
- Review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- Develop, monitor and review the Group's corporate governance practices and the effectiveness of the Group's financial controls, internal control and risk management systems;
- Approve the Group's annual and interim financial statements, reports, announcements and other disclosures required under the Listing Rules;
- Review and monitor the training and continuous professional development of Directors and senior management;
- Appoint or removal of Directors and senior management; and
- Monitor the performance of the management.

### Composition

As at 31 December 2024 and up to the date of this annual report, the Board comprises of two Executive Directors, one Non-executive Director ("NED") and four Independent Non-executive Directors ("INEDs"), details are as follows:

#### Executive Directors

Mr. Tung Chi Fung (Chairman)

Ms. Wang Ying

#### Non-executive Director

Mr. Lo Wai Hung





# 32 CORPORATE GOVERNANCE REPORT

## Independent Non-executive Directors

Mr. Fong Heng Boo

Mr. Tang King San Terence

Ms. Chan Yuk Ying Phyllis

Mr. Sun Wei Yung Kevin

Biographical information of each of the Directors are set out in the section headed “Biographies of the Directors and Senior Management” of this annual report.

## Independence

The Company recognises that Board independence is pivotal in good corporate governance and Board effectiveness. The Board has established mechanisms to ensure independent views and input from any Director of the Company are conveyed to the Board for enhancing an objective and effective decision making.

To the best knowledge of the Company, there is no other relationship (including financial, business, family or other material/relevant relationship(s)) among the members of the Board.

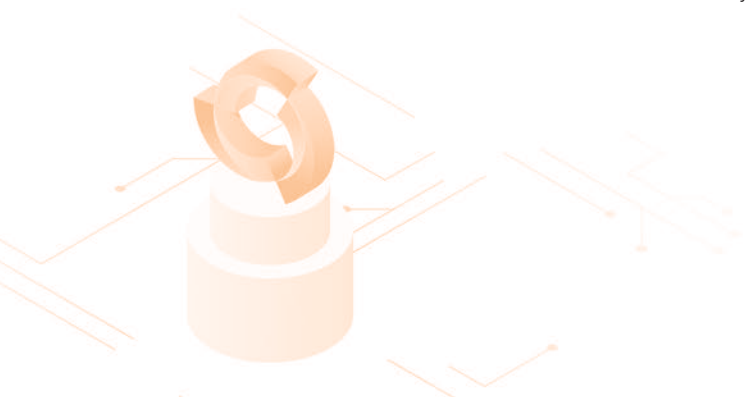
In compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed four INEDs, representing at least one-third of the Board and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise.

The INEDs are responsible for making independent judgment on the issues relating to the strategy, performance, conflict of interest and management process of the Group to ensure that the interest of the shareholders as whole have been duly considered. Furthermore, in accordance with the requirement of the Listing Rules, the Audit Committee was chaired by an INED with the appropriate accounting qualification and professional experience.

The Company has received from each INED an annual confirmation of his or her independence, and the Company has assessed and considered and confirmed such Directors to be independent in accordance with each and the various guidelines set out in Rule 3.13 of the Listing Rules.

The governance framework and the following mechanisms are reviewed annually by the Board, through its Nomination and Remuneration Committee, to ensure their effectiveness:

1. External independent professional advice is available as and when required by individual Directors.
2. All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committee meetings.
3. No equity-based remuneration with performance-related elements will be granted to INEDs.
4. A Director (including INED) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.
5. The Chairman of the Board meets with INEDs annually without the presence of the other Executive Director and the NED.



# CORPORATE GOVERNANCE REPORT 33

## BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy which sets out the approach to achieve a sustainable and balanced development of the Company and to enhance the quality of performance of the Company.

### Measurable objectives and selection

In designing the Board's composition, a number of perspectives which include race, gender, age, cultural and educational background, industry experience, technical and professional experience, knowledge, skills, length of service, personal integrity and time commitments of the proposed candidates will be taken into consideration. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the candidates will bring to the Board.

The Board will take opportunity to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board will ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

### Implementation and monitoring

The Nomination Committee will monitor the implementation of the Board Diversity Policy and report to the Board annually. As at the date of this annual report, the Board's composition under diversified perspectives is summarised as follows:

Name of Director	Age Group		
	30 to 45	46 to 59	Above 60
Mr. Tung Chi Fung	✓		
Ms. Wang Ying	✓		
Mr. Lo Wai Hung			✓
Mr. Fong Heng Boo			✓
Mr. Tang King San Terence		✓	
Ms. Chan Yuk Ying Phyllis			✓
Mr. Sun Wei Yung Kevin		✓	

Name of Director	Professional Experience				
	Supply chain technology industry	Capital market	Accounting and finance/auditing	Regulatory and compliance/risk management	Technology and data
Mr. Tung Chi Fung	✓	✓			
Ms. Wang Ying	✓	✓	✓	✓	
Mr. Lo Wai Hung	✓	✓	✓		
Mr. Fong Heng Boo			✓	✓	
Mr. Tang King San Terence			✓	✓	
Ms. Chan Yuk Ying Phyllis		✓	✓	✓	
Mr. Sun Wei Yung Kevin			✓	✓	



## 34 CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2024, the Company has maintained an effective Board comprising members of different genders, professional background and industry experience. The Company's Board Diversity Policy has consistently been implemented. As at the date of this annual report, the Board consists of two female and five male Directors. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

The Group has also taken, and continues to take steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Currently, the female ratio in the workforce of the Group including senior management is approximately 49.45%, which is in line with the industry and the population spread of the operating locations. The Board considers that the gender diversity in workforce is currently achieved.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal action against its Directors and officers arising out of corporate activities of the Group.

### TRAINING AND SUPPORT FOR DIRECTORS

For the newly appointed Executive Directors (i.e. Ms. Wang Ying and Mr. Sun Wei Yung Kevin, who were appointed during the year ended 31 December 2024), the Company has provided them with briefings and packages of orientation materials on the operations and businesses of the Group, together with information relating to the duties and responsibilities of directors under statutory regulations and the Listing Rules.

Ms. Wang Ying and Mr. Sun Wei Yung Kevin have obtained from a law firm qualified to provide legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 28 November 2024 and 14 October 2024 respectively. They have each confirmed their understanding of their obligations as a director of the Company.

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2024, all Directors provided their records of training to the Company and have participated in appropriate physical or online continuous professional development including, amongst others, attending the training session of directors' duties together with the relevant enforcement trends and case studies, reading regulatory updates in relation to the Group's business and various materials in relation to the Listing Rules including directors responsibilities and attending internal briefing sessions. The Company has also appropriately retained the relevant training records.

### BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

The Board has been scheduled to meet at least four times a year at approximately quarterly intervals with at least 14 days' notice given to the Directors. For all other Board meetings, Directors were given reasonable notice.

All Directors are provided with adequate information before the meetings. To enable the Directors to have a good understanding on the issues which will be discussed at the Board meeting and to make informed decisions, an agenda and the accompanying Board papers together with all relevant information will be sent to all the Directors at least three days before the intended date of each regular Board meeting. The Directors are allowed to include any other matters in the agenda that is required for discussion and decision at the meeting. The initial draft of the minutes of Board meeting are sent to the Directors for review and comment; and the final draft of the minutes will be sent to the Directors for signature and for the Company's records.

The Directors may participate in Board meetings either in person or through electronic means of communication. The Directors have separate and independent access to the Company Secretary and the management from time to time. The minutes of Board meetings are kept by the Company Secretary, and such minutes are opened for inspection at any reasonable time on reasonable notice by the Directors.

# CORPORATE GOVERNANCE REPORT 35

During the year ended 31 December 2024, eleven Board meetings were held at which the Directors discussed and approved, amongst other matters, the Group's annual report of 2023, interim report of 2024, results announcements, ESG report, appointment and removal of directors, and share schemes.

The attendance of each Director at General Meetings and Board meetings during the year is set out below:

Name of Directors	Number of Attendance/ Number of General Meetings	Number of Attendance/ Number of Board Meeting
<b>Executive Directors</b>		
Mr. Tung Chi Fung (Chairman)	1/1	11/11
Ms. Wang Ying (appointed on 29 November 2024)	0/0	1/1
Mr. Chen Jen-Tse (retired on 15 October 2024)	1/1	9/9
<b>Non-executive Director</b>		
Mr. Lo Wai Hung	1/1	11/11
<b>Independent Non-executive Directors</b>		
Mr. Fong Heng Boo	1/1	11/11
Mr. Tang King San Terence	1/1	11/11
Ms. Chan Yuk Ying Phyllis	1/1	11/11
Mr. Sun Wei Yung Kevin (appointed on 15 October 2024)	0/0	2/2
Mr. Loo Yau Soon (retired on 29 November 2024)	1/1	10/10

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

All Directors are appointed for a specific term under their service contracts and every Director is subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the articles of association of the Company.

Article 108 of the articles of association of the Company provides that at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Article 112 of the articles of association of the Company provides that the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting or these Articles. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

Mr. Tung Chi Fung, the Chairman and an Executive Director, has entered into a service contract with the Company commencing from 6 July 2017 (the "Listing Date") on subject to termination in accordance with the terms of the service contract, by not less than three months' notice in writing served by either party. The service contract was renewed for an initial fixed term of three years commencing from 6 July 2023.

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Ms. Wang Ying, an Executive Director, has entered into a service contract with the Company commencing from 29 November 2024 on subject to termination in accordance with the terms of the service contract, by not less than three months' notice in writing served by either party. The service contract was for an initial fixed term of three years commencing from 29 November 2024.

Mr. Lo Wai Hung, the Non-executive Director, was appointed by way of a formal appointment letter for a term of three years unless terminated by either party giving not less than one month's notice in writing on the other. The appointment letter of Mr. Lo Wai Hung was renewed for a term of three years commencing from 10 December 2024.

Each of the INEDs, Mr. Fong Heng Boo, Mr. Tang King San Terence, Ms. Chan Yuk Ying Phyllis and Mr. Sun Wei Yung Kevin was appointed by way of a formal appointment letter for a term of three years unless terminated by either party giving not less than one month's notice in writing on the other. The appointment letters of Mr. Fong Heng Boo and Mr. Tang King San Terence were renewed for a term of three years commencing from 14 September 2024 and from 10 December 2024 respectively. The appointment letter of Ms. Chan Yuk Ying Phyllis and Mr. Sun Wei Yung Kevin were for a term of three years commencing from 15 July 2022 and 15 October 2024 respectively. Mr. Chen Jen-Tse had resigned with effect from 15 October 2024 and Mr. Loo Yau Soon had resigned with effect from 29 November 2024.

Save as disclosed above, none of the Directors 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.

### NOMINATION POLICY

The Company has adopted a Nomination Policy for the Nomination Committee to consider and make recommendations to Shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies.

#### Selection criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- (1) reputation for integrity;
- (2) accomplishment and experience in the business in which the Group is engaged in;
- (3) commitment in respect of available time and relevant interest;
- (4) diversity in all its aspects, including but not limited to race, gender, age (18 years or above), educational background, professional experience, skills and length of service;
- (5) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- (6) the number of existing directorships and other commitments that may demand the attention of the candidate;
- (7) requirement for the Board to have Independent Non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- (8) board diversity policy of the Company and any measurable objectives adopted by the Committee for achieving diversity on the Board; and
- (9) such other perspectives appropriate to the Company's business.



# CORPORATE GOVERNANCE REPORT 37

## Director nomination procedure

Subject to the provisions in the Articles of Association of the Company and the Listing Rules, if the Board recognises the need for an additional Director or member of senior management:

- (1) the Nomination Committee and/or Board identifies potential candidates based on the criteria as set out in the selection criteria, possibly with assistance from external agencies and/or advisors;
- (2) the Nomination Committee and/or the Company Secretary of the Company provides the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;
- (3) the Nomination Committee would make recommendations on the proposed candidate(s) and the terms and conditions of the appointment to the Board;
- (4) the Nomination Committee should ensure the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;
- (5) in the case of the appointment of an Independent Non-executive Director, the Nomination Committee and/or the Board obtains all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and
- (6) the Board deliberates and decides on the appointment based upon the recommendation of the Committee.

## Re-Election of Director at general meeting

The Nomination Committee shall review the overall contribution and service to the Company of the retiring Director including his/her attendance of Board meetings and, where applicable, general meetings of the Company, and the level of participation and performance on the Board. The Nomination Committee shall also review and determine whether the retiring Director continues to meet the criteria as set out in the selection criteria. The Nomination Committee and/or the Board shall then make recommendations to shareholders of the Company in respect of the proposed re-election of Director at the general meeting of the Company.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the code provision C.2.1 of the CG Code, the roles of the Chairman and the Chief Executive Officer (the “CEO”) should be separate and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one individual. Mr. Tung was the chairman of the Board throughout the year ended 31 December 2024. During the year ended 31 December 2024, the responsibilities of the CEO were shared amongst the Executive Directors.

## BOARD COMMITTEES

The Board has established four board committees (the “Board Committees”), namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee, with defined terms of reference explaining their respective roles and the authority delegated by the Board. These defined terms of reference are available on the websites of the Company and the Stock Exchange.

The Board Committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice, at the Company’s expenses.



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CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established an Audit Committee on 19 June 2017 with written terms of reference in compliance with Rules 3.21 to 3.24 of the Listing Rules and code provision D.3.3 of the CG Code as set out in Appendix C1 of the Listing Rules. The written terms of reference of the Audit Committee (amended and approved by the Board on 23 October 2019) are available on the website of the Company and the Stock Exchange.

The Audit Committee comprises of three members, namely two INEDs, Mr. Tang King San Terence and Mr. Fong Heng Boo, and one NED, Mr. Lo Wai Hung. Mr. Tang King San Terence is the chairman of the Audit Committee who has appropriate professional qualifications and experience in accounting and auditing matters. Other members of the Audit Committee are also experts with audit and financial experience.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors, review financial statements and oversee the internal control and risk management procedures and systems of the Group.

During the year ended 31 December 2024, three meetings have been held by the Audit Committee, at which the Audit Committee reviewed, amongst other matters, the Group’s annual report for the year ended 31 December 2023, the interim period ended 30 June 2024, periodic risk management report of the Group and the audit approach and plans for the year ended 31 December 2024.

The attendance record of each member at the Audit Committee Meetings held during the year is set out below:

Name of Directors	Number of Attendance/ Number of Audit Committee Meeting
Mr. Tang King San Terence	3/3
Mr. Fong Heng Boo	3/3
Mr. Lo Wai Hung (appointed as a member of the Audit Committee on 29 November 2024)	1/1
Mr. Loo Yau Soon (resigned on 29 November 2024)	2/2

There was no disagreement between the Board and the Audit Committee during the year.

As the previous engagement partner of Deloitte Touche Tohmatsu as the Company’s independent external auditors had served on the audit of the Group since 2015, a new engagement partner was assigned to the Company in 2022 and in charge of the audit of the Group since the financial year ended 31 December 2022.

At the Audit Committee Meeting held on 17 March 2025, all the members of the Audit Committee reviewed the Company’s audited consolidated financial statements for the year ended 31 December 2024, including the accounting principles and practice adopted by the Group, the Company’s compliance with the CG Code and disclosure in this Corporate Governance Report, the effectiveness of the Group’s internal control, risk management systems and internal audit function and recommended to the Board for consideration the reappointment of Deloitte Touche Tohmatsu as the Company’s independent external auditors at the forthcoming Annual General Meeting. The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the ability of the Company to continue as a going concern basis.



CORPORATE GOVERNANCE REPORT

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REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 19 June 2017 with written terms of reference in compliance with Rules 3.25 to 3.27 of the Listing Rules and code provision E.1.2 of the CG Code as set out in Appendix C1 of the Listing Rules. The written terms of reference of the Remuneration Committee (amended and approved by the Board on 15 May 2023) are available on the website of the Company and the Stock Exchange.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance-based remuneration and ensure none of the Directors determine their own remuneration.

The Remuneration Committee currently consists of three members, comprising two INEDs namely Ms. Chan Yuk Ying Phyllis (Chairman) and Mr. Sun Wei Yung Kevin and one Executive Director, namely Mr. Tung Chi Fung.

During the year ended 31 December 2024, three meetings have been held by the Remuneration Committee, which amongst other matters, reviewed the remuneration of Directors and senior management for the year ended 31 December 2023, adjustments of the remunerations of the INED and proposed director’s fee of the newly appointed Executive Director and INED, and grant of Share Options to the eligible participants.

The attendance record of each member at the Remuneration Committee Meeting held during the year is set out below:

Name of Directors	Number of Attendance/ Number of Remuneration Committee Meeting
Ms. Chan Yuk Ying Phyllis (appointed as the chairman of the Remuneration Committee on 29 November 2024)	0/0
Mr. Tung Chi Fung	3/3
Mr. Sun Wei Yung Kevin (appointed as a member of the Remuneration Committee on 29 November 2024)	0/0
Mr. Fong Heng Boo (ceased to be a member of the Remuneration Committee on 29 November 2024)	3/3
Mr. Loo Yau Soon (ceased to act as the chairman of the Remuneration Committee on 29 November 2024)	3/3

Apart from the meeting mentioned above, the Company did not hold any Remuneration Committee Meeting during the year.





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CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company established the Nomination Committee on 19 June 2017 with written terms of reference in compliance with code provision B.3.1 of the CG Code and Corporate Governance Report as set out in Appendix C1 of the Listing Rules. The written terms of reference of the Nomination Committee (amended and approved by the Board on 23 October 2019) are available on the website of the Company and the Stock Exchange.

The Nomination Committee currently consists of three members, comprising one Executive Director namely Mr. Tung Chi Fung (Chairman) and two INEDs, namely Mr. Tang King San Terence and Ms. Chan Yuk Ying Phyllis.

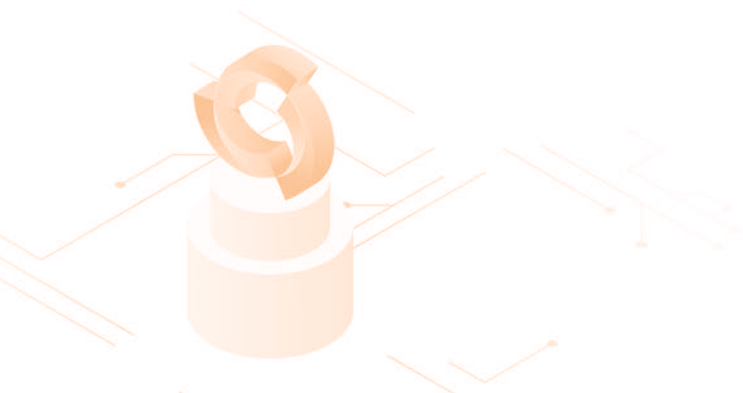
The primary duties of the Nomination Committee are to (i) review the structure, size and composition of the Board on a regular basis; (ii) identify individuals suitably qualified to become Board members; (iii) assess the independence of INEDs; (iv) make recommendations to the Board on relevant matters relation to the appointment or re-appointment of Directors; and (v) review the Board Diversity Policy, as appropriate, review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and progress on achieving the objectives, and make recommendations to the Board on any of the aforesaid matters, and make disclosure of its review results in the Corporate Governance Report of the Company annually.

During the year ended 31 December 2024, three meetings have been held by the Nomination Committee to review the structure, size and composition of the Board, to assess the independence of the Independent Non-executive Directors to determine their eligibility, review the Board Diversity Policy and to nominate the candidates of the Executive Director and INED.

The attendance record of each member at the Nomination Committee Meeting held during the year is set out below:

Name of Directors	Number of Attendance/ Number of Nomination Committee Meeting
Mr. Tung Chi Fung	3/3
Mr. Tang King San Terence	3/3
Ms. Chan Yuk Ying Phyllis (appointed as a member of the Nomination Committee on 29 November 2024)	0/0
Mr. Fong Heng Boo (ceased to be a member of the Nomination Committee on 29 November 2024)	3/3

Save as the above, the Company did not hold any other Nomination Committee Meeting during the year.



# CORPORATE GOVERNANCE REPORT 41

## SUSTAINABILITY COMMITTEE

The Company established the Sustainability Committee on 29 November 2024 with written terms of reference in compliance with Corporate Governance Report as set out in Appendix C2 of the Listing Rules. The written terms of reference of the Sustainability Committee (approved by the Board on 29 November 2024) are available on the website of the Company and the Stock Exchange.

The Sustainability Committee currently consists of three members, comprising one Executive Director namely Ms. Wang Ying (Chairman), one NED namely Mr. Lo Wai Hung and one INED namely Mr. Sun Wei Yung Kevin.

The primary duties of the Sustainability Committee are to (i) formulate and review the Company's Environmental, Social and Governance ("ESG") strategy and practices, monitor the progress and make recommendations to the Board for its approval; (ii) monitor and review the Company's ESG performance, assess and manage ESG related matters and risks, and report to the Board on any significant issues; (iii) review and inspect ESG risks and opportunities that have potentially material impact on the Company, report to the Board and recommend annual ESG strategic objectives; (iv) set targets for the Company's ESG performance, monitor and review the implementation of the Company's ESG work and make evaluations thereof; (v) receive reports from the ESG working group and the management, as well as review and approve disclosure materials of ESG information; (vi) oversee or approve other material matters in relation to the Company's ESG management.

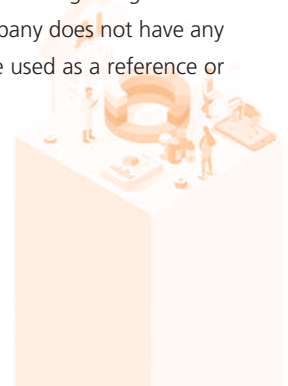
The Company did not hold any Sustainability Committee Meeting during the year.

## DIVIDEND POLICY

The Company has adopted a dividend policy that aims to provide the guidelines for the Board to determine whether dividends are to be declared and paid to the Shareholders and the level of dividend to be paid. Under the dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among others,

- (1) the Group's actual and expected financial performance;
- (2) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- (3) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (4) the Group's liquidity position;
- (5) interest of shareholders;
- (6) taxation consideration;
- (7) potential effect on creditworthiness;
- (8) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (9) any other factors that the Board deems appropriate.

The declaration and payment of dividends by the Company shall remain to be determined at the sole discretion of the Board and is also subject to any restrictions under the Companies Law of the Cayman Islands, the Listing Rules, the laws of Hong Kong and the Company's Memorandum and Articles of Association and any other applicable laws and regulations. The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.



## 42 CORPORATE GOVERNANCE REPORT

The Company will continue to review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration and the 5 highest paid employees for the Financial Year are set out in note 13 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) for the financial year ended 31 December 2024 by band is set out below:

Remuneration band	Number of individuals
Nil to HK\$4,000,000	1
HK\$4,000,000 and above	2

### AUDITORS' REMUNERATION

The Company has appointed Deloitte Touche Tohmatsu as its external auditors for the year ended 31 December 2024. Details of the fees paid/payable to Deloitte Touche Tohmatsu during the year are as follows:

	RMB'000
Audit services	3,900
Review of interim financial information	600
Subtotal	4,500
Others	400
Total	4,900

### FINANCIAL REPORTING

The Directors acknowledge their responsibility for the preparation of financial statements for the relevant accounting period which give a true and fair view of the Group's financial position, results of operations and cash flows. In preparing the financial statements for the year ended 31 December 2024, the Directors have applied all the applicable accounting policies, adopted the appropriate accounting standards and prepared the accounts on a going concern basis.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The responsibilities of the Group's external auditors, Deloitte Touche Tohmatsu, on the Company's consolidated financial statements are set out in the Independent Auditor's Report on pages 73 to 77 of this annual report.



# CORPORATE GOVERNANCE REPORT 43

## COMPANY SECRETARY

Mr. Wang Zheng was appointed as the Company Secretary of the Company on 29 November 2019. Mr. Wang had been informed of the requirement of Rule 3.29 of the Listing Rules and he confirmed that he had attained no less than 15 hours of relevant professional training during the year ended 31 December 2024.

## SHAREHOLDERS' RIGHTS

### Procedures for shareholders to convene an extraordinary general meeting ("EGM")

Pursuant to article 64 of the articles of association of the Company, an EGM shall be convened on the requisition of 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. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. 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.

### Procedures for shareholders to send enquiries to the Board

Shareholders can direct their questions to Tricor Investor Services Limited, the Company's branch registrar and transfer office in Hong Kong at "17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong", about their shareholdings.

Shareholders may also raise questions, request for publicly available information, provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to the Company's office in Hong Kong at "Room 4202, 42/F, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong" or via email to [ir@syholdings.com](mailto:ir@syholdings.com) for the attention of the Company Secretary.

### Procedures for shareholders to put forward proposals at shareholders' meetings

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the articles of association of the Company, shareholders who wish to move a resolution may by means of requisition convene an EGM following the procedures set out above.

## CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year ended 31 December 2024. A copy of the Third Amended and Restated Memorandum and Articles of Association has been published on the websites of the Stock Exchange and the Company.



# 44 CORPORATE GOVERNANCE REPORT

## INVESTOR RELATION

The Board recognises the importance of good communications with its shareholders and investors. The Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") setting out the principles of the Company in relation to shareholders' communications, with the objectives of ensuring a transparent and timely communication with shareholders via various means.

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Shareholders' Communication Policy has been properly implemented during the year, under review and is effective.

To ensure timely, transparent and accurate communications between the shareholders of the Company (the "**Shareholders**") and the Company, information is communicated to the Shareholders mainly through the Company's interim reports and annual reports, annual and extraordinary general meetings, as well as circulars and announcements published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the Company's website ([www.syholdings.com](http://www.syholdings.com)).

The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend vote at such meetings for and on their behalf if they are unable to attend.

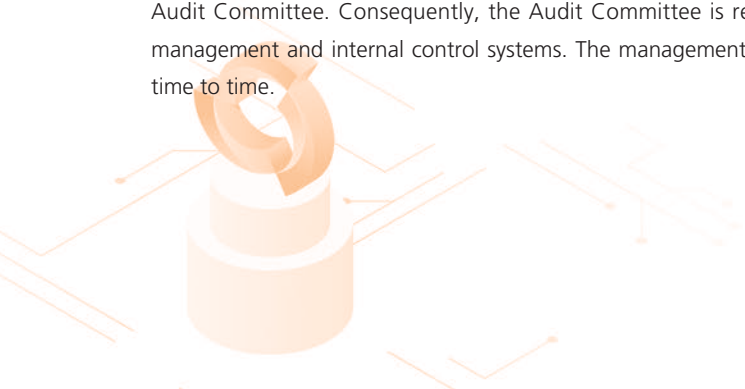
Board meetings, in particular, the chairman of the Board Committees or their delegates, appropriate senior executives and the external auditors will attend the general meetings to answer the Shareholders' questions.

The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the articles of association of the Company. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the Company's website ([www.syholdings.com](http://www.syholdings.com)) subsequent to the close of the general meetings.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group conducts annual review on the overall adequacy and effectiveness of the Group's risk management and internal control systems, covering material controls, including financial, operational and compliance controls, to safeguard the Shareholders' investment and the Group's assets. A system of risk management and internal control procedures are designed to manage, but not eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against the risk of material misstatement, fraud or loss. The Group also has an internal audit function and has established the Corporate Governance Department and Risk Management Department for the purposes of simultaneous updates between the corporate governance and the CG Code and continuously improving the effectiveness of the Company's risk management and internal controls.

The Board has delegated to the Audit Committee its responsibility (with relevant authorities) of risk management and internal control and assesses the effectiveness of the risk management and internal control systems annually through the reviews performed by the Audit Committee. Consequently, the Audit Committee is responsible for the design, implementation and monitoring of the risk management and internal control systems. The management would report to the Audit Committee any identified deficiencies from time to time.



# CORPORATE GOVERNANCE REPORT 45

The Corporate Governance Department (the “**CG Department**”) has been taking over the roles in relation to the internal control and compliance issues. To manage and mitigate the risk exposures on the group level and improve the effectiveness of internal control system, the CG Department works with other business units to optimize the operational procedures and workflow as well as reviews the policies and standards of the Group. In terms of governance, the CG Department leads several projects of, inter alia, audit of IT security, financial management, operational management as well as training sessions of anti-corruption and whistleblowing policies to supervise and encourage good governance in the Group. The CG Department reports the implementation and effectiveness of the internal control system and relevant projects to the Audit Committee from time to time.

The Risk Management Department (the “**RM Department**”) is responsible for achieving the risk targets set by the Board or the Risk Management Committee and managing the risks arising from the principle business of the Group. In line with the strategic transformation of the Group, the RM Department works on the improvement of the online risk management platform to enhance the risk management capacity of the Group. To achieve the Group’s risk management targets, the RM Department reviews and amends the risk management policies and standards on a continuous basis, assesses and monitors the risk of the transactions, customers and industries, and reports to the Risk Management Committee and the Audit Committee on a quarterly basis, and if applicable, from time to time.

The Board has received confirmation from the departments and management of the effectiveness and adequacy of the Group’s risk management and internal control systems. The Board, through the Audit Committee, reviews the risk management and internal controls annually in accordance with D.2 of the Corporate Governance Code. The Audit Committee has conducted a review of, and is satisfied with the effectiveness and adequacy of the risk management and internal control systems for the year ended 31 December 2024. The Board through the Audit Committee reviewed the risk management and internal control systems of the Group for the year ended 31 December 2024, including material controls, financial, operational and compliance controls, as well as risk management mechanisms. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit and financial reporting functions are adequate. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board believes that the existing risk management and internal control systems are adequate and effective, in particular, for financial reporting and Listing Rules compliance as well as for resolving internal control defects (if any). Based on the result of the review, the Board considered that for the year ended 31 December 2024, the risk management and internal control systems of the Group were effective and adequate.

## DIVERSITY

The Company is committed to developing a positive and progressive culture that is anchored by its Value. In particular, we cultivate a culture that is healthy, diverse and inclusive, where everyone can be their true self and fulfill their own potential, bringing his or her whole self to work every day. More details on the Group’s diversity and inclusion initiatives, including employees’ gender ratios, are set out in the Group’s 2024 ESG Report.

## ANTI-CORRUPTION POLICY AND WHISTLEBLOWING POLICY

The Company has adopted an Anti-corruption Policy which observes the Group’s ESG Policy and supports applicable anti-corruption laws and regulations with periodic review in place to ensure its effectiveness and compliance with the prevailing regulatory requirements. The Company has also adopted a Whistleblowing Policy which offers a safe, flexible and confidential ways to raise concerns across various channels.

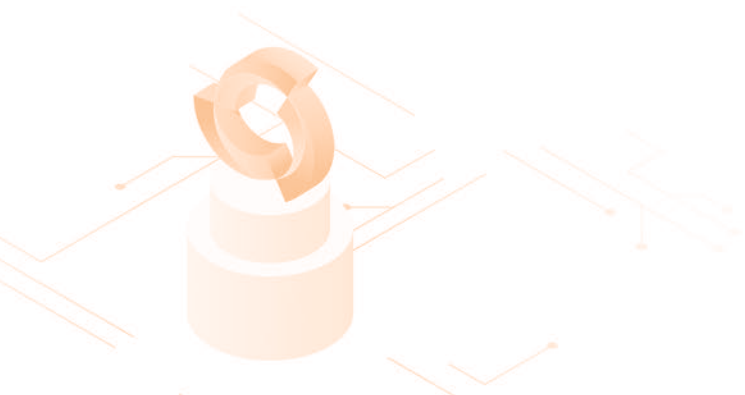
For more details of the Company’s Anti-Corruption Policy and Whistleblowing Policy, please refer to our 2024 ESG Report and the Group’s website ([www.syholdings.com](http://www.syholdings.com)).



## 46 CORPORATE GOVERNANCE REPORT

### HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and maintained procedures and internal controls for the handling and dissemination of inside information. The Company has adopted a code of conduct for dealing in the securities of the Company by the Directors in accordance with provisions set out in Appendix C3 of the Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Stock Exchange and the Company in due course.



# DIRECTORS' REPORT 47

The directors of the Company (the “**Directors**”) are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the “**Reporting Period**”).

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in empowering SMEs by addressing their order fulfillment and working capital needs for supply chain operations, facilitating their growth and operational efficiency. The Group is a digital intelligence company specializing in “AI + Industrial Supply Chains”. While deeply engaged in infrastructure, pharmaceuticals, and commodities—key national industries, the Group is also actively expanding into e-commerce, robotics, and intelligent computing services, which are strategic emerging industries. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a review of the Group’s business, a description of the principal risks and uncertainties facing the Group as well as an indication of likely future development in the Group’s business, can be found in the “Chairman’s Statement” and the “Management Discussion and Analysis” of this annual report. The discussion forms part of this report of the Directors. There were no significant changes in the nature of the principal activities of the Group during the year.

## FINANCIAL SUMMARY

A summary of the Group’s financial performance for the last five financial years are set out on page 3 of this annual report. This summary does not form part of the audited consolidated financial statements.

## RESULTS

The results of the Group for the year ended 31 December 2024 are set out on pages 78 to 203 of this annual report.

## DIVIDENDS

The Directors recommend the payment of a final dividend of RMB34.7 cents per ordinary share for the year ended 31 December 2024. Details of the dividends paid or proposed to be paid by the Company are set out in note 14 to the financial statements.

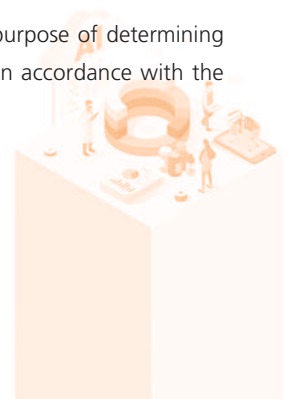
## EXPECTED DATE OF DIVIDEND PAYMENT

The Board recommend that the proposed final dividend be paid on Friday, 20 June 2025 to those shareholders whose names appear on the Company’s register of members on Thursday, 22 May 2025, subject to approval by the shareholders of the Company at the forthcoming annual general meeting to be held in Friday, 16 May 2025.

## CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders’ entitlement to the proposed final dividend, the register of members of the Company will be closed on Thursday, 22 May 2025, and no transfer of shares will be effected on that day. In order to qualify for the proposed final dividend, shareholders of the Company should ensure that all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 21 May 2025. The ex-dividend date for the proposed final dividend will be on Tuesday, 20 May 2025.

The Company will further announce the dates of closure of register of members of the Company for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting as and when appropriate in accordance with the requirements of the Listing Rules.





# 48 DIRECTORS' REPORT

## SUBSIDIARIES

Details of our Company's principal subsidiaries as at 31 December 2024 are set out in note 44 to the financial statements.

## SHARE CAPITAL, SHARE OPTION AND RESTRICTED SHARE UNIT ("RSU")

Details of movements in the share capital, share options and RSU of the Company during the year are set out in notes 34, 36(a) and 36(b), respectively, to the financial statements.

## RESERVES

Details of movements in the reserves of the Company during the year ended 31 December 2024 are set out in note 45 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company has distributable reserves of RMB1,962 million in total available for distribution.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the percentage of revenue and income attributable to the Group's major customers is set out below:

### Revenue and income from principal activities

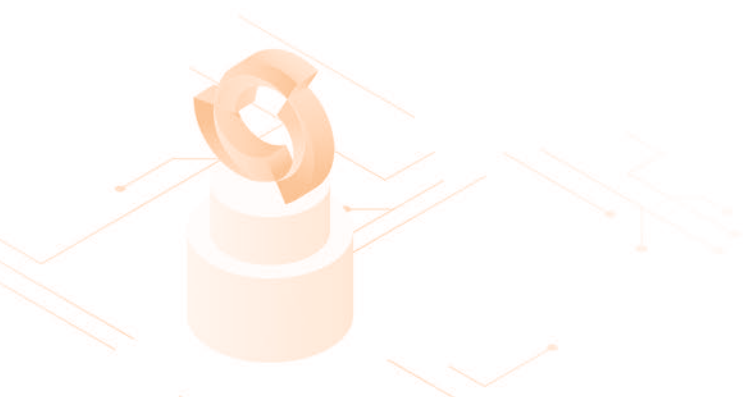
– The largest customer	11.8%
– The total of five largest customers	49.6%

As far as the Directors aware, neither the Directors nor their associates nor any shareholders (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers of the Group.

The Group primarily provides order acquisition and working capital support services to small and micro-enterprise clients through its independently developed supply chain technology platform, the Group does not have any major suppliers.

## USE OF PROCEEDS

The Company completed three placements of shares on 11 July 2018, 21 September 2020 and 5 October 2021 respectively. The net proceeds raised from the placements in 2018 and 2020 had been fully utilized before 1 January 2022. Please refer to the "Management Discussion and Analysis" section in this annual report for more details of the use of proceeds as at 31 December 2024.



## DIRECTORS AND SERVICE CONTRACTS

As at 31 December 2024 and up to the date of this annual report, the Board comprises of two Executive Directors, one Non-executive Director and four INEDs, details are as follows:

### Executive Directors

Mr. Tung Chi Fung (Chairman)  
Ms. Wang Ying (appointed on 29 November 2024)  
Mr. Chen Jen-Tse (resigned on 15 October 2024) (Note 1)

### Non-executive Director

Mr. Lo Wai Hung

### Independent Non-executive Directors

Mr. Fong Heng Boo  
Mr. Tang King San Terence  
Ms. Chan Yuk Ying Phyllis  
Mr. Sun Wei Yung Kevin (appointed on 15 October 2024)  
Mr. Loo Yau Soon (resigned on 29 November 2024) (Note 2)

Notes:

1. Mr. Chen Jen-Tse has resigned as the Executive Director with effect from 15 October 2024 due to personal health reasons.
2. Mr. Loo Yau Soon has resigned as an Independent Non-Executive Director with effect from 29 November 2024 in order to devote more time to his personal commitments.

Biographical information of each of the Directors is set out in the section headed "Biographies of the Directors and Senior Management" of this annual report.

All Directors are appointed for a specific term under their service contracts and every Director is subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the articles of association.

Each of the Directors has been appointed for a fixed term of three years and shall be subject to retirement, re-election and removal in accordance with the articles of association of the Company.

Save as disclosed above, none of the Directors 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.

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Related Party Transactions" on page 68 of this annual report and note 38 to the consolidated financial statements, there were no transaction, arrangement, or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which any Director or any entities connected with a Director, the controlling Shareholder, the substantial Shareholders had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024.



## DIRECTORS' REPORT

### CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract of significance between the Company or any of its subsidiaries and any controlling shareholder of the Company or any of its subsidiaries during the year ended 31 December 2024.

### COMPLIANCE WITH LAWS AND REGULATIONS

During the year, to the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group.

### RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, INVESTORS AND SUPPLIERS

To maintain continuous growth of the business operation, the Group recognises that employees, customers, investors and suppliers are the keys to its sustainable development.

The Group maintains good relationship with these stakeholders.

Employees are the assets of the Group. The Group provides competitive remuneration package and a pleasant workplace environment to attract and motivate the employees. An annual performance evaluation will be conducted annually based on individual's contributions and achievements throughout the year and the Group will make necessary adjustments based on the result of the performance evaluation. The Group provides periodical trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organisations.

The Group understands the importance of maintaining a good relationship with its business partners which include the suppliers, customers, banks and other financial institutions. The Group believes that a healthy relationship can be built up by providing enhanced services to the customers, maintaining an effective communication channel to the employees and its business partners.

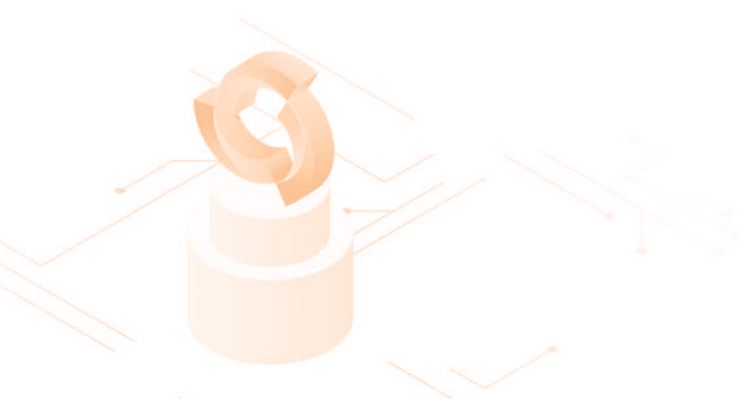
The Group engaged professional services on investor relationship from service provider for advising and promoting professional communication with existing and potential investors.

### PROPERTY AND EQUIPMENT

The movements in the Group's property and equipment for the year are set out in note 16 to the financial statements.

### GOODWILL AND INTANGIBLE ASSETS

The movements in the Group's goodwill and intangible assets for the year are set out in note 19 to the financial statements.



# DIRECTORS' REPORT 51

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2024, the Company repurchased 1,638,500 shares on the Stock Exchange for an aggregated consideration of approximately HKD7.1 million before expenses. The repurchased shares were subsequently cancelled except that a total of 521,000 ordinary shares repurchased in 2024 have not been cancelled are held by the Company as treasury shares as at the date of this annual report. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

Month of purchase in the year ended 31 December 2024	No. of shares purchased	Purchase consideration per share		Aggregated consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
January	429,000	4.42	4.13	1,826,105
February	64,500	4.47	4.40	285,075
March	—	—	—	—
April	500,000	4.30	4.10	2,095,025
May	124,000	4.41	4.24	533,955
June	444,500	4.55	4.26	1,999,415
July	76,500	4.79	4.76	364,885
August	—	—	—	—
September	—	—	—	—
October	—	—	—	—
November	—	—	—	—
December	—	—	—	—
<b>TOTAL</b>	<b>1,638,500</b>			<b>7,104,460</b>

Save as above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares) during the year ended 31 December 2024.

As at 31 December 2024, the Company held 521,000 treasury shares, representing approximately 0.05% of the Company's shares in issue. The Company intends to use the treasury shares, when the Company considers to be necessary and expedient, for (i) the settlement of the underlying shares upon the exercise and/or vesting of share awards pursuant to the share schemes adopted by the Company; (ii) the settlement of part of or total considerations of transactions conducted by the Group from time to time; and (iii) the sale of treasury shares subject to the compliance with the Listing Rules.

## CHARITABLE DONATIONS

The Group's external charitable donations for the year amounted to RMB0.7 million (2023: RMB3.0 million).



# DIRECTORS' REPORT

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2024, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed 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 referred to therein, or which were required, pursuant to provisions set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

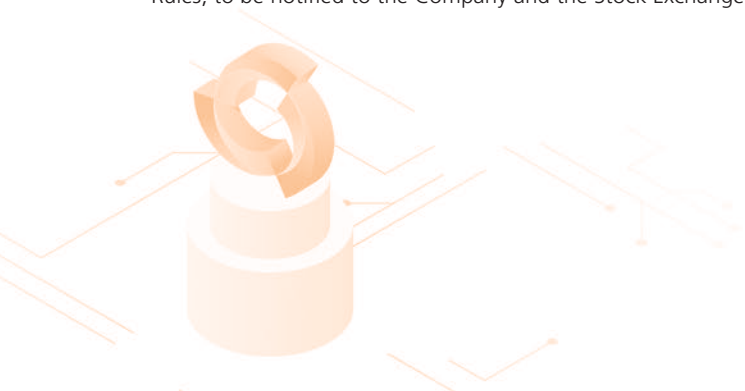
### Interest in the Company

Name of Director	Capacity/nature of interest	Number and class of securities interested	Percentage of shareholding
Mr. Tung <sup>(Note 1)</sup>	Beneficiary of a trust and settlor of a discretionary trust	561,957,960 (L) <sup>(Note 2)</sup>	56.85%
	Deemed interests of treasury shares held by the Company	521,000 (L) <sup>(Notes 2 and 3)</sup>	0.05%
Ms. Wang Ying	Share option	499,336 <sup>(Note 4)</sup>	0.04%
Mr. Lo Wai Hung	Beneficial owner	360,000 (L) <sup>(Note 2)</sup>	0.04%
Mr. Fong Heng Boo	Share option	300,000 <sup>(Note 4)</sup>	0.03%

Notes:

1. Wisdom Cosmos Limited ("**Wisdom Cosmos**"), a company incorporated in the British Virgin Islands ("**BVI**"), is the beneficial owner of 561,957,960 shares of the Company, representing approximately 56.85% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander Limited ("**Eander**"), a company incorporated in the BVI, which is in turn wholly owned by TMF (Cayman) Ltd ("**TMF Trust**"), trustee of the Pak Jeff Trust ("**PJ Trust**"), an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the shares of the Company registered in the name of Wisdom Cosmos.
2. The letter "L" denotes long position of the shares of the Company.
3. As at 31 December 2024, the Company repurchased an aggregate of 521,000 shares for holding as treasury shares. As such, Wisdom Cosmos, Eander, TMF Trust and Mr. Tung as controlling shareholders of the Company are taken to have an interest in 521,000 treasury shares of the Company, representing approximately 0.05% shareholding interests in the Company.
4. This refers to the number of underlying Shares for the share options granted.

Save as disclosed herein, as at 31 December 2024, none of the Directors or chief executive of the Company or their associates (as defined in the Listing Rules) had any interests and short positions in any shares, underlying shares or debentures of the Company or any 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 or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to provisions set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange.



## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2024, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity/nature of interest	Number and class of securities interested <small>(Note 1 and 3)</small>	Percentage of shareholding
TMF Trust <small>(Note 2)</small>	Trustee	561,957,960 (L)	56.85%
	Deemed interests of treasury shares held by the Company	521,000 (L)	0.05%
Eander <small>(Note 2)</small>	Interest in a controlled corporation	561,957,960 (L)	56.85%
	Deemed interests of treasury shares held by the Company	521,000 (L)	0.05%
Wisdom Cosmos <small>(Note 2)</small>	Beneficial owner	561,957,960 (L)	56.85%
	Deemed interests of treasury shares held by the Company	521,000 (L)	0.05%

Notes:

- The letter "L" denotes long position of the shares of the Company.
- Wisdom Cosmos, a company incorporated in the BVI, is the beneficial owner of 561,957,960 shares of the Company, representing approximately 56.85% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander, a company incorporated in the BVI, which is in turn wholly owned by TMF Trust, trustee of the PJ Trust, an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the shares of the Company registered in the name of Wisdom Cosmos.
- As at 31 December 2024, the Company repurchased an aggregate of 521,000 shares for holding as treasury shares. As such, Wisdom Cosmos, Eander, TMF Trust and Mr. Tung as controlling shareholders of the Company are taken to have an interest in 521,000 treasury shares of the Company, representing approximately 0.05% shareholding interests in the Company.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the shares or underlying shares 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; or who is directly or indirectly, to be interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.



# 54 DIRECTORS' REPORT

## 2017 SHARE OPTION SCHEME

On 19 June 2017, the sole shareholder of the Company adopted the share option scheme (the “**2017 Share Option Scheme**”) by way of written resolution which became effective on 6 July 2017 (the “**Listing Date**”). At the annual general meeting of the Company held on 21 May 2024, the Shareholders of the Company approved and adopted a new share scheme (the “**Share Scheme**”) to replace the 2017 Share Option Scheme.

A summary of the 2017 Share Option Scheme is set out below for reference. For further details, please refer to the prospectus of the Company dated 26 June 2017.

### (a) Purpose of the 2017 Share Option Scheme

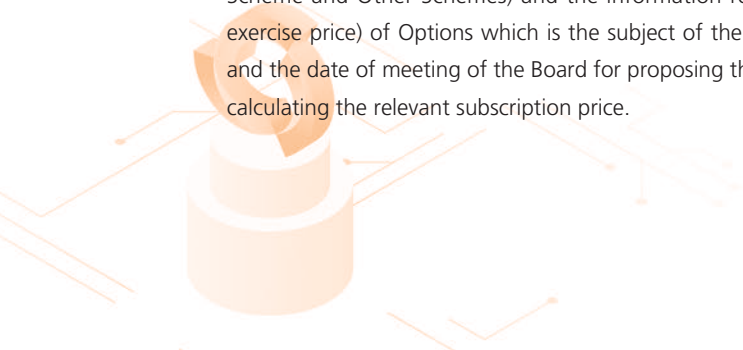
The 2017 Share Option Scheme enables the Company to grant options to subscribe for Shares granted pursuant to the 2017 Share Option Scheme (the “**Options**”) to any full-time or part-time employee of the Company or any member of the Group, including any Executive, Non-executive Directors and Independent Non-executive Directors (the “**INEDs**”), advisors, consultants, professionals, customers, suppliers, agents or partners of the Company or any of the subsidiaries (“**Eligible Persons**”) as incentives or rewards for their contributions to the Group.

### (b) Who may join and basis of eligibility

The Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than 28 days from the date on which the Option is granted. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the Independent Non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

### (c) Grant of Option

The total number of Shares issued and to be issued upon exercise of the Options granted to an Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the 2017 Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant (the “**Participant**”) under the 2017 Share Option Scheme and any other 2017 Share Option Schemes adopted by the Group from time to time pursuant to which options to subscribe for Shares may be granted (“**Other Schemes**”) (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, the Company may make a further grant of Options to such Participant (the “**Further Grant**”) notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the 2017 Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, the Company must send a circular to the Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the 2017 Share Option Scheme and Other Schemes) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders’ meeting and the date of meeting of the Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.



## (d) Price of Shares

The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a day on which trading of Shares take place on the Stock Exchange ("**Trading Day**"); (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share. For the purpose of calculating the subscription price, in the event that on the date of grant, the Company has been listed for less than five Trading Days, the Offer Price shall be used as the closing price for any Trading Day falling within the period before the Listing Date.

## (e) Maximum number of Shares

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the 2017 Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**") provided that Options lapsed in accordance with the terms of the 2017 Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 740,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 74,000,000 Shares, representing 10% of the Shares in issue as at the Listing Date and approximately 7.48% of the Shares in Issue (excluding treasury shares) as at the date of this annual report.
- (ii) Notwithstanding the foregoing, the Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2017 Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time

## (f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the 2017 Share Option Scheme at any time during a period to be determined and notified by the Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

On 11 September 2017, the Company granted 12,620,000 share options to a director and the employees of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK\$4.20 per share and for a validity period of 5 years. Among the share options granted, 2,000,000 granted options were granted to Mr. Chen Jen-Tse, an Executive Director of the Company as at the date of such grant. All share options granted in 2017 have expired after 10 September 2022.

On 14 November 2018, the Company granted 8,970,000 share options to the directors, employees and other eligible persons of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK\$6.90 per share and for a validity period of 5 years. Among the share options granted, 1,000,000 share options were granted to Mr. Chen Jen-Tse, an Executive Director of the Company as at the date of such grant. Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon and Mr. Tsoon Wai Mun, Benjamin, the INEDs of the Company as at the date of such grant, were granted 200,000 share options each (600,000 share options in total). All share options granted in 2018 have expired after 13 November 2023.





# 56 DIRECTORS' REPORT

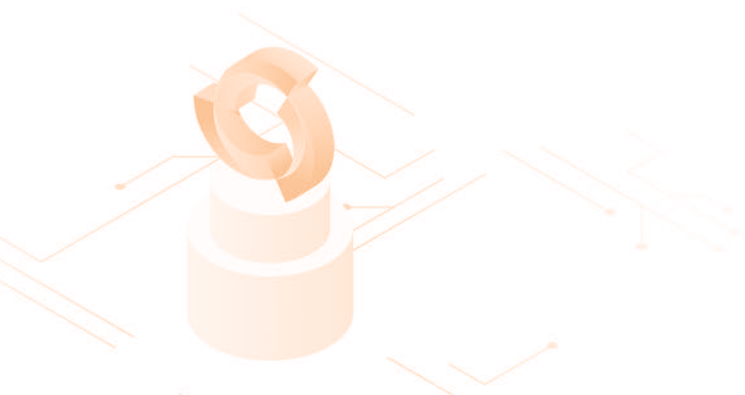
On 15 July 2020, the Company granted 17,400,000 share options to the directors, employees and other eligible persons of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK\$6.68 per share and for a validity period of 5 years. Among the share options granted, 3,000,000 and 400,000 share options were granted to Mr. Tung Chi Fung and Mr. Chen Jen-Tse respectively, the Executive Directors of the Company as at the date of such grant. Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon, Mr. Tsoon Wai Mun Benjamin and Mr. Fong Heng Boo, the INEDs of the Company as at the date of such grant, were granted 300,000 share options each (1,200,000 share options in total).

On 10 June 2022, the Company granted 11,000,000 share options to a director and the employees of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK\$6.46 per share and for a validity period of 10 years. Among the share options granted, 1,500,000 granted options were granted to Mr. Chen Jen-Tse, an Executive Director of the Company as at the date of such grant.

The grant of granted options to the abovementioned Director has been approved by the INEDs pursuant to the Listing Rules. Save as disclosed above, none of the other grantees is a Director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company or any of their respective associate(s) (as defined under the Listing Rules) as at the date of grant.

The following shows the outstanding position as at 31 December 2024 with respect to their granted options granted under the 2017 Share Option Scheme:

	Date of grant	Exercise price	Vesting period	Exercise period	Outstanding at 1 January 2024	Movement <sup>(Note 1)</sup>	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31 December 2024
Mr. Chen Jen-Tse <sup>(Note 1)</sup> Resigned as an Executive Director with effect from 15 October 2024	15 July 2020	HK\$6.68	15/7/2020-14/7/2021	15/7/2021-14/7/2025	-	-	-	-	-	-	-
			15/7/2020-14/7/2022	15/7/2022-14/7/2025	-	-	-	-	-	-	-
			15/7/2020-14/7/2024	15/7/2024-14/7/2025	200,000	(200,000)	-	-	-	-	-
					200,000	(200,000)	-	-	-	-	-
Mr. Loo Yau Soon Resigned as an Independent Non-Executive Director with effect from 29 November 2024	15 July 2020	HK\$6.68	15/7/2020-14/7/2021	15/7/2021-14/7/2025	75,000	-	-	-	(75,000)	-	-
			15/7/2020-14/7/2022	15/7/2022-14/7/2025	75,000	-	-	-	(75,000)	-	-
			15/7/2020-14/7/2024	15/7/2024-14/7/2025	150,000	-	-	-	(150,000)	-	-
					300,000	-	-	-	(300,000)	-	-
Mr. Fong Heng Boo	15 July 2020	HK\$6.68	15/7/2020-14/7/2021	15/7/2021-14/7/2025	75,000	-	-	-	-	-	75,000
			15/7/2020-14/7/2022	15/7/2022-14/7/2025	75,000	-	-	-	-	-	75,000
			15/7/2020-14/7/2024	15/7/2024-14/7/2025	150,000	-	-	-	-	-	150,000
					300,000	-	-	-	-	-	300,000



# DIRECTORS' REPORT 57

	Date of grant	Exercise price	Vesting period	Exercise period	Outstanding at 1 January 2024	Movement <sup>(Note 1)</sup>	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31 December 2024
Employees	15 July 2020	HK\$6.68	15/7/2020-14/7/2021	15/7/2021-14/7/2025	1,987,500	-	-	-	-	-	1,987,500
			15/7/2020-14/7/2022	15/7/2022-14/7/2025	2,112,500	-	-	-	-	-	2,112,500
			15/7/2020-14/7/2024	15/7/2024-14/7/2025	4,325,000	200,000	-	-	(100,000)	-	4,425,000
					8,425,000	200,000	-	-	(100,000)	-	8,525,000
Mr. Chen Jen-Tse <sup>(Notes 1)</sup>	10 June 2022	HK\$6.46	10/6/2022-9/6/2024	10/6/2026-9/6/2032	375,000	(375,000)	-	-	-	-	-
Resigned as an Executive Director with effect from 15 October 2024			10/6/2022-9/6/2024	10/6/2026-9/6/2032	375,000	(375,000)	-	-	-	-	-
			10/6/2022-9/6/2025	10/6/2027-9/6/2032	750,000	(750,000)	-	-	-	-	-
					1,500,000	(1,500,000)	-	-	-	-	-
Ms. Wang Ying <sup>(Notes 1 and 3)</sup>	10 June 2022	HK\$6.46	10/6/2022-9/6/2024	10/6/2026-9/6/2032	-	100,000	-	-	-	-	100,000
Appointed as an Executive Director with effect from 29 November 2024			10/6/2022-9/6/2024	10/6/2026-9/6/2032	-	100,000	-	-	-	-	100,000
			10/6/2022-9/6/2025	10/6/2027-9/6/2032	-	200,000	-	-	-	-	200,000
					-	400,000	-	-	-	-	400,000
Employees <sup>(Note 4)</sup>	10 June 2022	HK\$6.46	10/6/2022-9/6/2024	10/6/2026-9/6/2032	1,225,000	275,000	-	-	(475,000)	-	1,025,000
			10/6/2022-9/6/2024	10/6/2026-9/6/2032	1,225,000	275,000	-	-	(475,000)	-	1,025,000
			10/6/2022-9/6/2025	10/6/2027-9/6/2032	2,450,000	550,000	-	-	(750,000)	-	2,250,000
					4,900,000	1,100,000	-	-	(1,700,000)	-	4,300,000

Note 1: As Mr. Chen Jen-Tse resigned as an Executive Director with effect from 15 October 2024 and had remained in the Group fully committed to charitable work and promoting the development of the Company's public welfare foundation, the share options granted to him as Executive Director has been moved into the Employees category. As Ms. Wang Ying had joined the Group since May 2021 and had been appointed as an Executive Director with effect from 29 November 2024, the share options granted to her as an Employee has been moved and disclosed separately as an Executive Director.

Note 2: No options were exercised or vested during the year. Therefore, the weighted average closing price of the shares immediately before the dates on which the options or awards were exercised or vested pursuant to Rule 17.07(1)(d) is not available.

Note 3: Ms. Wang Ying and the senior managers have to achieve the performance target set by the Board from time to time on both the Group's level relating to the Group's net profits and the individual level relating to the KPIs set for them with reference to their positions, roles and responsibilities and the Group's expectation on their contribution.

Note 4: The share options granted to certain employees cannot be exercised during the first one or two years from the end of the vesting period.

During year ended 31 December 2024, (i) no share options were granted; (ii) 13,525,000 granted options were outstanding; (iii) no granted options were exercised; (iv) 2,100,000 granted options were lapsed; and (v) no granted options were cancelled under the 2017 Share Option Scheme.

Pursuant to Rule 17.07(1) (c) of the Listing Rules, the closing prices of the Shares immediately before 15 July 2020 and 10 June 2022, being the dates on which the share options were granted pursuant to the 2017 Share Option Scheme, were HK\$6.60 and HK\$6.32 respectively.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the 2017 Share Option Scheme as at 1 January 2024 and 31 December 2024 were 47,712,500 and nil, respectively.



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Pursuant to Rule 17.09(3) of the Listing Rules, the total number of share options available for issue under the 2017 Share Option Scheme and remained outstanding is 13,525,000 Shares, representing approximately 1.37% of the 989,436,000 ordinary Shares of the Company in issue (excluding treasury shares) as at the date of this annual report.

Following the termination of the 2017 Share Option Scheme, no further options will be granted thereunder. None of the share options granted under the 2017 Share Option Scheme will become void or non-exercisable as a result of the termination of the 2017 Share Option Scheme.

### RESTRICTED SHARE UNIT ("RSU") SCHEME

The RSU Scheme is adopted on 6 April 2022 ("**RSU Adoption Date**"). At the annual general meeting of the Company held on 21 May 2024, the Shareholders of the Company approved and adopted the Share Scheme to replace the RSU Scheme.

A summary of the RSU Scheme is set out below for reference. For further details, please refer to the announcement of the Company dated 6 April 2022.

#### (a) Purpose of the RSU Scheme

The purposes of the RSU Scheme are to (i) to recognize the contributions by the Grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

#### (b) Who may join and basis of eligibility

Person(s) eligible to receive awards of RSU ("**Awards**") under the RSU Scheme including who could be existing and former employees, directors or officers of the Company, PRC Operational Entity or other companies in the Group, or any other person selected by the Board or the Remuneration Committee at its sole discretion from time to time.

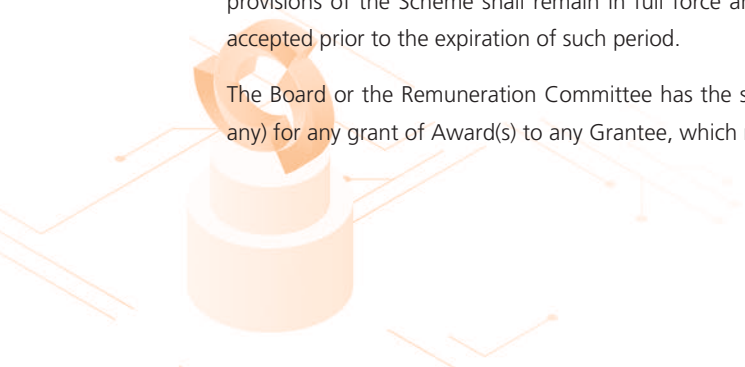
#### (c) Maximum number of RSUs

- (i) Subject to the renewal of the scheme limit, no Award shall be granted pursuant to the RSU Scheme if as a result of such grant (assumed accepted), the aggregate number of Shares underlying all grants made pursuant to the RSU Scheme (excluding Awards that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall exceed 2% of the number of Shares in issue as of the RSU Adoption Date (the "**Scheme Mandate Limit**"). On the basis of 1,004,628,500 Shares in issue on the RSU Adoption Date, the Scheme Mandate Limit will be equivalent to 20,092,570 Shares, representing 2% of the Shares in issue as at the RSU Adoption Date and approximately 2.03% of the Shares in issue (excluding treasury shares) as at the date of this annual report.
- (ii) The maximum number of Shares which may be awarded to any one Selected Persons under the Scheme may not exceed 1% of the issued share capital of the Company under the RSU Scheme.

#### (d) Duration and time of RSUs

Subject to any alteration and amendment of the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing on the RSU Adoption Date, after which period no further Awards shall be granted or accepted, but the provisions of the Scheme shall remain in full force and effect in order to give effect to the vesting of Awards granted and accepted prior to the expiration of such period.

The Board or the Remuneration Committee has the sole discretion to determine the vesting schedule and vesting criteria (if any) for any grant of Award(s) to any Grantee, which may also be adjusted and redetermined by the Board from time to time.



## (e) Grant of RSUs

On and subject to the rules of the Scheme and all applicable laws and other regulations, the Board or the Remuneration Committee may, within the Scheme Period, determine the Selected Persons to participate the Scheme. The Board or the Remuneration Committee shall, after the selection process, inform the RSU Trustee of the name(s) of the Selected Person(s), the number of Shares underlying the Award(s) to be granted to each of the Selected Person(s), the vesting schedule of the Award(s) and other terms and conditions (if any) that the Award(s) are subject to as determined by the Board or the Remuneration Committee.

Subject to limitations and conditions of the Scheme, the RSU Trustee shall, upon receipt of the notification from the Board or the Remuneration Committee, grant to each of the Selected Persons an offer of grant of Award(s) by way of a grant letter, subject to the conditions that the Board or the Remuneration Committee thinks fit.

Upon the receipt from the Selected Person of a duly executed acceptance notice and the relevant payment, the Award(s) is granted to the Selected Person, who becomes a Grantee in the Scheme.

On 10 June 2022, the Company granted 1,340,000 RSUs to the employees of the Group representing 1,340,000 underlying ordinary shares of the Company.

Movements of RSU Scheme during year ended 31 December 2024 are as follows:

Grantee	Date of grant	Vesting period	Outstanding at 1 January 2024	Granted during the year	Lapsed during the year	Cancelled during the year	Vested during the year	Outstanding at 31 December 2024
Employees	10 June 2022	10/6/2022-9/6/2024	270,000	–	(25,000)	–	(245,000)	–
		10/6/2022-9/6/2024	270,000	–	(25,000)	–	(245,000)	–
		10/6/2022-9/6/2025	540,000	–	(70,000)	–	–	470,000
			1,080,000	–	(120,000)	–	(490,000)	470,000

Note: The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised or vested pursuant to Rule 17.07(1)(d) is HK\$4.23.

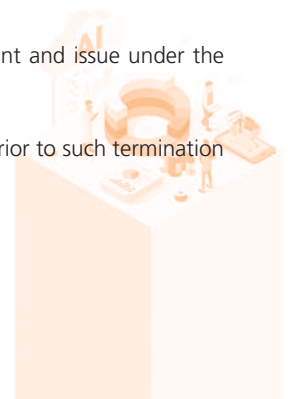
During the year ended 31 December 2024, (i) no RSUs were granted; (ii) 470,000 granted RSUs were outstanding under the RSU scheme; (iii) 490,000 granted RSUs were vested; (iv) 120,000 granted RSUs were lapsed; and (v) no granted RSUs were cancelled under the RSU Scheme.

Pursuant to Rule 17.07(1) of the Listing Rules, the closing prices of the Shares immediately before 10 June 2023, being the date on which the RSUs were granted, was HK\$6.32.

As of 31 December 2024, pursuant to the RSU Scheme, 470,000 shares purchased by the RSU trustee in the market and held in the pool for the vesting of the RSUs to the employees have been allocated to employees as RSUs and not vested. Accordingly, pursuant to Rule 17.07(2) of the Listing Rules, the total number of RSUs available for grant under the RSU scheme as at 1 January 2024 and 31 December 2024 were 19,012,570 and nil, respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of Shares of the Company available for grant and issue under the RSU Scheme is nil as at the date of this annual report.

Following the termination of the RSU Scheme, no further RSUs will be granted thereunder. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid.



# DIRECTORS' REPORT

## SHARE SCHEME

On 21 May 2024 (“**Adoption Date**”), at the annual general meeting of the Company held on 21 May 2024, the Shareholders of the Company approved and adopted the Share Scheme.

A summary of the Share Scheme is set out below for reference. For further details, please refer to the circular of the Company dated 29 April 2024.

### (a) Purpose of the Share Scheme

The purpose of the Share Scheme is to provide incentive to the Eligible Participants (as defined hereunder) in order to promote the development and success of the business of the Group. The Share Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company and will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth of the Group.

For the purpose of this section, unless the context otherwise requires:

“Award” means an award granted under the Share Scheme, which may be a Share Option or a Share Award.

“Eligible Participants” means an Employee Participant or Related Entity Participant, and for the purposes of the Share Scheme, the Offer may be made to a vehicle (such as a trust or a private company) or similar arrangement for the benefit of a specified Eligible Participant subject to the fulfilment of requirements of the Listing Rules (including but not limited to a waiver from the Stock Exchange, where applicable).

“Minimum Period” with respect to an Award (which may be Share Option and/or Share Award), the period commences on the offer date and ending on the day immediately prior to the expiry of the twelve (12)-month period thereof.

“Offer” means an offer to an Eligible Participant for the grant of an Award (which may be Share Option and/or Share Award).

“Related Entities” means the holding companies, fellow subsidiaries or associated companies of the Company.

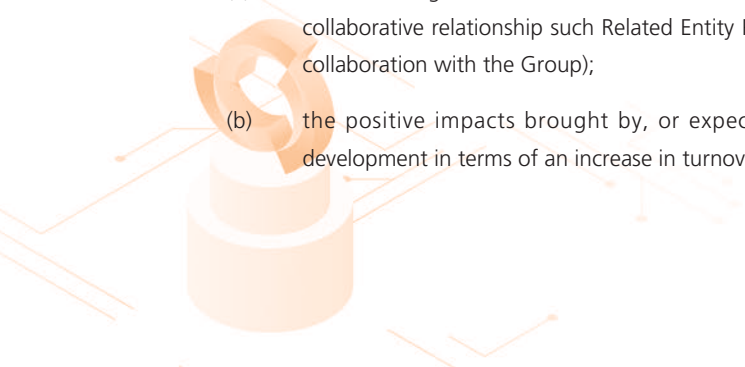
“Related Entity Participants” means the directors and employees (whether full-time, part-time or other employment arrangement) of the Related Entities.

### (b) Eligible Participants and the basis of the eligibility

The Eligible Participants are the Employee Participants and the Related Entity Participants. In determining the basis of eligibility for Employee Participants, the factors in assessing whether any person is eligible to participate in the Share Scheme include: (1) the performance of the Employee Participant; (2) the skill, knowledge, experience, expertise and other personal qualities of the Employee Participant, (3) time commitment, responsibilities or employment conditions of the Employee Participant according to the prevailing market practice and industry standard; (4) the length of employment with the Group; and (5) the contribution or potential contribution of the Employee Participant to the development and growth of the Group.

In determining the basis of eligibility for Related Entity Participants, the Board would take into account, among others:

- (a) the actual degree of involvement of the Related Entity Participant in and/or cooperation with the Group and length of collaborative relationship such Related Entity Participant has established with the Group (e.g. the number of years of collaboration with the Group);
- (b) the positive impacts brought by, or expected from, the Related Entity Participant on the Group’s business development in terms of an increase in turnover or profits of the Group and/or an addition of expertise to the Group;



- (c) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
- (d) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share;
- (e) the amount of support, assistance, guidance, advice, efforts and contributions which the Related Entity Participant has exerted and given towards the success of the Group or the Related Entity Participant which is likely to be able to give or make towards the success of the Group in the future; and
- (f) the materiality and nature of the business relation of the holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies which may benefit the core business of the Group through a collaborative relationship.

## (c) Offer and Acceptance

Subject to and in accordance with the provisions of the Share Scheme and the Listing Rules, the Board shall be entitled (but shall not be bound), at any time and from time to time and within a period, to make an offer to such Eligible Participant as it may, in its absolute discretion, select, and subject to such conditions as the Board may think fit, provided that no such Offer shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or any of the Directors of any applicable securities laws and regulations in any jurisdiction.

An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine specifying the terms of the Award (which may be Share Option and/or Share Award).

An Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including the Eligible Participant's personal representative) for a period of twenty-one (21) days from the date of the offer. For the avoidance of doubt, the Board may at its discretion specify any condition in the offer letter at the grant of the relevant Award (which may be Share Option and/or Share Award), including conditions and/or performance target(s) that must be achieved before any of such Award can be exercised, as well the clawback mechanism for the Company to recover or withhold any Share Options or Share Awards granted to any Eligible Participants.

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all the Award Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, together with a payment in favour of the Company of HK\$1.00 or such other amount (if any) as may be determined by the Board as consideration for the grant thereof, is received by the Company.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Award Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. The relevant Award Shares offered but not accepted shall lapse.



# DIRECTORS' REPORT

## (d) Vesting Period

Save for the circumstances prescribed below and if there is an event of change in control of the Company (the particulars as set out in the Share Scheme), an Award (which may be Share Option and/or Share Award) must be held by the Grantee for a period that is not shorter than the Minimum Period before the Award can be exercised.

The Board may at its absolute discretion grant Awards (which may be Share Options and/or Share Awards) to Employee Participants only with a vesting period shorter than the Minimum Period in the following specific circumstances:

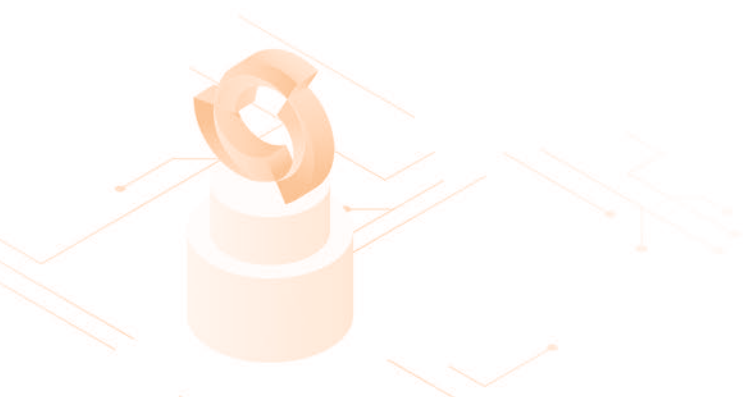
- (1) grants of "make-whole" Awards to new joiners to replace the award shares they forfeited when leaving the previous employers;
- (2) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (3) grants that are made in batches during a year for administrative and compliance reasons, which include Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;
- (4) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months; or
- (5) grants with performance-based vesting conditions in lieu of time-based vesting criteria,

each of which are considered appropriate to provide flexibility to grant Awards (a) as part of competitive terms and conditions to induce valuable talent to join the Group (sub-paragraphs (1) and (4)); (b) reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (2) and (3)); (c) reward exceptional performers with accelerated vesting (sub-paragraph (4)); (d) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph (5)); and (e) in exceptional circumstances where justified (sub-paragraphs (1) to (5)), which is consistent with the purpose of the Share Scheme.

## (e) Exercise Price and Issue Price

The Exercise Price shall, subject to any adjustment made pursuant to the terms of the Share Scheme, be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of: (i) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a Business Day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the offer date; and (iii) the nominal value of the Share on the offer date

The Issue Price shall be such price determined by the Board in its absolute discretion and notified to the Grantee in the offer letter. For the avoidance of doubt, the Board may determine the Issue Price to be nil.



## (f) Maximum number of Shares

The total number of Shares which may be issued in respect of all Awards (which may be Share Options and/or Share Awards) which may be granted at any time under the Share Scheme together with options and awards which may be granted under any other schemes of the Company shall not exceed such number of Shares as equals 10% of the Shares in issue (excluding treasury shares) as at the Adoption Date (the “**Scheme Mandate Limit**”). Awards (including Share Options and Share Awards) lapsed in accordance with the terms of the Share Scheme (and other schemes of the Company) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. On the basis of 989,750,000 Shares in issue on the Adoption Date, the Scheme Mandate Limit will be equivalent to 98,975,000 Shares, representing 10% of the Shares in issue as at the Adoption Date and approximately 10% of the Shares in issue (excluding treasury shares) as at the date of this annual report.

If the Company conducts a share consolidation or sub-division after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards to be granted under all of the schemes of the Company under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same, rounded to the nearest whole share.

Subject to the approval of Shareholders in general meeting, the Company may refresh the Scheme Mandate Limit under the Share Scheme on or after the third (3rd) anniversary of the date of the Shareholders’ approval for the last refreshment or the Adoption Date. The total number of Shares which may be issued upon exercise of all (i) the Awards (including Share Options and Share Awards) under the Share Scheme and (ii) the options and awards to be granted under any other schemes of the Company as “refreshed” must not exceed 10% of the Shares in issue (excluding treasury shares) as at the date of approval of the refreshment. For the purpose of seeking approval of the Shareholders under the refreshment, the Company must send a circular to the Shareholders containing the information required under the Listing Rules; and any refreshment within any three (3)-year period shall be subject to independent Shareholders’ approval pursuant to Rule 17.03C(1) (b) and (c) of the Listing Rules.

## (g) Grant of Share Options and/or Share Awards to a Director, Chief Executive or Substantial Shareholder of the Company or any of their Respective Associates

Any grant of an Award (which may be Share Option and/or Share Award) to a Director, a chief executive of the Company or substantial shareholder (as defined under the Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of the Award).

(a) Where any grant of an Award (which may be Share Option and/or Share Award) to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 0.1% of the Shares in issue (excluding treasury shares), or (b) where any grant of Share Awards (i.e., excluding grant of Share Options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all awards granted (excluding any Awards lapsed in accordance with the terms of the relevant schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares) at the date of such grant, such grant of Award (which may be Share Option and/or Share Award) must be approved by the Shareholders in a general meeting of the Company.





## DIRECTORS' REPORT

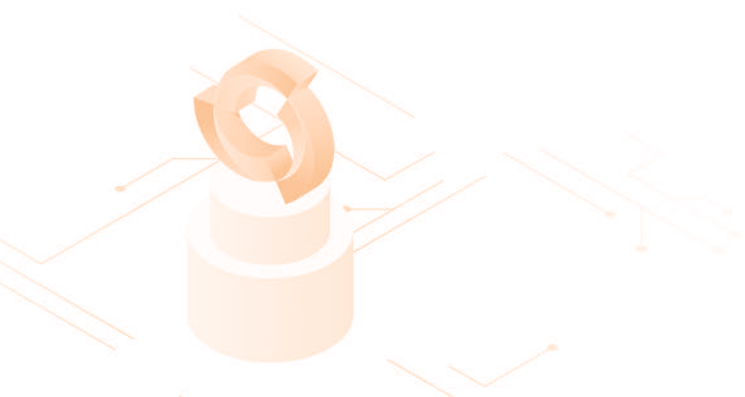
### (h) Maximum Entitlement of each Eligible Participant

Where any grant of an Award (which may be Share Option and/or Share Award) to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 1% of the Shares in issue (excluding treasury shares), such grant must be separately approved by the Shareholders in a general meeting of the Company with such Eligible Participant and the person's close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Awards (which may be Share Options and/or Share Awards) to be granted (and Awards previously granted to such Eligible Participant during the twelve (12)-month period), the purpose of granting the Awards (which may be Share Options and/or Share Awards) to the Eligible Participant, an explanation as to how the terms of such Awards serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Exercise Price or Issue Price) of such Award to be granted to such Eligible Participant must be fixed before the Shareholders' approval. For the grant of Share Options, the date of the meeting of the Board for proposing such grant should be taken as the offer date for the purpose of calculating the Exercise Price.

### (i) Time of Exercise of Options

Subject to the terms of the Share Scheme, an Award may be exercised in whole or in part at any time during the period stipulated in the Offer, provided that such period shall not go beyond the day immediately prior to the tenth (10th) anniversary of the offer date with respect of the relevant Award. The Board may at its discretion determine and provide in the offer letter at the grant of the relevant Award any performance target(s) as the Board may then specify which must be achieved by the Grantee before any of the Awards (which may be Share Options and/or Share Awards) can be exercised, as well as the clawback mechanism for the Company to recover or withhold any Share Options or Share Awards granted to any Eligible Participants.



# DIRECTORS' REPORT 65

On 29 November 2024, the Company granted 319,921 share options to a director and the employees of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK\$7.25 per share and for a validity period of 10 years. Among the share options granted, 99,336 granted options were granted to Ms. Wang Ying, an Executive Director of the Company.

The grant of granted options to the abovementioned Director has been approved by the INEDs pursuant to the Listing Rules. Save as disclosed above, none of the other grantees is a Director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company or any of their respective associate(s) (as defined under the Listing Rules) as at the date of grant.

The following shows the outstanding position as at 31 December 2024 with respect to their granted options granted under the Share Scheme:

	Date of grant	Exercise price	Vesting period	Exercise period	Outstanding at 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31 December 2024
Ms. Wang Ying <sup>(Note 2)</sup>	29 November 2024	HK\$7.25	29/11/2024-29/11/2025	29/11/2025-29/11/2034	-	99,336	-	-	-	99,336
					-	99,336	-	-	-	99,336
Employees <sup>(Note 2)</sup>	29 November 2024	HK\$7.25	29/11/2024-29/11/2025	29/11/2025-29/11/2034	-	220,585	-	-	-	220,585
					-	220,585	-	-	-	220,585

Note 1: No options were exercised or vested during the year. Therefore, the weighted average closing price of the shares immediately before the dates on which the options or awards were exercised or vested pursuant to Rule 17.07(1)(d) is not available.

Note 2: The vesting of the Share Options is subject to the satisfaction of certain performance targets and the conduct of the Grantees. The performance target is related to individual performance indicators relevant to the Grantees' roles and responsibilities.

During the year ended 31 December 2024, (i) 319,921 share options were granted; (ii) 319,921 granted options were outstanding; (iii) no granted options were exercised; (iv) no granted options were lapsed; and (v) no granted options were cancelled under the Share Scheme.

Pursuant to Rule 17.07(1)(c) of the Listing Rules, the closing prices of the Shares immediately before 29 November 2024, being the date on which the share options were granted, was HK\$7.25.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the Share Scheme as at 1 January 2024 and 31 December 2024 were 98,975,000 and 98,655,079, respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of Shares of the Company available for issue under the Share Scheme is 98,975,000 Shares, representing approximately 10% of the 989,436,000 ordinary Shares of the Company in issue (excluding treasury shares) as at the date of this annual report.



## DIRECTORS' REPORT

Pursuant to Rule 17.09(9) of the Listing Rules, as at 31 December 2024, the remaining term of the Share Scheme is about 9 years and 4 months.

Pursuant to Rule 17.07(3) of the Listing Rules, the total number of shares that may be issued in respect of share options, RSUs and/or awards granted under the 2017 Share Option Scheme, the RSU Scheme and the Share Scheme during the year ended 31 December 2024 divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the same financial year was 10.02%.

Information on the fair value of and accounting policy for share options, RSUs and/or awards granted under the schemes are provided in note 36 to the consolidated financial statements.

Apart from the aforesaid, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements 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.

### PERMITTED INDEMNITY

Pursuant to the articles of association of the Company, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all liabilities (to the fullest extent permitted by the Companies Ordinance) which he may incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has taken out insurance against all liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

### MANAGEMENT CONTRACTS

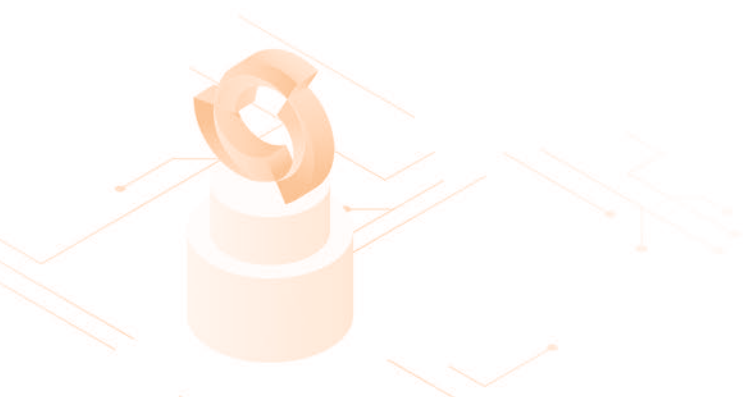
No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year of 2024.

### EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "2017 Share Option Scheme", "RSU Scheme" and "Share Scheme" above, there were no equity-linked agreements entered into by the Group or existed during the year ended 31 December 2024.

### DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING INTERESTS OR CONFLICT OF INTEREST

For the year ended 31 December 2024, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.



## COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

Mr. Tung, TMF Trust, Eander and Wisdom Cosmos, the controlling shareholders of the Company (the **"Covenantors"**, each a **"Covenantor"**) executed the deed of non-competition undertaking dated 19 June 2017 in favour of the Company (for itself and as trustee for the subsidiaries of the Company (the **"Subsidiaries"**)) (the **"Deed of Non-Competition"**).

In accordance with the Deed of Non-Competition, the Covenantors irrevocably and unconditionally undertake to the Company, for itself and as trustee for and on behalf of the Subsidiaries, that they will not, and will use their best endeavours to procure any Covenantor, their respective close associates (collectively, the **"Controlled Persons"**) and any company directly or indirectly controlled by the respective Covenantor (the **"Controlled Company"**) not to, either on its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of the Group) to conduct any business which, directly or indirectly, competes or is likely to compete with the business of the Company or any of the Subsidiaries in Hong Kong, the PRC and such other places as the Company or any of the Subsidiaries may conduct or carry on business from time to time, including but not limited to providing commercial factoring, credit guarantee and accounts receivable management services (the **"Restricted Business"**).

Further, the Covenantors irrevocably and unconditionally undertake to the Company, for itself and as trustee for and on behalf of the Subsidiaries, that if any Covenantor and/or any Controlled Company is offered or becomes aware of any business opportunity directly or indirectly to engage in or own a Restricted Business (the **"New Business Opportunity"**): (a) it shall within 10 days notify the Company of such New Business Opportunity in writing and refer the same to the Company for consideration, and shall provide the relevant information to the Company in order to enable us to make an informed assessment of such opportunity; and (b) it shall not, and shall procure that its Controlled Persons or Controlled Companies not to, invest or participate in any project and New Business Opportunity, unless such project and New Business Opportunity shall have been rejected by the Company and the principal terms of which the Covenantor or his Controlled Persons or Controlled Companies invest or participate in are no more favourable than those made available to the Company.

For further details of the Deed of Non-Competition, please refer to the section headed "Relationship with our Controlling Shareholders – Non-Competition Undertakings" in the prospectus of the Company dated 26 June 2017.

The Covenantors had continued to uphold, among others, their undertaking by allowing the Company and its representatives to have access to such information, financial and/or corporate records to facilitate the Company to determine the compliance of the undertakings contained in the Deed of Non-Competition from the Listing Date up to the date of the Annual Report.

Each of the Covenantors has confirmed to the Company of his/her/its compliance with the Deed of Non-Competition from the Listing Date up to the date of this annual report. The Independent Non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied by each of the Covenantors from the Listing Date to the date of this annual report.



# DIRECTORS' REPORT

## RELATED PARTY TRANSACTIONS

### Exempted continuing connected transactions

The Directors confirmed that the tenancy agreements (the **"Tenancy Agreements"**, collectively, the Tenancy Agreement I, Tenancy Agreement II, Tenancy Agreement III and Tenancy Agreement IV) entered into by the Group with Bondlink Investment Limited (**"Bondlink"**) which is a connected person, constituted continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

On 12 April 2018, Bondlink as lessor and one of the wholly owned subsidiary of the Company as lessee (the **"Lessee"**) entered into a tenancy agreement (the **"Tenancy Agreement I"**) for the leasing of the property located at "Room 4202, 42nd Floor, Tower 1, Lippo Centre, No. 89 Queensway, Hong Kong" for a term of two years covering the period from 16 April 2018 to 15 April 2021 (both days inclusive) at a monthly rent of HK\$166,320 exclusive of building management fee, Government rates and Government rent. The aggregate of the management fee, Government rates and Government rent is currently HK\$18,939 in total per month and subject to review from time to time.

On 7 April 2020, Bondlink and the Lessee entered into a tenancy agreement (the **"Tenancy Agreement II"**) for the leasing of the property with the same location for a term of two years covering the period from 16 April 2020 to 15 April 2022 (both days inclusive) at a monthly rent of HK\$144,000 exclusive of building management fee, Government rates and Government rent. The aggregate of the management fee, Government rates and Government rent is currently HK\$19,066 in total per month and subject to review from time to time.

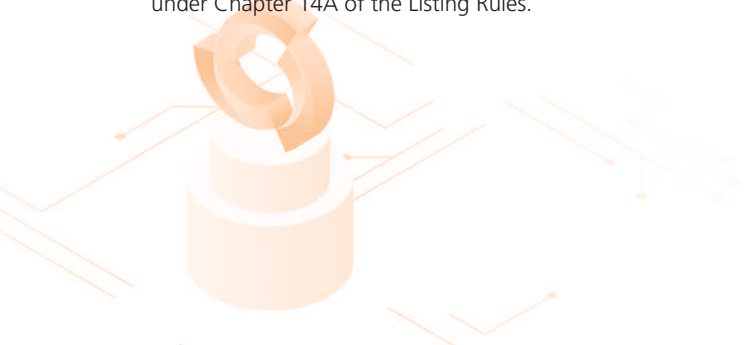
On 11 April 2022, Bondlink and the Lessee entered into a tenancy agreement (the **"Tenancy Agreement III"**) for the leasing of the property with the same location for a term of two years covering the period from 16 April 2022 to 15 April 2024 (both days inclusive) at a monthly rent of HK\$102,000 exclusive of building management fee, Government rates and Government rent. The aggregate of the management fee, Government rates and Government rent is currently HK\$17,599 in total per month and subject to review from time to time. On 22 January 2024, Bondlink and the Lessee agreed to terminate the Tenancy Agreement III on 31 January 2024.

On 31 January 2024, Bondlink and the Lessee entered into a tenancy agreement (the **"Tenancy Agreement IV"**) for the leasing of the property with the same location for a term of two years covering the period from 1 February 2024 to 31 January 2026 (both days inclusive) at a monthly rent of HK\$50,000 exclusive of building management fee, Government rates and Government rent. The aggregate of the management fee, Government rates and Government rent is currently HK\$19,148 in total per month and subject to review from time to time.

As the applicable percentage ratios under Chapter 14A of the Listing Rules (other than the profit ratio) for the Tenancy Agreements on an annual basis exceed 0.1% but are less than 5% and the annual amount payable by the Group under the Tenancy Agreements will be less than HK\$3 million, the continuing connected transactions contemplated thereunder are fully exempt from all annual review, reporting, announcement and independent shareholders' approval (including independent financial advisor) requirements under Chapter 14A of the Listing Rules.

### Connected transaction

The Directors confirmed that the Collaboration Agreement entered into by the Company, other subsidiaries of the Company, WXGJ and Wuxi Taihu NewCity, which is a connected person at the subsidiary level, constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.



# DIRECTORS' REPORT

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On 28 February 2024, the Company entered into a collaboration agreement with (i) 無錫市太湖新城資產經營管理有限公司 (Wuxi Taihu New City Asset Management Co., Ltd.\*) ("**Wuxi Taihu New City**"); (ii) 盛業數字科技(無錫)有限公司 (Sheng Ye Digital Technology (Wuxi) Co., Ltd.\*) ("**Sheng Ye Digital**"), a wholly-owned subsidiary of the Company; (iii) 天津盛卓企業管理諮詢有限公司 (Tianjin Shengzhuo Enterprise Management Consulting Co., Ltd.\*) ("**Tianjin Shengzhuo**"), a wholly-owned subsidiary of the Company; (iv) 無錫國金商業保理有限公司 (Wuxi Guojin Commercial Factoring Co., Ltd.\*) ("**WXGJ**"), being the target company; (v) 天津盛業(集團)有限公司 (Tianjin Sheng Ye (Group) Co., Ltd.\*) ("**Tianjin Sheng Ye**"), a wholly-owned subsidiary of the Company; (vi) 盛業信息科技服務(深圳)有限公司 (Sheng Ye Information Technology Service (Shenzhen) Co., Ltd.\*) ("**Sheng Ye Information**"), a wholly-owned subsidiary of the Company; and (viii) 盛業商業保理有限公司 (SY Factoring Limited\*) ("**SY Factoring**"), a wholly-owned subsidiary of the Company.

Pursuant to the Collaboration Agreement, among others, Wuxi Taihu New City agreed to subscribe RMB569.4 million of the capital increase in the WXGJ, and the parties agreed to provide financial assistance and guarantees pursuant to the terms of the Collaboration Agreement. Upon completion of the capital increase, the registered capital of the WXGJ will increase from RMB300.0 million to RMB489.8 million, and the WXGJ will be owned as to 51% by Wuxi Taihu New City, 24.5% by Sheng Ye Digital, and 24.5% by Tianjin Shengzhuo. Accordingly, the Group's total indirect equity interest in WXGJ had been diluted from 80% to 49% and WXGJ ceased to become a subsidiary of the Group. Details of the capital increase and terms of the Collaboration Agreement are disclosed in the Company's announcements dated 28 February 2024 and 20 March 2024 and the Company's circular dated 24 April 2024.

The Board believes that the entering into of the Collaboration Agreement between the Group and Wuxi Taihu New City Group is in line with the Group's platformization strategy. Through the strategic cooperation with high-quality local state-owned enterprises, the Group will accelerate the construction of an inclusive financial service platform for the regional supply chain, achieve efficient connexion of industrial resources and precise customer acquisition, and focus on meeting the financing needs of micro, small and medium-sized enterprises.

As at the date of the Collaboration Agreement, Wuxi Taihu New City was a substantial shareholder of WXGJ (which was a subsidiary of the Company as at the date of the Collaboration Agreement), and therefore Wuxi Taihu New City is a connected person of the Company at the subsidiary level. As such, the Collaboration Agreement also constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) Wuxi Taihu New City was a connected person of the Company at the subsidiary level; (ii) the Board had approved the Collaboration Agreement; and (iii) the independent non-executive Directors had confirmed that the terms of the Collaboration Agreement are fair and reasonable, and that the Collaboration Agreement is on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Collaboration Agreement is subject to the announcement requirement but is exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Save for the transactions disclosed under "Related Party Transactions" section of this annual report, details of the related party transactions entered into by the Group are set out in note 38 to the consolidated financial statements, which do not constitute notifiable connected transactions under the Listing Rules. The Company has complied with all requirements in accordance with Chapter 14A of the Listing Rules.



# DIRECTORS' REPORT

## CONTINUING DISCLOSURE UNDER RULE 13.22 OF THE LISTING RULES

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance given by the Group and guarantee given by the Group for facilities granted to them, and the Group's attributable interests in those affiliated companies as at 31 December 2024, are presented as follows:

	Combined statement of financial position (RMB'000)	The Group's attributable interests (RMB'000)
Non-current assets	85,846	36,323
Current assets	19,675,257	8,287,098
Current liabilities	(15,883,238)	(6,684,916)
Total assets less current liabilities	3,877,865	1,638,505
Non-current liabilities	(984,239)	(400,334)
Net assets	2,893,626	1,238,171

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and regrouping into significant classification in the statement of financial position, as at 31 December 2024.

## SUFFICIENCY OF PUBLIC FLOAT

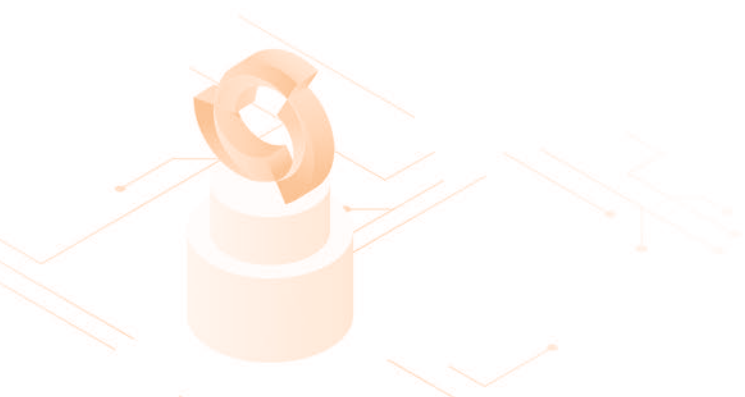
Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, at least 25% of the Company's total issued Shares was held by the public throughout the year ended 31 December 2024 as required under the Listing Rules.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

## TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders of the Company by reason of their holding of the Company's securities.



## ENVIRONMENTAL POLICY AND SOCIAL RESPONSIBILITY

The Group is committed to sustainable development of the environment and our society. The Group works to advance environmental and social progress and conduct business in a way that creates value for its clients and employees. The Group complies with all relevant environmental regulations and practice "Reduce, Reuse and Recycle" with the following initiatives:

- Promotes the knowledge of environmental protection to staff and advocates to sort their trash into separate bins.
- Implement paperless documentation by application of electronic documents and encourage double-sided printing and recycling paper. Reduce printing of paper materials and paper consumption.
- Maintain suitable indoor temperature and clean regularly the air conditioners and the ventilation system to reduce electricity usage.

The Group proactively promote the spirit of corporate social responsibility within the Company by sponsoring charitable events, making donation and participating in community activities. The Group through this kind of events, aspires to giving back from its employees, foster positive relationships between its employees and the communities by caring for and helping the needy.

The Group strives to reshape the supply chain ecosystem through innovative application of information technology. The Group continues to provide diversified supply chain technology solutions to SMEs, alleviating their business pressures and injecting continuous momentum into the industry ecosystem. By providing convenient and flexible solutions directly to the SMEs, the Group contributes to the stable development of the real economy. The Group will share the development results with more stakeholders, improve the sustainability of markets, workplaces, communities and the environment, and create values that can be shared with society.

In terms of environment, the Group puts great effort in promoting low-carbon operations. Internally, the Company encourages employees to take small steps in saving resources and energy; externally, a comprehensive online platform is provided for business operation, thereby effectively reducing the amount of paper used in the operation and the volume of carbon emissions caused by the business travel of our customers.

Details will be found in our 2024 ESG Report, which will be available on the websites of the Company ([www.syholdings.com](http://www.syholdings.com)) and The Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) by the end of April 2025.

## CORPORATE GOVERNANCE

During the year ended 31 December 2024, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules.

The Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Group will continue to comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and the associated Listing Rules (collectively, the "CG Code").

The shares of the Company were successfully listed on GEM on 6 July 2017 (the "Listing Date") and transferred to the Main Board on 24 October 2019. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the year from the Listing Date to 31 December 2024.





# DIRECTORS' REPORT

## REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The Audit Committee comprises three members, namely Mr. Tang King San Terence (Chairman), Mr. Lo Wai Hung and Mr. Fong Heng Boo. Mr. Tang King San Terence and Mr. Fong Heng Boo are the Independence Non-executive Directors of the Company.

The Group's audited consolidated financial statements for the year ended 31 December 2024 and this annual report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

## AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

## EVENT AFTER THE REPORTING PERIOD

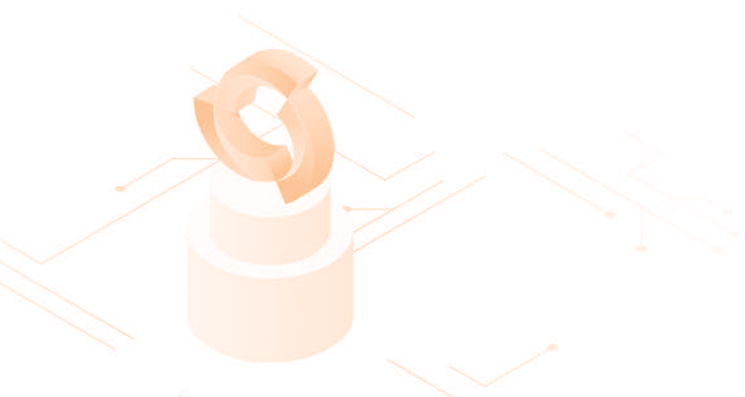
The Company granted an aggregate of 259,580 share options ("**Share Option(s)**") to certain eligible persons on 24 March 2025, including 82,812 share options granted to Ms. Wang Ying as an Executive Director of the Group, to subscribe for ordinary shares of the Company listed on the Stock Exchange at HK\$12.88 per Share, subject to acceptance of the Share Options by the Grantees. These Grantees had been selected as partners under the SY Partnership; and the Share Options granted to them represent 20% of their 2024 bonus package under the SY Partnership.

For details, please refer to the announcement published by the Company on 24 March 2025 respectively.

The Company had no other significant subsequent event after reporting period.

By order of the Board of  
**SY Holdings Group Limited**  
**Tung Chi Fung**  
*Chairman*

Hong Kong, 17 March 2025



## INDEPENDENT AUDITOR'S REPORT

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**Deloitte.****德勤****TO THE SHAREHOLDERS OF SY HOLDINGS GROUP LIMITED**

盛業控股集團有限公司

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

We have audited the consolidated financial statements of SY Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 78 to 203, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss 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 and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**BASIS FOR OPINION**

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

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.



## KEY AUDIT MATTERS (continued)

### Key audit matter

### How our audit addressed the key audit matter

#### ***Impairment of supply chain assets at fair value through other comprehensive income ("FVTOCI") and provisions for financial guarantee contracts***

We identified the impairment of supply chain assets at FVTOCI and provisions for financial guarantee contracts as a key audit matter due to its significance to the consolidated financial statements, and the use of judgement by the management in evaluating the expected credit losses ("ECL").

As set out in notes 24 and 31 to the consolidated financial statements, the carrying amount of supply chain assets at FVTOCI is RMB4,891,307,000 and the maximum exposure of financial guarantee contracts is RMB11,925,803,000 as at 31 December 2024. As set out in note 40(b), the impairment allowance in respect of supply chain assets at FVTOCI is RMB57,447,000 and the provision for financial guarantee contracts is RMB58,870,000 as at 31 December 2024.

At each reporting date, the management assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. In determining the impairment of supply chain assets at FVTOCI and provisions for financial guarantee contracts, the management considers shared credit risk characteristics for grouping, and assesses credit losses based on external or internal credit rating, and on a forward-looking basis with the use of appropriate models and assumptions related to the future macroeconomic conditions and creditworthiness.

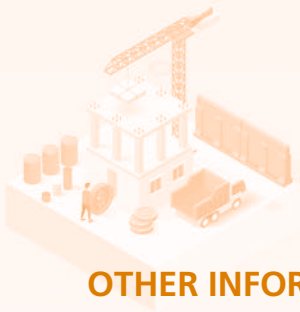
In assessing the lifetime ECL on credit-impaired supply chain assets at FVTOCI and financial guarantee contracts of internal credit rating classified as loss as set out in note 40(b), the Group performs an assessment based on the borrowers' historical credit loss experience, internal credit rating adjustment, general economic conditions, the current conditions at the reporting date and forward-looking analysis. The Group also reviews the amount and timing of future cash flows in measuring impairment. The methodology and assumptions used for estimating the impairment amount are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Our procedures in relation to the impairment of supply chain assets at FVTOCI and provisions for financial guarantee contracts included:

- Understanding key controls over the way in which the management estimates impairment for supply chain assets at FVTOCI and provisions for financial guarantee contracts;
- Obtaining an understanding of management's methodology for determining the ECL impairment allowance on supply chain assets at FVTOCI and provisions for financial guarantee contracts and assessing the appropriateness of the methodology used by management;
- On a sample basis, evaluating management's assessment of the credit quality of the supply chain assets at FVTOCI and financial guarantee contracts by examining the credit files, including financial condition of the borrower, past collection history, subsequent settlement, relevant deposits received, pledge and guarantees, as applicable;
- Assessing the reasonableness of key inputs and assumptions applied, including the Group's past experience of collecting payments, historical loss ratio, macroeconomic factors, external or internal credit rating and forward-looking information; and
- Testing the data inputs and the mathematical accuracy of the impairment allowance calculation.

# INDEPENDENT AUDITOR'S REPORT

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## 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 of the Company 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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.

# 76 INDEPENDENT AUDITOR'S REPORT



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

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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 directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

# INDEPENDENT AUDITOR'S REPORT

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

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 this independent auditor's report is Sy, Sunnie.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

17 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
<i>Revenue from platform-based technology services</i>	6	346,571	170,234
<i>Income from digital financing solutions</i>	6	521,884	722,811
<i>Gain on refinancing of supply chain assets upon derecognition</i>	6	50,911	70,473
Revenue and income from principal activities		919,366	963,518
Other income	7	56,851	60,707
Other gains and losses	8	72,861	23,627
Staff costs	12(a)	(187,608)	(177,768)
Depreciation and amortisation	12(a)	(32,195)	(31,511)
Other costs and operating expenses	12(a)	(56,170)	(83,597)
Impairment losses under expected credit loss ("ECL") model, net of reversal	9	(17,753)	7,143
Finance costs	10	(359,076)	(408,797)
Donation	12(a)	(721)	(3,039)
Share of results of associates		124,565	20,360
Profit before taxation		520,120	370,643
Taxation	11	(129,253)	(85,098)
Profit for the year	12(a)	390,867	285,545
Attributable to:			
– Owners of the Company		380,180	268,246
– Non-controlling interests		10,687	17,299
		390,867	285,545
Earnings per share	15		
– Basic (RMB cents)		39	27
– Diluted (RMB cents)		39	27

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
<b>Profit for the year</b>	12(a)	<b>390,867</b>	285,545
<b>Other comprehensive income (expense) ("OCI"):</b>	12(b)		
<i>Item that will not be reclassified to profit or loss</i>			
Fair value gain on investments in equity instruments at fair value through OCI ("FVTOCI")	12(b)	<b>913</b>	7,769
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>34</b>	(96)
Fair value (loss) gain, net of ECL and reclassification of FVTOCI reserves upon derecognition on:	12(b)		
– supply chain assets at FVTOCI		<b>(8,253)</b>	3,945
Income tax relating to items that may be reclassified subsequently		<b>2,063</b>	(981)
Share of other comprehensive expense of associates, net of related income tax		<b>128</b>	(240)
Reclassification of FVTOCI reserve upon disposal of subsidiaries, net of related income tax		<b>3,145</b>	–
Reclassification of FVTOCI reserve upon acquisition of subsidiaries, net of related income tax		<b>(25)</b>	–
		<b>(2,908)</b>	2,628
Other comprehensive (expense) income for the year, net of income tax		<b>(1,995)</b>	10,397
<b>Total comprehensive income for the year</b>		<b>388,872</b>	295,942
<b>Attributable to:</b>			
– Owners of the Company		<b>382,627</b>	277,831
– Non-controlling interests		<b>6,245</b>	18,111
		<b>388,872</b>	295,942



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024



	NOTES	31/12/2024 RMB'000	31/12/2023 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment	16	159,452	68,264
Right-of-use assets	17	91,733	102,973
Investment property	18	30,170	31,053
Goodwill	19(a)	464,965	316,028
Intangible assets	19(b)	263,042	168,611
Investments in associates	21	1,504,285	582,968
Deferred tax assets	22	4,587	18,163
Other financial assets at fair value through profit or loss ("FVTPL")	23(b)	470,450	414,041
Supply chain assets at FVTOCI	24	2,049	126,889
Equity instruments at FVTOCI	26	62,711	61,498
Loans to an associate	38	—	280,000
Trade and bill receivables	27(c)	13,823	23,429
Other receivables, prepayments and others	27(d)	18,534	8,315
		<b>3,085,801</b>	<b>2,202,232</b>
<b>CURRENT ASSETS</b>			
Derivative financial instruments	23(a)	14,189	14,063
Other financial assets at FVTPL	23(b)	339,760	202,036
Supply chain assets at FVTOCI	24	4,889,258	7,536,455
Debt instrument at amortised cost	25	—	18,968
Loans to an associate	38	198,201	89,727
Receivables from refinancing of supply chain assets upon derecognition	27(a)	4,128	—
Receivables from guarantee customers	27(b)	6,084	6,412
Trade and bill receivables	27(c)	37,760	46,509
Other receivables, prepayments and others	27(d)	106,337	49,119
Contract costs		385	557
Time deposits	28	—	128,830
Pledged bank deposits	28	1,401,405	866,450
Cash and cash equivalents	28	515,614	658,210
		<b>7,513,121</b>	<b>9,617,336</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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At 31 December 2024

	NOTES	31/12/2024 RMB'000	31/12/2023 RMB'000
<b>CURRENT LIABILITIES</b>			
Loans from related parties	38	2,236,530	960,654
Trade and other payables	29	465,813	294,752
Derivative financial instruments	23(a)	5,529	9,579
Contract liabilities	30	73,326	58,995
Income tax payable		40,532	31,791
Liabilities arising from guarantee contracts	31	59,981	31,078
Borrowings	32	2,716,219	4,673,232
Other financial liabilities at FVTPL	23(c)	273,336	61,208
Lease liabilities	33	10,208	9,799
		5,881,474	6,131,088
<b>NET CURRENT ASSETS</b>			
		1,631,647	3,486,248
<b>NON-CURRENT LIABILITIES</b>			
Liabilities arising from guarantee contracts	31	4,133	1,316
Borrowings	32	183,301	1,546,754
Other financial liabilities at FVTPL	23(c)	295,465	–
Loans from related parties	38	–	2,299
Lease liabilities	33	531	10,170
Deferred tax liabilities	22	119,636	64,654
		603,066	1,625,193
<b>NET ASSETS</b>			
		4,114,382	4,063,287
<b>CAPITAL AND RESERVES</b>			
Share capital	34	8,547	8,559
Reserves		4,062,046	3,918,007
		4,070,593	3,926,566
Equity attributable to owners of the Company		43,789	136,721
Non-controlling interests			
<b>TOTAL EQUITY</b>			
		4,114,382	4,063,287

The consolidated financial statements on pages 78 to 203 were approved and authorised for issue by the board of directors on 17 March 2025 and are signed on its behalf by:

**Mr. Tung Chi Fung**  
Director

**Ms. Wang Ying**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024



	Attributable to owners of the Company												
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Share held for restricted share unit scheme ("RSU Scheme") RMB'000	Capital reserves RMB'000	FV/TOCI reserves/ revaluation reserves RMB'000 (note i)	Translation reserve RMB'000	Share-based payments reserve RMB'000	Statutory reserve RMB'000 (note ii)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	8,717	–	2,272,342	(39,311)	1,775	15,064	(137)	25,933	216,115	1,415,694	3,916,192	207,497	4,123,689
Profit for the year	–	–	–	–	–	–	–	–	–	268,246	268,246	17,299	285,545
Other comprehensive income (expense) for the year	–	–	–	–	–	9,681	(96)	–	–	–	9,585	812	10,397
Total comprehensive income (expense) for the year	–	–	–	–	–	9,681	(96)	–	–	268,246	277,831	18,111	295,942
Purchase of shares under RSU Scheme (note 36)	–	–	–	(20,133)	–	–	–	–	–	–	(20,133)	–	(20,133)
Repurchase of shares (note 34)	–	(96,085)	–	–	–	–	–	–	–	–	(96,085)	–	(96,085)
Cancellation of treasury stock (note 34)	(158)	95,076	(94,918)	–	–	–	–	–	–	–	–	–	–
Transfer to PRC statutory reserves (note ii)	–	–	–	–	–	–	–	–	104,971	(104,971)	–	–	–
Acquisition of additional interest in a subsidiary of the Company (note iii)	–	–	–	–	(89,231)	–	–	–	–	–	(89,231)	(38,566)	(127,797)
Disposal of partial interests in subsidiaries without losing control (note iv)	–	–	–	–	275	–	–	–	–	–	275	23,725	24,000
Deregistration of subsidiaries (note 43)	–	–	–	–	–	–	–	–	–	–	–	(42,612)	(42,612)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(31,434)	(31,434)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	5,578	–	–	5,578	–	5,578
Dividends recognised as distribution (note 14)	–	–	(67,861)	–	–	–	–	–	–	–	(67,861)	–	(67,861)
Lapse of share options	–	–	–	–	–	–	–	(7,095)	–	7,095	–	–	–
At 31 December 2023	8,559	(1,009)	2,109,563	(59,444)	(87,181)	24,745	(233)	24,416	321,086	1,586,064	3,926,566	136,721	4,063,287

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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For the year ended 31 December 2024

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Share held for RSU Scheme RMB'000	Capital reserves RMB'000	FVTOCI reserves/ revaluation reserves RMB'000 (note i)	Translation reserve RMB'000	Share-based payments reserve RMB'000	Statutory reserve RMB'000 (note ii)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024	8,559	(1,009)	2,109,563	(59,444)	(87,181)	24,745	(233)	24,416	321,086	1,586,064	3,926,566	136,721	4,063,287
Profit for the year	-	-	-	-	-	-	-	-	-	380,180	380,180	10,687	390,867
Other comprehensive income (expense) for the year	-	-	-	-	-	2,413	34	-	-	-	2,447	(4,442)	(1,995)
Total comprehensive income (expense) for the year	-	-	-	-	-	2,413	34	-	-	380,180	382,627	6,245	388,872
Purchase of shares under RSU Scheme (note 36)	-	-	-	(2,188)	-	-	-	-	-	-	(2,188)	-	(2,188)
Repurchase of shares (note 34)	-	(6,457)	-	-	-	-	-	-	-	-	(6,457)	-	(6,457)
Cancellation of treasury stock (note 34)	(12)	5,315	(5,303)	-	-	-	-	-	-	-	-	-	-
Transfer to PRC statutory reserves (note ii)	-	-	-	-	-	-	-	-	72,887	(72,887)	-	-	-
Disposal of partial interests in subsidiaries without losing control (note iv)	-	-	-	-	1,868	-	-	-	-	-	1,868	3,574	5,442
Disposal of subsidiaries (note 43(a))	-	-	-	-	-	-	-	-	-	-	-	(101,191)	(101,191)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,560)	(1,560)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	6,920	-	-	6,920	-	6,920
Dividends recognised as distribution (note 14)	-	-	(239,333)	-	-	-	-	-	-	-	(239,333)	-	(239,333)
Exercise of RSU	-	-	274	2,478	-	-	-	(2,162)	-	-	590	-	590
Lapse of share options and RSU	-	-	-	-	-	-	-	(1,918)	-	1,918	-	-	-
At 31 December 2024	8,547	(2,151)	1,865,201	(59,154)	(85,313)	27,158	(199)	27,256	393,973	1,895,275	4,070,593	43,789	4,114,382

## Notes:

- (i) FVTOCI reserves attributable to owners of the Company represent (i) fair value changes, net of ECL and reclassification adjustments on FVTOCI after tax; (ii) share of FVTOCI reserves of associates; (iii) investment revaluation reserves; (iv) reclassification of FVTOCI reserve upon disposal/acquisition of subsidiaries.
- (ii) Pursuant to the articles of association of the subsidiaries established in the People's Republic of China ("PRC"), they are required to appropriate 10% of their profit after taxation in accordance with the relevant accounting rules and financial regulations of the PRC before any distribution of dividends to owners each year to the statutory reserves until the balance reaches 50% of their registered capital.
- (iii) In January 2023, the Group acquired 49% additional interest in a non-wholly owned subsidiary of the Group at consideration of RMB127,797,000.
- (iv) During the year ended 31 December 2024, the Group disposed of partial equity interests in certain subsidiaries of the Group at a total consideration of RMB5,442,000 (2023: RMB24,000,000), and retained control over the subsidiaries, with an adjustment to capital reserve amounting to RMB1,868,000 (2023: RMB275,000) recognised directly in equity attributable to owners of the Company.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024



	2024 RMB'000	2023 RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit for the year	390,867	285,545
Adjustment for:		
Taxation	129,253	85,098
Finance costs	359,076	408,797
Interest income	(29,630)	(27,579)
Dividends from equity investments	(16)	–
Share of results of associates	(124,565)	(20,360)
Depreciation of property and equipment	1,637	2,819
Depreciation of right-of-use assets	10,257	13,710
Depreciation of investment property	883	883
Amortisation of intangible assets	19,418	14,099
Impairment losses under ECL model, net of reversal	17,753	(7,143)
Equity-settled share-based payments expense	6,920	5,578
(Gain) loss on disposal of equipment	(56)	375
Gain from modification of lease contracts	(25)	(6)
(Gain) loss from changes in fair value of		
– derivative financial instruments	(12,414)	(15,965)
– other financial assets at FVTPL	(29,097)	(11,026)
– other financial liabilities at FVTPL	9,269	12,950
(Gain) loss on disposal of subsidiaries	(5,177)	475
Remeasurement gain of previously held equity interest in an associate upon step acquisition of a subsidiary	(49,282)	–
Exchange loss (gain), net	13,633	(10,712)
Operating cash flows before movements in working capital	708,704	737,538
Decrease in supply chain assets at FVTOCI	2,160,597	1,137,726
Decrease in other financial assets at FVTPL – distressed debt assets	2,158	1,578
Increase in receivables from refinancing of supply chain assets upon derecognition	(4,128)	–
Decrease (increase) in receivables from guarantee customers	332	(1,859)
Decrease (increase) in trade and bill receivables	18,569	(16,545)
Decrease in contract costs	172	3,003
Increase in other receivables, prepayments and others	(64,735)	(32,026)
Increase in pledged bank deposits for guarantee contracts	(166,409)	(47,722)
Increase (decrease) in trade and other payables	186,833	(78,296)
Increase in contract liabilities	14,331	53,815
Increase in liabilities arising from guarantee contracts	15,208	7,880
Cash from operations	2,871,632	1,765,092
Enterprise income tax paid	(111,977)	(83,156)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2,759,655</b>	<b>1,681,936</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

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For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of other financial assets at FVTPL		2,109,897	1,061,953
Repayments from loans to associates		295,222	315,772
Redemption of time deposits		128,830	5,767
Redemption of a debt instrument at amortised cost		19,000	–
Bank interest income received		18,940	14,557
Dividends received from associates		11,143	–
Settlement of derivative financial instruments		10,178	2,170
Interest received from loans to associates		7,139	–
Repayment of loan receivables		6,264	164,000
Interest payments received from debt instrument at amortised cost		479	963
Refundable rental deposits received		340	22
Proceeds from disposal of equipment		112	325
Dividends received from equity instrument at FVTOCI		16	–
Placement of time deposits		–	(20,514)
Repayment of security deposit for loan receivable		–	(164,000)
Placement of pledged bank deposits for derivative financial instruments		–	(20,139)
Purchases of equity instruments at FVTOCI		(300)	(100)
Advances of a loan receivable		(6,262)	–
Payment for development costs and purchase of other intangible assets		(28,271)	(27,027)
Payment for purchase of equipment and prepayments of a property		(75,148)	(34,770)
Investments in associates		(86,000)	(353,498)
Advances of loans to an associate		(105,000)	(479,500)
Net cash outflow on disposal of subsidiaries	43	(206,936)	(43,087)
Net cash outflow on acquisition of subsidiaries	42	(281,747)	–
Purchases of other financial assets at FVTPL		(2,128,896)	(1,321,300)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(311,000)</b>	<b>(898,406)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024



	NOTE	2024 RMB'000	2023 RMB'000
<b>FINANCING ACTIVITIES</b>	41		
Loans raised from related parties		5,513,871	2,947,513
New borrowings raised		2,925,725	6,934,709
Withdrawal of pledged bank deposits for borrowings		1,532,430	2,306,243
Withdrawal of pledged wealth management products for borrowings		104,826	233,108
Proceeds from other financial liabilities at FVTPL		72,429	92,115
Proceeds from disposal of partial interest in a subsidiary without losing control		3,442	24,000
Proceeds received on exercise of RSU Scheme		590	–
Acquisition of additional interest in a subsidiary of the Company		–	(127,797)
Repayment of security deposits for borrowings		–	8,449
Interest paid for lease liabilities		(915)	(1,248)
Purchase of shares under RSU Scheme		(2,188)	(20,133)
Payment on repurchase of shares		(6,457)	(96,085)
Repayment of lease liabilities		(10,297)	(12,853)
Placement of wealth management products for borrowings		(14,225)	(171,247)
Dividends paid to non-controlling shareholders of subsidiaries		(30,044)	(2,950)
Repayment of other financial liabilities at FVTPL		(63,901)	(43,857)
Interest paid for loans from related parties		(178,912)	(46,084)
Interest paid for borrowings		(181,664)	(346,204)
Dividends paid to the shareholders of the Company		(240,839)	(67,684)
Placement of pledged bank deposits for borrowings		(2,137,442)	(2,629,065)
Repayment of borrowings		(4,580,920)	(7,120,614)
Repayment of loans from related parties		(5,291,152)	(2,566,231)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(2,585,643)</b>	<b>(705,915)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(136,988)</b>	<b>77,615</b>
Effect of foreign exchange rate changes		(5,608)	3,562
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<b>658,210</b>	<b>577,033</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>515,614</b>	<b>658,210</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. GENERAL INFORMATION

SY Holdings Group Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s immediate holding company is Wisdom Cosmos Limited. Its ultimate shareholder is Mr. Tung Chi Fung, who is also the Chairman and Executive Director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are provision of digital financing solutions, platform-based technology services and refinancing of supply chain assets in the PRC. Details of the Company’s principal subsidiaries are set out in note 44.

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”)

### 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 1 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)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



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

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

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months;
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The followings are the impact of the application of the amendments:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

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

#### *Borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date*

The Group's right to defer settlement for borrowings of RMB201,857,000 and RMB811,489,000 as at 1 January and 31 December 2023, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group's other liabilities. The change in accounting policy does not have impact to the Group's profit or loss or earnings per share for the current and prior years presented.

#### **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>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRSs mentioned 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



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

### HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS, 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.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 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 the 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 (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

### 3.2 Material accounting policy information

#### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 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 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 OCI 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

#### *Changes in the Group's interests in existing subsidiaries*

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in OCI in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Business combinations*

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Business combinations (continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

#### *Investments in associates*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and OCI of the associate. Changes in net assets of the associate other than profit or loss and OCI are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Investments in associates (continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### *Income recognised in accordance with HKFRS 9*

##### *Digital financing solutions*

Interest income from digital financing solutions consists of interest income which is recognised in accordance with HKFRS 9.

Guarantee income from digital financing solutions provided to customers in relation to the transactions with their suppliers and customers is recognised in accordance with HKFRS 9 under the accounting policy of financial guarantee contracts.

#### *Revenue from contracts with customers*

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

##### *Contracts with multiple performance obligations (including allocation of transaction price)*

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

##### *Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation*

##### *Output method*

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Revenue from contracts with customers (continued)*

##### *Existence of significant financing component*

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

##### *Revenue recognition*

The Group's revenue from contracts with customers recognition policies are from platform-based technology services. Platform-based technology services primarily include technology and other services for loan facilitation, referral service, technology service for asset-backed securitisation ("**ABS**") products, supply chain technology services and other services.

Revenue from technology and other services for loan facilitation is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenue from referral service is recognised at a point in time when services are rendered in accordance with contract terms.

Revenue from technology service for ABS products is recognised at a point in time when services are rendered in accordance with contract terms.

Revenue from supply chain technology services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenue from other services is recognised over time when services are rendered in accordance with contract terms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Foreign currencies*

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise.

#### *Borrowing costs*

Borrowing costs, other than those directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### *Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Employee benefits*

##### *Retirement benefit costs*

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Employees in the PRC are members of a state-managed employee pension scheme operated by the relevant municipal government in the PRC which undertakes to assume the retirement benefit obligations of all existing and future retired employees. The Group's obligation is to make the required contributions under the scheme. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

##### *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

#### *Share-based payment*

##### *Equity-settled share-based payment transactions*

##### *Shares/Share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 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 the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation 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 substantively 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 bases 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 profit 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 and interests 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 the 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.

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 rates (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Taxation (continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to lease liabilities and the related assets separately.

The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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, except when they relate to items that are recognised in OCI or directly in equity, in which case, the current and deferred tax are also recognised in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### *Property and equipment*

Property and equipment are tangible assets that are held for use in the supply of services, or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Intangible assets*

##### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

##### *Internally-generated intangible assets – research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Intangible assets (continued)*

##### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### *Impairment on property and equipment, investment property carried at cost, right-of-use assets, contract costs and intangible assets other than goodwill*

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, investment property carried at cost, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, investment property carried at cost, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash generating unit or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Impairment on property and equipment, investment property carried at cost, right-of-use assets, contract costs and intangible assets other than goodwill (continued)*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### *Cash and cash equivalents*

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### *Financial instruments*

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.

Income arising from digital financing solutions which is derived from the Group's ordinary course of business is presented as revenue.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 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*

##### *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.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and supply chain assets subsequently measured at FVTOCI. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 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) Supply chain assets classified as at FVTOCI

Subsequent changes in the carrying amounts for supply chain assets classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these supply chain assets are recognised in OCI and accumulated under the heading of FVTOCI reserves. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these supply chain assets. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these supply chain assets had been measured at amortised cost. When these supply chain assets are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

#### (iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

#### (iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured 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 excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 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 and financial guarantee contracts*

The Group performs impairment assessment under ECL model on financial assets (including supply chain assets at FVTOCI, debt instrument at amortised cost, loans to an associate, loan receivable, receivables from guarantee customers, trade and bill receivables, other receivables, time deposits, pledged bank deposits and cash and cash equivalents) and financial guarantee contracts which are subject to impairment assessment 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 is done based on the Group's historical credit loss experience, and 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 recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless 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.

#### (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.

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 past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 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 and financial guarantee contracts (continued)*

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

##### (ii) Definition of default

For internal credit risk management, the Group classifies credit risk into three grades. The internal credit risk ratings are based on qualitative (such as debtors’ operating conditions, financial positions, external rating of digital financing solutions customers, etc.) and quantitative factors (mainly includes past due information of the supply chain assets at FVTOCI).

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) 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, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 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 and financial guarantee contracts (continued)*

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

The measurement of ECL is a function of the probability of default (“PD”), loss given default (“LGD”) (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the PD and LGD is based on historical data and 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 all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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.

Except for supply chain assets that are measured at FVTOCI and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bill receivables, where the corresponding adjustment is recognised through a loss allowance account. For supply chain assets that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserves without reducing the carrying amounts of these supply chain assets. Such amount represents the changes in the FVTOCI reserves in relation to accumulated loss allowance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 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)*

##### *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 neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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 for the proceeds received.

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.

On derecognition of an investment in supply chain assets classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserves is reclassified to profit or loss.

##### *Financial liabilities and equity*

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

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 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 (continued)*

##### *Financial liabilities at FVTPL*

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

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

The Group's financial liabilities including loans from related parties, trade and other payables, borrowings are subsequently measured at amortised cost, using the effective interest method.

##### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 8) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

##### *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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024



## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### *Financial instruments (continued)*

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

##### *Offsetting a financial asset and a financial liability*

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going 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.

### **Critical judgement in applying accounting policies**

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### *Derecognition of financial assets*

In its normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial derecognition.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Critical judgement in applying accounting policies (continued)

#### *Derecognition of financial assets (continued)*

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the derecognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualified for the “pass through” of those cash flows to independent third parties; and
- where the Group neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its control over these financial assets, and if the Group has continuing involvement in these transferred financial assets. Where the Group has not retained control, it derecognises these financial assets and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer. Otherwise, the Group continues to recognise these financial assets to the extent of its continuing involvement in the financial assets.

During the year ended 31 December 2024, gain on refinancing of supply chain assets upon derecognition which met the derecognition criteria were RMB50,911,000 (2023: RMB70,473,000). Details of derecognition of supply chain assets are disclosed in note 6.

### Key sources of estimation uncertainty

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.

#### *Measurement of ECL for supply chain assets at FVTOCI and financial guarantee contracts*

For supply chain assets at FVTOCI and financial guarantee contracts that are assessed for impairment on ECL model, to measure the ECL, supply chain assets at FVTOCI and financial guarantee contracts of various debtors have been grouped considering shared credit risk characteristics. The credit losses expectations are based on external or internal credit rating and on a forward-looking basis and assumptions relate to the future macroeconomic conditions and creditworthiness. A considerable amount of judgement is required in estimating the ultimate realisation of supply chain assets and guaranteed loans, including the creditworthiness, the Group’s past experience of collecting payments, historical loss ratio, industry practice, relevant deposits received, pledge or guarantee information, if any, and forward-looking information.

The measurement of ECL is sensitive to changes in estimates. The information about the Group’s supply chain assets at FVTOCI, financial guarantee contracts, and the ECL are disclosed in notes 24, 31 and 40(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Key sources of estimation uncertainty (continued)

#### *Estimated impairment of goodwill and intangible assets with indefinite useful life*

Determining whether goodwill and intangible assets with indefinite useful life is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill and intangible assets with indefinite useful life has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate change, higher interest rates and inflation and international conflicts and tensions.

As at 31 December 2024, the carrying amount of goodwill and intangible assets with indefinite useful life were RMB464,965,000 and RMB128,193,000 (2023: RMB316,028,000 and RMB113,000,000) respectively. Details of the recoverable amount calculation are disclosed in note 19.

#### *Fair value measurement of other financial assets at FVTPL classified as level 3*

As at 31 December 2024, certain of the Group's other financial assets at FVTPL classified as level 3, equity tranche, unlisted equity investment and trust fund, amounting to RMB618,837,000 (31 December 2023: RMB289,102,000) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 40(c) for further disclosures.

## 5. SEGMENT INFORMATION

The chief operating decision maker ("CODM"), being the executive directors of the Company, have determined that no segment information is presented other than entity wide disclosures throughout the reporting period, as the Group is principally engaged in providing platform-based technology services, digital financing solutions service and refinancing of supply chain assets mainly in the PRC, and the CODM, reviews the consolidated financial position and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group.

The Company is an investment holding company and the principal place of the Group's operation is mainly in the PRC. Most of the Group's revenue, income and major non-current assets are principally derived from or located in the PRC.

No revenue from individual customer contributing over 10% of total revenue of the Group during the year ended 31 December 2024 (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 6. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES

In the current year, the name of “gain on sales of supply chain assets” was changed to “gain on refinancing of supply chain assets upon derecognition”. Prior year disclosures have been re-presented to conform with the current year’s presentation.

Revenue and income from principal activities for the year represents income received and receivable mainly from the provision of platform-based technology services, digital financing solutions and refinancing of supply chain assets in the PRC.

### (i) Disaggregation of revenue from platform-based technology services

	2024 RMB'000	2023 RMB'000
Technology and other services for loan facilitation	210,478	80,154
Referral service	131,104	65,166
Technology service for ABS products	1,751	93
Supply chain technology services	814	24,422
Other services	2,424	399
	<b>346,571</b>	<b>170,234</b>
	2024 RMB'000	2023 RMB'000
<b>Timing of revenue recognition</b>		
Over time		
– Technology and other services for loan facilitation	210,478	80,154
– Supply chain technology services	814	24,422
– Other services	2,424	399
	<b>213,716</b>	<b>104,975</b>
A point in time		
– Referral service	131,104	65,166
– Technology service for ABS products	1,751	93
	<b>132,855</b>	<b>65,259</b>
	<b>346,571</b>	<b>170,234</b>

All the Group’s platform-based technology services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 2023 is not disclosed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 6. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES (continued)

### (ii) Income from digital financing solutions

	2024 RMB'000	2023 RMB'000
Interest income from supply chain assets	484,348	701,349
Guarantee income	35,840	19,423
Interest income from contracts containing significant financing components	1,696	2,039
	521,884	722,811

### (iii) Gain on refinancing of supply chain assets upon derecognition

For the years ended 2024 and 2023, the Group sold part of supply chain assets to certain financial institutions mainly in the PRC. Refinancing of supply chain assets gave rise to full derecognition of the supply chain assets pursuant to the terms of sale agreements signed between the Group and relevant financial institutions.

	2024 RMB'000	2023 RMB'000
Gain on refinancing of supply chain assets upon derecognition	50,911	70,473

## 7. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government subsidies (note)	20,114	30,979
Interest income		
– bank deposits	18,940	20,210
– loans to associates (note 38)	10,277	6,419
– debt instruments at amortised cost	411	950
– loan receivables	2	–
Channel income	5,702	1,112
Rental income from an investment property	643	652
Dividends from equity instruments at FVTOCI		
– relating to investments held at the end of the reporting period	16	–
Others	746	385
	56,851	60,707

Note: The government subsidies were mainly received unconditionally by the Company's subsidiaries in the PRC from local government in relation to the incentive policy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 8. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Net gain (loss) from changes in fair value of		
– derivative financial instruments	12,414	15,965
– other financial assets at FVTPL	29,097	11,026
– other financial liabilities at FVTPL	(9,269)	(12,950)
Remeasurement gain of previously held equity interest in an associate upon step acquisition of a subsidiary (note 42)	49,282	–
Gain (loss) from disposal of subsidiaries (note 43)	5,177	(475)
Gain (loss) on disposal of equipment	56	(375)
Gain from modification of lease contracts	25	6
Exchange (loss) gain, net	(13,633)	10,712
Others	(288)	(282)
	72,861	23,627

## 9. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	2024 RMB'000	2023 RMB'000
Impairment losses recognised (reversed) on:		
– Financial guarantee contracts	16,512	(1,377)
– Supply chain assets at FVTOCI	1,895	(6,040)
– Receivables from guarantee customers	(4)	5
– Debt instrument at amortised cost	(100)	–
– Trade and bill receivables	(214)	79
– Loans to an associate	(336)	190
	17,753	(7,143)

Details of impairment assessment are set out in note 40(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 10. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest and guarantee expenses on borrowings (note)	182,002	353,464
Interest on loans from related parties (note 38)	176,191	54,085
Interest on lease liabilities (note)	915	1,248
Total finance costs	359,108	408,797
Less: amounts capitalised in the cost of buildings under construction	(32)	–
	359,076	408,797

Note: Details of the guarantee expenses on borrowings and the interest on lease liabilities in relation to related parties are set out in note 38.

During the year ended 31 December 2024, the weighted average capitalisation rate on the borrowing is 5% per annum.

## 11. TAXATION

	2024 RMB'000	2023 RMB'000
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax (“EIT”)	112,460	74,610
– Withholding tax levied on interest income of Hong Kong subsidiaries	86	990
– Withholding tax levied on dividend declared of PRC subsidiaries	5,237	2,228
	117,783	77,828
Deferred tax (note 22)	11,470	7,270
	129,253	85,098

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's operation in Hong Kong had no assessable profit during both years.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. A PRC subsidiary enjoys preferential tax rate of 15% according to approval from local tax bureau.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11. TAXATION (continued)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2024 RMB'000	2023 RMB'000
Profit before taxation	520,120	370,643
Tax at the domestic EIT rate of 25%	130,030	92,661
Tax effect of share of results of associates	(31,141)	(5,090)
Tax effect of income not taxable for tax purpose (note)	(12,321)	–
Tax effect of expenses not deductible for tax purposes	29,962	15,341
Effect of different tax rates of the subsidiaries	(23,013)	(16,977)
Tax effect of tax losses not recognised	14,712	13,925
Utilisation of tax losses previously not recognised	–	(2,566)
Tax benefit on research and development expenses	(3,905)	(5,299)
Withholding tax on distributable earnings of the PRC subsidiaries	24,929	18,517
Effect of adjustment to estimate on withholding tax of undistributed earnings of PRC subsidiaries (note 22)	–	(25,414)
Tax charge for the year	129,253	85,098

Note: The amount represents remeasurement gain of previously held equity interest in an associate upon step acquisition of a subsidiary.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 12. PROFIT FOR THE YEAR/OTHER COMPREHENSIVE INCOME (EXPENSE)

### (a) Profit for the year

Profit for the year has been arrived at after charging (crediting):

	2024 RMB'000	2023 RMB'000
Directors' emoluments (note 13)	8,674	7,945
Other staffs costs (excluding directors' emoluments)		
– Salaries, allowances and other staff benefits, including share-based payment expenses	192,951	182,360
– Staffs' retirement benefit scheme contributions	12,939	11,698
Total staff costs	214,564	202,003
Less: amount capitalised in intangible assets	(26,956)	(23,724)
amount capitalised in contract costs	–	(511)
Staff costs recognised in profit or loss	187,608	177,768
Depreciation of property and equipment	1,637	2,826
Depreciation of right-of-use assets	12,415	14,789
Depreciation of investment property	883	883
Amortisation of intangible assets	19,418	14,099
Total depreciation and amortisation	34,353	32,597
Less: amount capitalised in intangible assets	–	(7)
amount capitalised in buildings under construction	(2,158)	(1,079)
Depreciation and amortisation recognised in profit or loss	32,195	31,511
Research and development costs (note)	22,799	24,729
Auditor's remuneration	3,300	3,620
Materials cost recognised as an expense	639	21,125
Donation	721	3,039

Note: During the year ended 31 December 2024, research and development costs recognised in other costs and operating expenses were mainly consists of staff costs amounted to RMB22,156,000 (2023: RMB24,116,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 12. PROFIT FOR THE YEAR/OTHER COMPREHENSIVE INCOME (EXPENSE) (continued)

### (b) Other comprehensive income (expense)

Income tax effect relating to other comprehensive income (expense):

	Year ended 31/12/2024			Year ended 31/12/2023		
	Before tax	Tax (expense)	Net of income	Before tax	Tax (expense)	Net of
	amount	benefit	tax	amount	benefit	income tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Item that will not be reclassified to profit or loss:</i>						
Fair value gain on investment in equity instruments at FVTOCI	913	–	913	7,769	–	7,769
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translation of financial statements of foreign operations	34	–	34	(96)	–	(96)
Supply chain assets measured at FVTOCI:						
– Fair value changes during the year, net	40,763	(10,665)	30,098	80,458	(19,136)	61,322
– Reclassification adjustment to profit or loss on derecognition	(50,911)	12,728	(38,183)	(70,473)	17,618	(52,855)
Impairment losses (reversal) for supply chain assets at FVTOCI included in profit or loss	1,895	–	1,895	(6,040)	537	(5,503)
Fair value change, net of ECL and reclassification on derecognition	(8,253)	2,063	(6,190)	3,945	(981)	2,964
Share of other comprehensive expense of associates	128	–	128	(240)	–	(240)
Reclassification of FVTOCI reserve upon disposal of subsidiaries	3,145	–	3,145	–	–	–
Reclassification of FVTOCI reserve upon acquisition of subsidiaries	(25)	–	(25)	–	–	–
	(4,058)	2,063	(1,995)	11,378	(981)	10,397

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For the year ended 31 December 2024

## 13. DIRECTORS' EMOLUMENTS AND TOP FIVE HIGHEST PAID EMPLOYEES

### (a) Directors' emoluments

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

Name of directors	Director's fee RMB'000	Retirement benefit scheme contributions RMB'000	Other emoluments mainly salaries and other benefits RMB'000	Performance related bonuses RMB'000	Share-based payment RMB'000	Total RMB'000
<i>For the year ended 31 December 2024</i>						
Executive directors						
Mr. Tung Chi Fung	547	—	—	—	—	547
Ms. Wang Ying (note i)	10	64	1,636	1,409	311	3,430
Mr. Chen Jen-Tse (note ii)	86	47	1,218	626	1,226	3,203
Non-executive director						
Mr. Lo Wai Hung	328	—	—	—	—	328
Independent non-executive directors						
Mr. Tang King San Terence	328	—	—	—	—	328
Mr. Loo Yau Soon (note iii)	250	—	—	—	41	291
Mr. Fong Heng Boo	274	—	—	—	41	315
Ms. Chan Yuk Ying	173	—	—	—	—	173
Mr. Sun Wei Yung Kevin (note iv)	59	—	—	—	—	59
	2,055	111	2,854	2,035	1,619	8,674

### *For the year ended 31 December 2023*

Executive directors						
Mr. Tung Chi Fung	2,173	—	—	—	—	2,173
Mr. Chen Jen-Tse (note ii)	109	66	1,435	1,026	1,757	4,393
Non-executive director						
Mr. Lo Wai Hung	325	—	—	—	—	325
Independent non-executive directors						
Mr. Tang King San Terence	324	—	—	—	—	324
Mr. Loo Yau Soon (note iii)	270	—	—	—	14	284
Mr. Fong Heng Boo	270	—	—	—	14	284
Ms. Chan Yuk Ying	162	—	—	—	—	162
	3,633	66	1,435	1,026	1,785	7,945

Notes:

- (i) Ms. Wang Ying was appointed as an executive director of the Company with effect from 29 November 2024.
- (ii) Mr. Chen Jen-Tse resigned from the position as executive director of the Company with effect from 15 October 2024.
- (iii) Mr. Loo Yau Soon resigned from the position as independent non-executive director of the Company with effect from 29 November 2024.
- (iv) Mr. Sun Wei Yung Kevin was appointed as an independent non-executive director of the Company with effect from 15 October 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 13. DIRECTORS' EMOLUMENTS AND TOP FIVE HIGHEST PAID EMPLOYEES (continued)

### (a) Directors' emoluments (continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The performance related bonus is determined with reference to the operating results and the individual's performance in each year.

The non-executive director's emoluments shown above were for his services as directors of the Company or its subsidiaries, if applicable.

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

During the year, a director was granted share options, in respect of the director's service to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 36 to the consolidated financial statements.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

The Group has been providing accommodation, which is leased from third party to Mr. Chen Jen-Tse for use by him and his family members at no charge. The estimated money value of the benefit in kind is approximately RMB115,000 (2023: RMB120,000).

### (b) Five highest paid employees

The five highest paid employees of the Group during the year included two director (2023: one director), details of whose remuneration are set out in note 13(a) above. Details of the remuneration for the year of the remaining three (2023: four) highest paid employees who are not the directors of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and other benefits	7,568	10,100
Performance related bonuses	9,697	4,716
Share-based payment	2,678	2,549
Staffs' retirement benefit scheme contributions	261	261
	20,204	17,626

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For the year ended 31 December 2024

## 13. DIRECTORS' EMOLUMENTS AND TOP FIVE HIGHEST PAID EMPLOYEES (continued)

### (b) Five highest paid employees (continued)

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2024 No. of employees	2023 No. of employees
Hong Kong Dollars ("HK\$") 3,000,001 to HK\$3,500,000	–	2
HK\$3,500,001 to HK\$4,000,000	1	–
HK\$6,000,001 to HK\$6,500,000	–	1
HK\$6,500,001 to HK\$7,000,000	–	1
HK\$8,500,001 to HK\$9,000,000	1	–
HK\$9,000,001 to HK\$9,500,000	1	–
	3	4

During the year, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 36 to the consolidated financial statements.

## 14. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2024 HK\$'000	2023 HK\$'000
2023 final – HK26.9 cents (2023: 2022 final – HK7.5 cents) per share	262,893	74,150
	2024 RMB'000	2023 RMB'000
Shown in the consolidated financial statements	239,333	67,861

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB34.7 cents (2023: HK26.9 cents) per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 15. EARNINGS PER SHARE

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

	2024 RMB'000	2023 RMB'000
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	380,180	268,246
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	976,219	985,236
Effect of dilutive potential ordinary shares:		
Share options/RSU Scheme	477	607
Weighted average number of ordinary shares for the purpose of diluted earnings per share	976,696	985,843

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 16. PROPERTY AND EQUIPMENT

	Leasehold improvement RMB'000	Electronic equipment RMB'000	Furniture and office equipment RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Buildings under construction RMB'000	Total RMB'000
<b>COST</b>							
At 1 January 2023	5,566	12,686	1,724	620	2,074	11,121	33,791
Additions	–	257	9	–	–	54,098	54,364
Disposals	–	(535)	(15)	(620)	(234)	–	(1,404)
At 31 December 2023	5,566	12,408	1,718	–	1,840	65,219	86,751
Additions	–	631	–	–	1,438	90,841	92,910
Acquired on acquisition of subsidiaries (note 42)	–	–	40	–	–	–	40
Disposals of subsidiaries (note 43(a))	–	(164)	(121)	–	–	–	(285)
Disposals	(90)	(227)	(127)	–	(354)	–	(798)
At 31 December 2024	5,476	12,648	1,510	–	2,924	156,060	178,618
<b>DEPRECIATION</b>							
At 1 January 2023	5,332	8,703	890	104	1,336	–	16,365
Charges for the year	223	2,016	253	22	312	–	2,826
Eliminated on disposals	–	(465)	(13)	(126)	(100)	–	(704)
At 31 December 2023	5,555	10,254	1,130	–	1,548	–	18,487
Charges for the year	11	1,177	217	–	232	–	1,637
Disposals of subsidiaries (note 43(a))	–	(132)	(84)	–	–	–	(216)
Eliminated on disposals	(90)	(206)	(112)	–	(334)	–	(742)
At 31 December 2024	5,476	11,093	1,151	–	1,446	–	19,166
<b>CARRYING VALUES</b>							
At 31 December 2024	–	1,555	359	–	1,478	156,060	159,452
At 31 December 2023	11	2,154	588	–	292	65,219	68,264

The above items of property and equipment except for construction in progress are depreciated on a straight-line basis at the following estimated useful lives:

Leasehold improvement	3 years or over the term of the relevant lease
Electronic equipment	3 years
Furniture and office equipment	5 years
Buildings	20 years
Motor vehicles	4 to 8 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 17. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Leased properties RMB'000	Total RMB'000
As at 31 December 2024			
Carrying amounts	80,379	11,354	91,733
As at 31 December 2023			
Carrying amounts	82,537	20,436	102,973
For the year ended 31 December 2024			
Depreciation charge	2,158	10,257	12,415
Capitalised in buildings under construction	(2,158)	–	(2,158)
	–	10,257	10,257
For the year ended 31 December 2023			
Depreciation charge	2,158	12,631	14,789
Capitalised in buildings under construction	(1,079)	–	(1,079)
	1,079	12,631	13,710
	2024 RMB'000	2023 RMB'000	
Expense relating to short-term leases	2,711	947	
Total cash outflow for leases	13,923	15,048	
Additions to right-of-use assets			
– lease modification	1,404	26,440	
– disposals of subsidiaries	(229)	–	

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 5 years (2023: 1 to 5 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.

Leasehold land represents upfront payments for leasehold land in the PRC, for which the Group has obtained the land use right certificate. As at 31 December 2024 and 2023, the leasehold land had been pledged to source general banking facilities granted to the Group.

The Group regularly entered into short-term leases for leased properties. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense is disclosed in the table above.

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For the year ended 31 December 2024

## 17. RIGHT-OF-USE ASSETS (continued)

In addition, as at 31 December 2024, lease liabilities of RMB10,739,000 (31 December 2023: RMB19,969,000) are recognised with related right-of-use assets of RMB11,354,000 (31 December 2023: RMB20,436,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## 18. INVESTMENT PROPERTY

	Investment property RMB'000
<b>COST</b>	
As at 1 January 2023, 31 December 2023 and 31 December 2024	32,378
<b>DEPRECIATION</b>	
As at 1 January 2023	442
Charge for the year	883
As at 31 December 2023	1,325
Charge for the year	883
As at 31 December 2024	2,208
<b>CARRYING VALUES</b>	
At 31 December 2024	30,170
At 31 December 2023	31,053

The above investment property is measured using the cost model and represent office unit located in Hong Kong and is depreciated on a straight-line basis over 37 years.

The fair value of the Group's investment property as at 31 December 2024 was RMB33,500,000 (2023: RMB31,446,000).

The fair value was determined based on the direct comparison approach, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property. In estimating the fair value of the property, the highest and best use of the property is their current use. The fair value of the Group's investment property as at 31 December 2024 and 2023 is grouped into Level 3 of fair value measurement.

As at 31 December 2024 and 2023, the investment property has been pledged to secure banking facilities granted to the Group.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 19. GOODWILL AND INTANGIBLE ASSETS

### (a) Goodwill

	2024 RMB'000	2023 RMB'000
<b>COST</b>		
At 1 January	316,028	316,028
Arising on acquisition of a subsidiary (note 42)	464,965	—
Disposal of a subsidiary (note 43(a))	(316,028)	—
At 31 December	464,965	316,028
<b>IMPAIRMENT</b>		
At 1 January and 31 December	—	—
<b>CARRYING VALUES</b>		
At 31 December	464,965	316,028

Particulars regarding impairment testing on goodwill are disclosed in note 20.



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For the year ended 31 December 2024

## 19. GOODWILL AND INTANGIBLE ASSETS (continued)

### (b) Intangible assets

	Development costs RMB'000 (note i)	Software system RMB'000	Brand name RMB'000 (note ii)	Customer relationship RMB'000	License RMB'000 (note ii)	Total RMB'000
<b>COST</b>						
At 1 January 2023	66,513	4,629	113,000	–	–	184,142
Additions	26,796	238	–	–	–	27,034
At 31 December 2023	93,309	4,867	113,000	–	–	211,176
Additions	26,956	1,310	–	–	–	28,266
Acquired on acquisition of subsidiaries (note 42)	–	–	–	70,390	128,193	198,583
Disposals of subsidiaries (note 43(a))	–	(41)	(113,000)	–	–	(113,041)
At 31 December 2024	120,265	6,136	–	70,390	128,193	324,984
<b>AMORTISATION AND IMPAIRMENT</b>						
At 1 January 2023	25,673	2,793	–	–	–	28,466
Charges for the year	13,250	849	–	–	–	14,099
At 31 December 2023	38,923	3,642	–	–	–	42,565
Charges for the year	16,102	732	–	2,584	–	19,418
Disposals of subsidiaries (note 43(a))	–	(41)	–	–	–	(41)
At 31 December 2024	55,025	4,333	–	2,584	–	61,942
<b>CARRYING VALUES</b>						
At 31 December 2024	65,240	1,803	–	67,806	128,193	263,042
At 31 December 2023	54,386	1,225	113,000	–	–	168,611

Notes:

- (i) Development costs represent expenditure, mainly including staff costs, capitalised during development phase of internal projects for development of online platform.
- (ii) Brand name and license is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand name and license will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 20.

The above items of intangible assets other than brand name with indefinite useful life are amortised on a straight-line basis at the following estimated useful lives:

Development costs	3 – 5 years
Software system	3 – 5 years
Customer relationship	11 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 20. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

For the purposes of impairment testing, goodwill and intangible assets with indefinite useful life set out in note 19 have been allocated to one CGU (2023: one). The carrying amounts of goodwill and intangible assets with indefinite useful life allocated to the unit are as follows:

	31/12/2024		31/12/2023	
	Goodwill RMB'000	License RMB'000	Goodwill RMB'000	Brand name RMB'000
Great Style Holdings Limited ("Great Style")	464,965	128,193	–	–
Wuxi Guojin Factoring Limited ("WXGJ")	–	–	316,028	113,000
	464,965	128,193	316,028	113,000

In addition to goodwill and intangible assets with indefinite useful life above, other assets and liabilities that generate cash flows together with the related goodwill and intangible asset with indefinite useful life are also included in the CGUs for the purpose of impairment assessment.

The recoverable amount of CGUs are determined based on the higher of fair value less costs of disposal and value in use calculations.

For the year ended 31 December 2024, the recoverable amount of the CGU is determined based on a value in use calculation. The value in use calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 12.62%. Great Style's cash flows beyond the five-year period are extrapolated using a steady growth rate of 2.00%. This growth rate is based on the overall economy growth rate, industry growth rate, inflation rate and other related factors. Management determines the financial budgets based on past performance and its expectations for market development, including the expected economic growth, prospective GDP and CPI growth rates, future developments of the industry, among others. The Group engages an independent qualified valuer, Royson Valuation Advisory Limited to determine the future growth rates and discount rates used in the value in use calculations prepared by the management of the Group.

As at 31 December 2024, no impairment of the CGU containing goodwill and license with indefinite useful life has been identified. Management believes that any reasonably possible change in any of the above assumptions would not cause the aggregate carrying amount of the above CGU to exceed the respective aggregate recoverable amounts.

For the year ended 31 December 2023, the recoverable amount of the CGU has been determined by the fair value less cost of disposal. The fair value of the CGU is determined with reference to the transaction price of the proposed capital increase by other shareholder of WXGJ. The recoverable amount is higher than the carrying amount of the CGU. The fair value measurement is categorised as level 3.

As at 31 December 2023, no impairment of the CGU containing goodwill and brand name with indefinite useful life has been identified. Management believes that any reasonably possible change in any of the above assumptions would not cause the aggregate carrying amount of the above CGU to exceed the respective aggregate recoverable amounts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 21. INVESTMENTS IN ASSOCIATES

Details of the Group's investments in associates are as follows:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Cost of investments in associates, unlisted	1,373,450	562,698
Share of post-acquisition profit, net of dividends declared	130,835	20,373
Share of post-acquisition OCI	—	(103)
	1,504,285	582,968

Details of the Group's associates at the end of the reporting period are as follows:

Name of entities	Place of incorporation/ establishment	Particulars of authorised and paid up capital	Proportion of ownership interest/voting rights held by the Group as at		Principal activity
			31/12/2024	31/12/2023	
WXGJ# (無錫國金商業保理有限公司) (note 43 (a))	PRC	RMB489,800,000 RMB489,800,000	49%	N/A	Provision of supply chain service
Qingdao Haikong Factoring Limited# (青島海控商業保理有限公司) ("QDHK") (note i)	PRC	RMB527,000,000 RMB527,000,000	40%	40%	Provision of supply chain service
Ningbo Guofu Commercial Factoring Co., Ltd# (寧波國富商業保理有限公司) ("NBGF") (note ii)	PRC	RMB500,000,000 RMB500,000,000	35%	35%	Provision of supply chain service
Xiamen Xiangsheng Factoring Limited# (廈門象盛商業保理有限責任公司) ("XMXS") (note iii)	PRC	RMB500,000,000 RMB500,000,000	43%	43%	Provision of supply chain service
Guangxi Maojing Trading Co., Ltd# (廣西茂景商貿有限公司) ("GXMJ")	PRC	RMB2,000,000 RMB1,000,000	20%	20%	Provision of trade service
Hong Ji Factoring (Shenzhen) Limited ("HJ")# (弘基商業保理(深圳)有限公司) (note iv) (note 42)	PRC	RMB100,000,000 RMB100,000,000	N/A	10%	Provision of supply chain service

# English translated name is for identification purpose only.

Notes:

- (i) In February 2023, the Group entered into an investment agreement in which the Group acquired 40% equity interest of QDHK for a consideration of RMB140,498,000. In September 2023, the Group entered into a share subscription agreement, pursuant to which the Group subscribe 40% newly issued capital of RMB90,800,000 with a consideration of RMB108,000,000.
- (ii) In September 2023, the Group entered into a share subscription agreement, pursuant to which the Group subscribe 35% newly issued capital of RMB105,000,000 with a consideration of RMB105,000,000.
- (iii) In November 2024, the Group entered into a share subscription agreement, pursuant to which the Group subscribe 43% newly issued capital of RMB86,000,000 with a consideration of RMB86,000,000.
- (iv) The Group is able to exercise significant influence over the entity because it has the power to appoint two out of three directors of the entity under the articles of association of the entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 21. INVESTMENTS IN ASSOCIATES (continued)

### Summarised financial information of the material associate

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' financial statements prepared in accordance with HKFRSs.

The associate is accounted for using the equity method in the Group's consolidated financial statements.

#### WXGJ

	31/12/2024 RMB'000
Current assets	5,955,814
Non-current assets	139,877
Current liabilities	4,469,751
Non-current liabilities	475,000
	For the period from 1/3/2024 to 31/12/2024 RMB'000
Revenue	282,137
Profit before taxation	108,674
Profit for the year	81,492
OCI for the year	—
Total comprehensive income for the year	81,492
Dividends received from the associate during the year	—

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 21. INVESTMENTS IN ASSOCIATES (continued)

### WXGJ (continued)

Reconciliation of the above summarised financial information to the carrying amount of the investment in WXGJ recognised in its consolidated financial statements:

	31/12/2024 RMB'000
Net assets of WXGJ	1,150,940
Proportion of the Group's ownership investment in WXGJ	49%
The Group's share of net assets of WXGJ	563,961
Goodwill	210,722
Carrying amount of the Group's investment in WXGJ	774,683

### Aggregate information of associates that are not individually material

	2024 RMB'000	2023 RMB'000
The Group's share of profit	84,634	20,360
The Group's share of other comprehensive income (expense)	128	(240)
The Group's share of total comprehensive income	84,762	20,120
Aggregate carrying amount of the Group's investments in these associates	729,602	582,968

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 22. DEFERRED TAXATION

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

	31/12/2024 RMB'000	31/12/2023 RMB'000
Deferred tax assets	4,587	18,163
Deferred tax liabilities	(119,636)	(64,654)
	(115,049)	(46,491)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the year:

	Undistributed earnings of PRC subsidiaries RMB'000	Deferred income RMB'000	ECL provision RMB'000	Fair value adjustments RMB'000	Intangible assets acquired in business combination RMB'000	Others RMB'000 (note)	Total RMB'000
At 1 January 2023	(52,226)	(903)	23,900	(10,234)	–	1,223	(38,240)
Credit (charge) to profit or loss	9,125	(18,042)	(56)	3,000	–	(1,297)	(7,270)
Charge to OCI	–	–	–	(981)	–	–	(981)
At 31 December 2023	(43,101)	(18,945)	23,844	(8,215)	–	(74)	(46,491)
(Charge) credit to profit or loss	(19,692)	(6,304)	4,153	3,470	646	6,257	(11,470)
Credit to OCI	–	–	–	2,063	–	–	2,063
Acquisition of subsidiaries (note 42)	–	(195)	308	(84)	(49,646)	–	(49,617)
Disposal of subsidiaries (note 43)	–	(686)	(7,181)	(1,645)	–	(22)	(9,534)
At 31 December 2024	(62,793)	(26,130)	21,124	(4,411)	(49,000)	6,161	(115,049)

Note: Others represent deferred taxation arising from (i) tax losses of a PRC subsidiary and (ii) leasing transactions where Amendments to HKAS 12 are adopted.

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## 22. DEFERRED TAXATION (continued)

Pursuant to the EIT Law and its detailed implementation rules, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entities. By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to preferential tax rate of 5% when receiving dividend from its PRC subsidiaries. The Hong Kong subsidiaries of the Group enjoyed the preferential tax rate aforementioned. Accordingly, deferred tax liability has been provided for in the consolidated financial statements in respect of the expected dividend stream from the PRC subsidiaries with the applicable tax rate of 5%.

For the year ended 31 December 2023, a deferred tax liability of RMB25,414,000 in relation to certain PRC subsidiaries has been adjusted due to the undistributed earnings of these PRC subsidiaries converted to capital injection.

At 31 December 2024, the Company and Hong Kong subsidiaries had cumulative unutilised tax losses of RMB254,170,000 (31 December 2023: RMB227,676,000). No deferred tax asset has been recognised due to the unpredictability of future profit stream. Some of the unused tax losses can be carried forward indefinitely from the years in which the loss was originated to offset future taxable profits.

At 31 December 2024, the PRC subsidiaries had cumulative unutilised tax losses of RMB86,537,000 (31 December 2023: RMB35,869,000), out of which RMB68,223,000 (31 December 2023: RMB35,869,000) has not been recognised due to the unpredictability of future profit stream. Some of the unused tax losses can be carried forward up to five years from the years in which the loss was originated to offset future taxable profits.

The expiry terms of the unused tax losses that no deferred tax assets have been provided are as follows:

	31/12/2024 RMB'000	31/12/2023 RMB'000
2025	3,880	3,880
2026	9,392	9,392
2027	11,201	11,201
2028	11,396	11,396
2029	32,354	–
	68,223	35,869



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## 23. DERIVATIVE FINANCIAL INSTRUMENTS/OTHER FINANCIAL ASSETS AT FVTPL/OTHER FINANCIAL LIABILITIES AT FVTPL

### (a) Derivative financial instruments

	31/12/2024		31/21/2023	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Foreign currency forward contracts	14,189	5,091	13,672	5,938
Foreign exchange swap contracts	—	438	—	—
Interest rate swap contracts	—	—	391	1,822
Cross currency swap contracts	—	—	—	1,819
	14,189	5,529	14,063	9,579
Analysed for reporting purposes as:				
Current	14,189	5,529	14,063	9,579

At 31 December 2024, the bank deposits of United States Dollars (“US\$”) 700,000 (equivalent to RMB5,032,000) (31 December 2023: US\$700,000 (equivalent to RMB4,958,000)) and the bank deposits of RMB15,181,000 at 31 December 2023 were pledged as security for the derivative financial instruments. The balance of the bank deposits can be applied and used to settle any outstanding payments for the corresponding contracts if default occurs.

The above derivatives are measured at fair value at the end of the reporting period and changes in fair value are recognised in the profit or loss. Their fair values are determined by China Enterprise Appraisals Consultation Co., Ltd., an independent valuer, based on appropriate valuation techniques as detailed in note 40(c).

#### Foreign currency forward contracts

The major terms of the outstanding foreign currency forward contracts at the end of the reporting period are as follow:

At 31 December 2024, the Group entered into several foreign currency forward contracts relating to the purchase of US\$ and the sale of RMB at contract rates ranging from RMB6.9450 to RMB7.1767 (31 December 2023: RMB6.6342 to RMB7.1767) per US\$ with future maturity dates ranging from 17 January 2025 to 19 December 2025 (31 December 2023: 31 January 2024 to 7 November 2024), at an aggregate notional amount of US\$163,340,000 (31 December 2023: US\$83,950,000).

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## 23. DERIVATIVE FINANCIAL INSTRUMENTS/OTHER FINANCIAL ASSETS AT FVTPL/OTHER FINANCIAL LIABILITIES AT FVTPL (continued)

### (a) Derivative financial instruments (continued)

#### Foreign exchange swap contracts

At 31 December 2024

Notional amount	Commencement date	Maturity date	Contracted swap rate
US\$1,850,000	11/11/2024	13/11/2025	Commencement date: US\$: RMB1:7.1900 Settlement date: US\$: RMB1:7.0335 US\$ against RMB swap rates

#### Interest rate swap contracts

The major terms of the outstanding interest rate swap contracts at the end of the reporting period are as follows:

At 31 December 2023

Notional amounts	Commencement dates	Maturity dates	Contracted interest rates
US\$15,045,000	29/08/2022	28/02/2024	From 6.32% per annum to US\$ Secured Overnight Financing Rate ("SOFR") plus 3.11448%
HK\$270,000,000	15/06/2023	04/06/2024	From 6.28% per annum to 1 month HIBOR plus 0.45%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 23. DERIVATIVE FINANCIAL INSTRUMENTS/OTHER FINANCIAL ASSETS AT FVTPL/OTHER FINANCIAL LIABILITIES AT FVTPL (continued)

### (a) Derivative financial instruments (continued)

#### Cross currency swap contracts

The major terms of the outstanding cross currency swap contracts at the end of the reporting period are as follows:

At 31 December 2023

Notional amount	Commencement date	Maturity date	Contracted swap rate	Interest rate
HK\$270,000,000	15/06/2023	04/06/2024	HK\$: RMB1:0.9160 HK\$ against RMB	From 3.45% per annum to 6.28% per annum

The Group entered into foreign currency forward contracts, foreign exchange swap contracts and cross currency swap contracts to manage its foreign currency risk exposures arising from certain of its bank borrowings denominated in US\$ and HK\$ (31 December 2023: US\$ and HK\$) and make low-risk investments.

The Group entered into interest rate swap contracts and cross currency swap contracts to manage its interest risk exposures from certain of its variable-rate bank borrowings denominated in US\$ and HK\$.

The Group did not formally designate or document the hedging transactions with respect to the foreign currency forward contracts, interest rate swap contracts and cross currency swap contracts. Therefore, those transactions were not designated for hedge accounting.

### (b) Other financial assets at FVTPL

	31/12/2024 RMB'000	31/12/2023 RMB'000
Unlisted investment funds (note i)	437,077	245,351
Equity tranche (notes i & ii)	230,522	190,962
Unlisted equity investments (note i)	75,550	75,550
Wealth management products (note iii)	65,390	102,685
Trust fund	1,671	1,529
	<b>810,210</b>	<b>616,077</b>
Analysed for reporting purposes as:		
Current assets	339,760	202,036
Non-current assets	470,450	414,041
	<b>810,210</b>	<b>616,077</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 23. DERIVATIVE FINANCIAL INSTRUMENTS/OTHER FINANCIAL ASSETS AT FVTPL/OTHER FINANCIAL LIABILITIES AT FVTPL (continued)

### (b) Other financial assets at FVTPL (continued)

Notes:

- (i) Except for the fair values of newly invested unlisted investment funds with an aggregate fair value of approximately RMB81,433,000 (31 December 2023: nil) are determined by the management, the remaining fair values are determined by China Enterprise Appraisals Consultation Co., Ltd., and Ravia Global Appraisal Advisory Limited, independent valuers, based on appropriate valuation techniques as detailed in note 40(c).
- (ii) As at 31 December 2024, the Group's equity tranche with an aggregate fair value of approximately RMB100,300,000 (31 December 2023: RMB63,030,000) was pledged to third parties in the PRC respectively to secure borrowings of the Group.
- (iii) The Wealth management products are short-term investments issued by banks with minimum guaranteed return and have a total expected return, depending on the indices quoted in the market as specified in the terms of relevant deposits.

As at 31 December 2024, the Group's structured deposits of the Wealth management products with an aggregate fair value of approximately RMB14,225,000 (31 December 2023: RMB102,685,000) was pledged to several banks in the PRC respectively to secure certain bank borrowings of the Group.

The financial assets were recognised as FVTPL due to the contractual cash flows did not pass through solely payments of principal and interest on the principal amount outstanding.

### (c) Other financial liabilities at FVTPL

	31/12/2024 RMB'000	31/12/2023 RMB'000
Deferred contingent consideration (note 42)	494,685	–
Structured notes (note)	74,116	61,208
	568,801	61,208
Analysed for reporting purposes as:		
Current liabilities	273,336	61,208
Non-current liabilities	295,465	–
	568,801	61,208

Note: The fair value of the structured notes are linked to the yield of supply chain assets at FVTOCI of the Group and equity tranche held by the Group which are issued by a third party. The Group irrevocably designates these financial liabilities as measured at FVTPL to eliminate an accounting mismatch.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 24. SUPPLY CHAIN ASSETS AT FVTOCI

	31/12/2024 RMB'000	31/12/2023 RMB'000
Supply chain assets at FVTOCI	4,891,307	7,663,344
Analysed for reporting purposes as:		
Current assets	4,889,258	7,536,455
Non-current assets	2,049	126,889
	4,891,307	7,663,344

As at 31 December 2024, the effective interest rates of the supply chain assets range mainly from 5.00% to 15.50% (31 December 2023: 4.90% to 14.00%) per annum.

As at 31 December 2024, certain commercial acceptance bills are received from customers with fair value amounting of RMB210,867,000 (31 December 2023: RMB163,936,000) as pledged bills to the supply chain assets. The bills can also be applied and used to settle any outstanding receivables of supply chain assets for the corresponding contract if default occurs, otherwise the Company needs to return the bills if the outstanding supply chain assets are settled. Until such time as default occurs and they are used to settle the supply chain assets, the commercial acceptance bills are not recognised as an asset in the financial statements.

Details of deposits from digital financing solutions customers are set out in note 29.

As at 31 December 2024, the gross carrying amount of supply chain assets of RMB9,007,000 is past due (31 December 2023: RMB2,551,000). When analysing the credit quality of supply chain assets at FVTOCI, the entire outstanding of balance of the supply chain assets is classified as past due in the event that instalments repayment of a supply chain asset at FVTOCI is past due.

The following is an aging analysis based on due dates of the supply chain assets at FVTOCI instalments which are past due (instalments which are not yet due at the end of the reporting period are excluded):

	31/12/2024 RMB'000	31/12/2023 RMB'000
<i>Past due by:</i>		
0 – 30 days	—	1,743
31 – 60 days	—	808
61 – 90 days	4,132	—
Over 90 days	4,875	—
	9,007	2,551

Details of impairment assessment are set out in note 40(b).

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## 25. DEBT INSTRUMENT AT AMORTISED COST

	31/12/2024 RMB'000	31/12/2023 RMB'000
Investment in a senior tranche of ABS product with fixed interest of 5.00% and maturity dated in June 2024	—	19,068
Less: ECL allowance	—	(100)
	—	18,968

Details of impairment assessment are set out in note 40(b).

## 26. EQUITY INSTRUMENTS AT FVTOCI

	31/12/2024 RMB'000	31/12/2023 RMB'000
Unlisted equity investments (note)	62,711	61,498

Note: These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

## 27. RECEIVABLES FROM REFINANCING OF SUPPLY CHAIN ASSETS UPON DERECOGNITION/RECEIVABLES FROM GUARANTEE CUSTOMERS/TRADE AND BILL RECEIVABLES/OTHER RECEIVABLES, PREPAYMENTS AND OTHERS

### (a) Receivables from refinancing of supply chain assets upon derecognition

As at 31 December 2024, the outstanding balance of receivables arising from refinancing of supply chain assets upon derecognition is RMB4,128,000 and is fully settled in January 2025.

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## 27. RECEIVABLES FROM REFINANCING OF SUPPLY CHAIN ASSETS UPON DERECOGNITION/RECEIVABLES FROM GUARANTEE CUSTOMERS/TRADE AND BILL RECEIVABLES/OTHER RECEIVABLES, PREPAYMENTS AND OTHERS (continued)

### (b) Receivables from guarantee customers

For provision of guarantee service which is in the scope of HKFRS 9, the Group recognises receivables from guarantee customers equal to the guarantee fees less amounts that the Group received from the customer.

	31/12/2024 RMB'000	31/12/2023 RMB'000
Receivables from guarantee customers	6,141	6,473
Less: ECL allowance	(57)	(61)
	6,084	6,412

The following is an aged analysis of receivables from guarantee customers presented based on the date of payment.

	31/12/2024 RMB'000	31/12/2023 RMB'000
0 – 30 days	6,141	6,473

### (c) Trade and bill receivables

	31/12/2024 RMB'000	31/12/2023 RMB'000
Trade receivables	50,352	70,421
Bills receivable	1,500	–
	51,852	70,421
Less: ECL allowance	(269)	(483)
	51,583	69,938
Analysed for reporting purposes as:		
Current assets	37,760	46,509
Non-current assets	13,823	23,429
	51,583	69,938

As at 1 January 2023, trade and bill receivables from contracts with customers amounted to RMB53,876,000.

Details of impairment assessment are set out in note 40(b).

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## 27. RECEIVABLES FROM REFINANCING OF SUPPLY CHAIN ASSETS UPON DERECOGNITION/RECEIVABLES FROM GUARANTEE CUSTOMERS/TRADE AND BILL RECEIVABLES/OTHER RECEIVABLES, PREPAYMENTS AND OTHERS (continued)

### (c) Trade and bill receivables (continued)

The following is an aged analysis of trade and bill receivables presented based on the date of payment.

	31/12/2024 RMB'000	31/12/2023 RMB'000
0-30 days	51,852	70,421

### (d) Other receivables, prepayments and others

	31/12/2024 RMB'000	31/12/2023 RMB'000
Security deposits for loan facilitation	72,949	13,567
Tax recoverable	23,579	29,355
Prepayments for non-current assets	15,126	5,364
Refundable rental deposits	3,496	3,836
Prepayments	2,743	2,436
Consideration receivable for disposal of partial interests in subsidiaries without losing control	2,000	
Other receivables and deposits	4,978	2,876
	124,871	57,434
Analysed for reporting purposes as:		
Current assets	106,337	49,119
Non-current assets	18,534	8,315
	124,871	57,434



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## 28. TIME DEPOSITS/PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

The ranges of fixed interest rates/market rates on the Group's time deposits/pledged bank deposits/cash and cash equivalents are as follows:

	Range of interest rates (per annum)	
	31/12/2024 %	31/12/2023 %
Fixed-rate time deposits	N/A	1.45~2.51
Fixed-rate pledged bank deposits	0.10~4.00	0.00~5.71
Market rate cash and cash equivalents	0.00~4.55	0.00~2.15

An analysis of the Group's pledged bank deposits for the reporting period is as follows:

	31/12/2024 RMB'000	31/12/2023 RMB'000
The bank deposits pledged for:		
– bank borrowings (note 32)	1,043,767	660,114
– loan guarantee contracts in relation to third parties (note 31)	352,606	186,197
– derivative financial instruments (note 23 (a))	5,032	20,139
	1,401,405	866,450

The pledged bank deposits will be released upon the settlement of relevant bank borrowings, loan guarantee contracts and derivative financial instruments.

Details of impairment assessment of time deposits, pledged bank deposits and cash and cash equivalents are set out in note 40(b).

The pledged bank deposits and cash and cash equivalents that are denominated in currencies other than the functional currencies of each entity are set out below:

	31/12/2024 RMB'000	31/12/2023 RMB'000
HK\$	44,083	44,776
US\$	9,299	55,688
Singapore Dollar ("S\$")	638	507
	54,020	100,971

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 29. TRADE AND OTHER PAYABLES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Settlement payables to customers and funding providers	290,447	96,713
Accrued charges	70,435	71,889
Other tax payables	55,501	57,370
Construction payables	41,571	16,242
Deposits from digital financing solutions customers	3,263	14,975
Trade payables	2,794	5,929
Dividend payable to shareholders of the Company	346	1,852
Dividend payable to a non-controlling shareholder of a PRC subsidiary	—	28,484
Other payables and deposits	1,456	1,298
	465,813	294,752

## 30. CONTRACT LIABILITIES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Technology and other service for loan facilitation	73,326	58,995

As at 1 January 2023, contract liabilities amounted to RMB5,180,000.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	31/12/2024 RMB'000	31/12/2023 RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the year	58,995	5,180

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 31. LIABILITIES ARISING FROM GUARANTEE CONTRACTS

	31/12/2024			31/12/2023		
	Premium less accumulated amortisation	ECL provision	Carrying amount	Premium less accumulated amortisation	ECL provision	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Guarantee contracts in relation to:						
– third parties (note i)	35,737	46,532	50,682	21,412	26,413	28,495
– associates (note ii)	1,647	12,338	13,432	764	3,687	3,899
	37,384	58,870	64,114	22,176	30,100	32,394
Analysed for reporting purposes as:						
Current	35,742	55,831	59,981	22,176	28,784	31,078
Non-current	1,642	3,039	4,133	–	1,316	1,316
	37,384	58,870	64,114	22,176	30,100	32,394

At the end of the reporting period, the directors of the Company have assessed the past due status of the debts under guarantee, the financial position of the debtors as well as the economic outlook of the industries in which the debtors operate.

The following is the maximum amount of the Group has guaranteed under the contracts and details of liabilities arising from guarantee contracts.

	31/12/2024 RMB'000	31/12/2023 RMB'000
Guarantee contracts in relation to:		
– third parties (note i)	4,498,693	2,524,784
– associates (note ii)	7,427,110	2,109,247
	11,925,803	4,634,031

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 31. LIABILITIES ARISING FROM GUARANTEE CONTRACTS (continued)

Notes:

- (i) As at 31 December 2024, the Group provided guarantee services for guarantee customers which are third parties of the maximum amount of RMB4,498,693,000 (31 December 2023: RMB2,524,784,000) and placed deposits to funding providers, including bank deposits of RMB352,606,000 (31 December 2023: RMB186,197,000). The Group has to pay on behalf of guarantee customers to funding providers when the customers defaulted in settlement of their outstanding liabilities with funding providers when due, after deduction of the bank deposits placed to funding providers.

As at 31 December 2024, an amount of RMB46,532,000 (31 December 2023: RMB26,413,000) has been estimated as a loss allowance. During the year ended 31 December 2024, an amount of RMB7,862,000 loss allowance was recognised (31 December 2023: RMB4,478,000 loss allowance was reversed) in the profit or loss because the premium received less cumulative amount of certain contracts were lower than the amount of loss allowance.

- (ii) As at 31 December 2024, the Group provided guarantees services for associates of the Group of the maximum amount of RMB7,427,110,000 (31 December 2023: RMB2,109,247,000). Fair value initially recognised in relation to the loan guarantees by the Group amounted to RMB2,124,000 (2023: RMB3,363,000). Their fair values are determined by China Enterprise Appraisals Consultation Co., Ltd., an independent valuer.

As at 31 December 2024, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. An amount of RMB12,338,000 (31 December 2023: RMB3,687,000) has been estimated as a loss allowance as at 31 December 2024, and an amount of RMB8,650,000 (2023: RMB3,101,000) loss allowance was recognised in the profit or loss because the premium received less cumulative amount of certain contracts were lower than the amount of loss allowance.

- (iii) Details of impairment assessment are set out in note 40(b).

## 32. BORROWINGS

	31/12/2024 RMB'000	31/12/2023 RMB'000
Bank borrowings and bills discounted	2,079,146	3,928,776
Entrusted loans	290,968	224,668
ABS issued	—	1,228,265
Other loans (note)	529,406	838,277
	<b>2,899,520</b>	<b>6,219,986</b>
Secured	2,191,687	5,589,532
Unsecured	707,833	630,454
	<b>2,899,520</b>	<b>6,219,986</b>

Note: Other loans mainly consist of loans from private funds, commercial factoring company and other third parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 32. BORROWINGS (continued)

	31/12/2024 RMB'000	31/12/2023 RMB'000
The carrying amounts of the above borrowings are repayable*:		
– within one year	2,716,219	4,673,232
– within a period of more than one year but not exceeding two years	174,569	1,360,957
– within a period of more than two years but not exceeding five years	8,732	185,797
	2,899,520	6,219,986
Less: Amounts due within one year shown under current liabilities	(2,716,219)	(4,673,232)
Amounts shown under non-current liabilities	183,301	1,546,754

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group's borrowings are as follows:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Fixed-rate borrowings	2,734,918	4,709,496
Variable-rate borrowings	164,602	1,510,490
	2,899,520	6,219,986

The Group's variable-rate borrowings carry interest at Loan Prime Rate ("LPR"), HIBOR or SOFR.

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

	31/12/2024 %	31/12/2023 %
Range of fixed-rate borrowings interest rates (per annum)	2.80~9.20	1.15~9.20
Range of variable-rate borrowings interest rates (per annum)	2.80~8.52	3.76~8.54

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## 32. BORROWINGS (continued)

The Group's borrowings had been secured by the pledge of equity interests of certain subsidiaries of the Company and the Group's assets. The carrying amounts of the respective assets are as follows:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Bank deposits	1,043,767	660,114
Supply chain assets (note i)	696,650	2,367,226
Equity tranche	100,300	63,030
Investment property	30,170	31,053
Leasehold land	80,379	—
Wealth management products	14,225	102,685
	<b>1,965,491</b>	<b>3,224,108</b>

Notes:

- (i) The legal title and legal right to receive cash flows was transferred to the funding providers, details are set out in note 40(d).
- (ii) As at 31 December 2024, the bills received from customers as pledged to supply chain assets with par value of RMB3,040,000 (31 December 2023: nil) were pledged to banks and RMB163,520,000 (31 December 2023: RMB70,851,000) were discounted to banks.

Details of the Group's guaranteed borrowings are as follows:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Carrying amount of borrowings guaranteed by:		
The Company and/or subsidiaries	833,735	1,868,345
The Company and/or a subsidiary and the controlling shareholder of the Company	—	2,908,294
	<b>833,735</b>	<b>4,776,639</b>

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## 32. BORROWINGS (continued)

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	31/12/2024 RMB'000	31/12/2023 RMB'000
HK\$	170,448	497,904
US\$	88,784	487,916
	259,232	985,820

## 33. LEASE LIABILITIES

	31/12/2024 RMB'000	31/12/2023 RMB'000
Lease liabilities payable:		
Within one year	10,208	9,799
Within a period of more than one year but not more than two years	531	9,685
Within a period of more than two years but not more than five years	—	485
	10,739	19,969
Less: Amount due for settlement with 12 months shown under current liabilities	(10,208)	(9,799)
Amount due for settlement after 12 months shown under non-current liabilities	531	10,170

The weighted average incremental borrowing rates applied to lease liabilities range from 5.50% to 7.22% (2023: 4.50% to 5.50%).

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	31/12/2024 RMB'000	31/12/2023 RMB'000
HK\$	577	321

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 34. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 January 2023, 31 December 2023 and 31 December 2024	5,000,000,000	50,000,000
<b>Issued:</b>		
At 1 January 2023	1,007,714,500	10,077,145
Repurchase and cancellation of shares	(17,964,500)	(179,645)
At 31 December 2023	989,750,000	9,897,500
Repurchase and cancellation of shares	(1,343,000)	(13,430)
At 31 December 2024	988,407,000	9,884,070
	<b>31/12/2024</b>	31/12/2023
	<b>RMB'000</b>	RMB'000
Shown in the consolidated statement of financial position	<b>8,547</b>	8,559



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 34. SHARE CAPITAL (continued)

During the year ended 31 December 2024, the Company repurchased its own ordinary shares through Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK\$0.01 each	Price per share		Aggregated consideration paid	
		Highest	Lowest	HK\$'000	RMB'000
		HK\$	HK\$		
January 2024	429,000	4.42	4.13	1,826	1,658
February 2024	64,500	4.47	4.40	285	260
April 2024	500,000	4.30	4.10	2,095	1,903
May 2024	124,000	4.41	4.24	534	485
June 2024	444,500	4.55	4.26	1,999	1,818
July 2024	76,500	4.79	4.76	365	333
	1,638,500			7,104	6,457

During the year ended 31 December 2024, the Company repurchased 1,638,500 (31 December 2023: 18,190,000) of its own ordinary shares through the Stock Exchange with an aggregate consideration of HK\$7,104,000 (equivalent to RMB6,457,000) paid (31 December 2023: HK\$109,182,000 (equivalent to RMB96,085,000)).

1,343,000 (year ended 31 December 2023: 17,964,500) shares were cancelled upon repurchase and 521,000 (year ended 31 December 2023: 225,500) shares were not cancelled and remained as treasury shares at the end of the reporting period.

At 31 December 2024, the Company had outstanding treasury shares of 521,000 (31 December 2023: 225,500) shares.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

All the shares issued during the year ranked pari passu in all respects with the then existing shares in issue.

## 35. CAPITAL COMMITMENTS

	31/12/2024 RMB'000	31/12/2023 RMB'000
Capital expenditure contracted for but not provided for in the consolidated financial statements		
– Property and equipment	236,894	351,962
– Investment in an associate	200	200
	237,094	352,162

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 36. SHARE-BASED PAYMENT TRANSACTIONS

### (a) Equity-settled share option scheme of the Company

The Company's share option scheme (the "**Scheme**") was adopted pursuant to resolutions passed on 14 November 2018, 15 July 2020, 10 June 2022 and 29 November 2024 ("**Option Grant Date**") for the primary purpose of providing incentives to directors and eligible employees, and will expire on 13 November 2023, 14 July 2025, 9 June 2032 and 29 November 2034 respectively. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including certain directors of the Company and the management of an associate of the Company, to subscribe for shares in the Company.

As at 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 13,844,921 (31 December 2023: 15,625,000), representing 1.40% (31 December 2023: 1.58%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be offered for acceptance for a period of not less than 28 days, upon payment of HK\$1.00 by each of eligible employees determined by the board of directors of the Company. Options may be exercised at any time from 1 year to 5 years from the date of grant of the share option to the 5th or 10th anniversary of the date of grant. The exercise price is determined by the directors of the Company and shall be the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

### (a) Equity-settled share option scheme of the Company (continued)

Details of specific categories of options are as follows:

Equity-settled share option scheme on 14 November 2018:

	Date of grant	Vesting period	Exercise period	Exercise Price	Exercise dates
Tranche 1	14/11/2018	14/11/2018-13/11/2019	14/11/2019-13/11/2023	HK\$6.90	14/11/2019
Tranche 2	14/11/2018	14/11/2018-13/11/2020	14/11/2020-13/11/2023	HK\$6.90	14/11/2020
Tranche 3	14/11/2018	14/11/2018-13/11/2021	14/11/2021-13/11/2023	HK\$6.90	14/11/2021

Equity-settled share option scheme on 15 July 2020:

	Date of grant	Vesting period	Exercise period	Exercise Price	Exercise dates
Tranche 4	15/7/2020	15/7/2020-14/7/2021	15/7/2021-14/7/2025	HK\$6.68	15/7/2021
Tranche 5	15/7/2020	15/7/2020-14/7/2022	15/7/2022-14/7/2025	HK\$6.68	15/7/2022
Tranche 6	15/7/2020	15/7/2020-14/7/2024	15/7/2023-14/7/2025	HK\$6.68	15/7/2023

Equity-settled share option scheme on 10 June 2022:

	Date of grant	Vesting period	Exercise period (note)	Exercise Price	Exercise dates
Tranche 7	10/6/2022	10/6/2022-9/6/2024	10/6/2024-9/6/2032	HK\$6.46	10/6/2024
Tranche 8	10/6/2022	10/6/2022-9/6/2024	10/6/2024-9/6/2032	HK\$6.46	10/6/2024
Tranche 9	10/6/2022	10/6/2022-9/6/2025	10/6/2025-9/6/2032	HK\$6.46	10/6/2025

Note: The share options granted to certain employees can't be exercised during the first one or two years from the end of the vesting period.

Equity-settled share option scheme on 29 November 2024:

	Date of grant	Vesting period	Exercise period	Exercise Price	Exercise dates
Tranche 10	29/11/2024	29/11/2024-28/11/2025	29/11/2025-29/11/2034	HK\$7.25	29/11/2025

The exercise of an option may be subject to the achievement of performance target and/or any other conditions notified by the board of the Company to each participant, which the board of the Company may in its absolute discretion determine.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

### (a) Equity-settled share option scheme of the Company (continued)

The following table discloses movements of the Company's share options held by the directors of the Company and employees of the Group during both years:

Exercise period		Outstanding at 1 January 2024	Granted during year	Forfeited/ lapsed during year	Exercised during year	Outstanding at 31 December 2024
Tranche 4	15/7/2021-14/7/2025	2,137,500	–	(75,000)	–	2,062,500
Tranche 5	15/7/2022-14/7/2025	2,262,500	–	(75,000)	–	2,187,500
Tranche 6	15/7/2023-14/7/2025	4,825,000	–	(250,000)	–	4,575,000
Tranche 7	10/6/2024-9/6/2032	1,600,000	–	(475,000)	–	1,125,000
Tranche 8	10/6/2024-9/6/2032	1,600,000	–	(475,000)	–	1,125,000
Tranche 9	10/6/2025-9/6/2032	3,200,000	–	(750,000)	–	2,450,000
Tranche 10	29/11/2025-29/11/2034	–	319,921	–	–	319,921
		15,625,000	319,921	(2,100,000)	–	13,844,921
Exercisable at the end of the reporting period		9,225,000				8,825,000
Weighted average exercise price per share		6.59	7.25	6.50	–	6.62

Exercise period		Outstanding at 1 January 2023	Granted during year	Forfeited/ lapsed during year	Exercised during year	Outstanding at 31 December 2023
Tranche 1	14/11/2019-13/11/2023	647,500	–	(647,500)	–	–
Tranche 2	14/11/2020-13/11/2023	597,500	–	(597,500)	–	–
Tranche 3	14/11/2021-13/11/2023	1,720,000	–	(1,720,000)	–	–
Tranche 4	15/7/2021-14/7/2025	2,425,000	–	(287,500)	–	2,137,500
Tranche 5	15/7/2022-14/7/2025	2,500,000	–	(237,500)	–	2,262,500
Tranche 6	15/7/2023-14/7/2025	5,450,000	–	(625,000)	–	4,825,000
Tranche 7	10/6/2024-9/6/2032	2,250,000	–	(650,000)	–	1,600,000
Tranche 8	10/6/2024-9/6/2032	2,250,000	–	(650,000)	–	1,600,000
Tranche 9	10/6/2025-9/6/2032	4,500,000	–	(1,300,000)	–	3,200,000
		22,340,000	–	(6,715,000)	–	15,625,000
Exercisable at the end of the reporting period		7,890,000				9,225,000
Weighted average exercise price per share		6.62	–	6.69	–	6.59

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

### (a) Equity-settled share option scheme of the Company (continued)

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	Grant date	Fair value per option HK\$	Share price HK\$	Exercise price HK\$	Expected volatility	Expected life	Risk-free rate	Expected dividend yield
Tranche 1	14/11/2018	2.13	6.87	6.90	43.00%	5 years	2.25%	1.00%
Tranche 2	14/11/2018	2.31	6.87	6.90	43.00%	5 years	2.25%	1.00%
Tranche 3	14/11/2018	2.44	6.87	6.90	43.00%	5 years	2.25%	1.00%
Tranche 4								
– Directors	15/7/2020	2.27	6.68	6.68	42.00%	5 years	0.11%	0.76%
– Employees	15/7/2020	1.86	6.68	6.68	42.00%	5 years	0.11%	0.76%
Tranche 5								
– Directors	15/7/2020	2.27	6.68	6.68	42.00%	5 years	0.11%	0.76%
– Employees	15/7/2020	2.04	6.68	6.68	42.00%	5 years	0.11%	0.76%
Tranche 6								
– Directors	15/7/2020	2.27	6.68	6.68	42.00%	5 years	0.11%	0.76%
– Employees	15/7/2020	2.17	6.68	6.68	42.00%	5 years	0.11%	0.76%
Tranche 7								
– Director	10/6/2022	3.23	6.46	6.46	45.28%	10 years	2.63%	0.72%
– Employees	10/6/2022	1.87	6.46	6.46	45.28%	10 years	2.63%	0.72%
Tranche 8								
– Director	10/6/2022	3.25	6.46	6.46	45.28%	10 years	2.63%	0.72%
– Employees	10/6/2022	2.20	6.46	6.46	45.28%	10 years	2.63%	0.72%
Tranche 9								
– Director	10/6/2022	3.30	6.46	6.46	45.28%	10 years	2.63%	0.72%
– Employees	10/6/2022	2.47	6.46	6.46	45.28%	10 years	2.63%	0.72%
Tranche 10								
– Director	29/11/2024	2.28	7.25	7.25	39.94%	10 years	3.27%	3.79%
– Employees	29/11/2024	2.02	7.25	7.25	39.94%	10 years	3.27%	3.79%

Expected volatility was adopted as of the valuation date with reference to the annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share price of a set of comparable companies. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of RMB5,581,000 for the year ended 31 December 2024 (2023: RMB3,954,000) in relation to share options granted by the Company.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

### (b) RSU Scheme of the Company

The Company's RSU Scheme was adopted pursuant to a resolution passed 6 April 2022 for the primary purpose of providing incentives to eligible persons and attracting suitable personnel for further development of the Group. The RSU Scheme shall be valid and effective for a period of ten years commencing on 6 April 2022.

The maximum number of restricted share units ("**RSUs**") that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall not exceed 2% of the number of shares in issue from time to time.

The Company appointed an independent trustee, GIL Trust Limited (the "**RSU Trustee**"), to administer the granting and vesting of RSUs granted to eligible persons pursuant to the RSU Scheme.

Pursuant to the RSU Scheme, the underlying shares for the vesting of the RSUs can be satisfied by (i) existing shares to be purchased by the RSU Trustee on the market; (ii) new shares to be allotted and issued to the RSU Trustee by the Company under the general or specific mandate sought from the shareholders of the Company in its general meeting; and/or (iii) existing share to be contributed by Controlling Shareholder of the Company to the RSU Trustee as gift.

For the year ended 31 December 2024, the Company purchased 557,000 (2023: 4,098,500) shares of the Company's own ordinary shares in the market through the RSU Trustee of the Company's RSU Scheme, at prices ranging from HK\$4.14 to HK\$4.48 (2023: HK\$4.90 to HK\$6.31) per share for an aggregate consideration of approximately HK\$2,409,000 (equivalent to RMB2,188,000) (2023: HK\$22,345,000 (equivalent to RMB20,133,000)).

On 10 June 2022, an aggregate of 1,340,000 RSUs (the "**2022 June RSU Awards**") were granted to 36 eligible employees pursuant to the RSU Scheme, representing 0.13% of the issued shares of the Company at that date. The grantees of the 2022 June RSU Awards are required to pay for the grant of any RSUs under the RSU Scheme based on 20% of the closing share price on the grant date, which amounted to HK\$1.29 per RSU.

The 2022 June RSU Awards granted shall be vested in three tranches, (i) 25% of the award shares shall vest on the first anniversary date of the grant date, (ii) the additional 25% of the award shares shall vest on the second anniversary date of the grant date, and (iii) the remaining 50% of the award shares shall vest on the third anniversary date of the grant date.

The fair value of the RSUs granted is measured with reference to the closing price of the ordinary shares of the Company at the grant date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

### (b) RSU Scheme of the Company (continued)

The following tables disclose movements of the Company's RSUs:

Grantee	Vesting period	Outstanding at 1 January 2024	Granted during period	Forfeited/ lapsed during period	Vested during period	Outstanding at 31 December 2024
Employees	10/6/2022-9/6/2024	270,000	–	(25,000)	(245,000)	–
	10/6/2022-9/6/2024	270,000	–	(25,000)	(245,000)	–
	10/6/2022-9/6/2025	540,000	–	(70,000)	–	470,000
		1,080,000	–	(120,000)	(490,000)	470,000
Grantee	Vesting period	Outstanding at 1 January 2023	Granted during period	Forfeited/ lapsed during period	Vested during period	Outstanding at 31 December 2023
Employees	10/6/2022-9/6/2024	325,000	–	(55,000)	–	270,000
	10/6/2022-9/6/2024	325,000	–	(55,000)	–	270,000
	10/6/2022-9/6/2025	650,000	–	(110,000)	–	540,000
		1,300,000	–	(220,000)	–	1,080,000

The Group recognised the total expense of approximately RMB1,339,000 for the year ended 31 December 2024 (2023: RMB1,624,000) for in relation to RSUs granted by the Company.

## 37. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all its 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. Under the rule of MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant income subject to a cap of monthly relevant income as specified in the rules. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group participates in a state-managed defined contribution retirement scheme organised by the relevant local government authority in the PRC. PRC employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The Group is required to make monthly contributions to the retirement scheme of the eligible employees at specified percentage (i.e. 16%) of the payroll and the local government authority is responsible for the pension liabilities to these employees upon their retirement.

Total cost recognised in profit or loss and capitalised in development costs in respect of contributions paid or payable to the schemes by the Group for the year ended 31 December 2024 is RMB13,050,000 (2023: RMB11,764,000). As at 31 December 2024, contributions due in respect of the year ended 31 December 2024 had been paid over to the plans.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 38. RELATED PARTY TRANSACTIONS

### (a) Related parties and relationship

During the reporting period, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of Related Parties	Relationship
TUNG CHI FUNG	Controlling shareholder of the Company
Bondlink Investment Limited	Related company controlled by TUNG CHI FUNG
Wuxi Tonghui Investment Limited ("WXTH")	Non-controlling shareholder of a material Subsidiary (before 29 December 2023)
Wuxi Communications Industry Group Co., Ltd and its subsidiaries ("WXCI Group")	Related parties of WXTH (before 29 December 2023)
Wuxi Taihu New City Assets Management Co., Ltd ("Wuxi Taihu New City")	Non-controlling shareholder of a material Subsidiary (From 29 December 2023 to 28 February 2024)
Wuxi Taihu New City Group Co., Ltd and its subsidiaries ("Wuxi Taihu New City Group")	Related parties of Wuxi Taihu New City (From 29 December 2023 to 28 February 2024)
HJ	Associate (before 31 July 2024)
GXMJ, NBGF, XMXS, QDHK and WXGJ	Associate

### (b) Related party balances

#### (i) Supply chain assets at FVTOCI

Name of Related Party	31/12/2024 RMB'000	31/12/2023 RMB'000
HJ	N/A	397,381

As at 31 December 2023, the balance of supply chain assets at FVTOCI carries fixed-rate interest at 5.95% with principal amount of RMB383,000,000 repayable within one year.

#### (ii) Loans to an associate

Name of Related Party	31/12/2024 RMB'000	31/12/2023 RMB'000
NBGF	198,201	369,727

The balance of loans to the associate carries fixed-rate interest at 3.00% (31 December 2023: 3.00%) with principal amount of RMB192,500,000 (31 December 2023: RMB87,500,000) repayable within one year and principal amount of nil (31 December 2023: 280,000,000) repayable within a period of more than one year but not exceeding two years. Details of impairment assessment are set out in note 40(b).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 38. RELATED PARTY TRANSACTIONS (continued)

### (b) Related party balances (continued)

#### (iii) Trade and bill receivables

Name of Related Parties	31/12/2024 RMB'000	31/12/2023 RMB'000
WXGJ	1,749	N/A
QDHK	1,020	–
HJ	N/A	728
	2,769	728

#### (iv) Other receivables – refundable rental deposit

Name of Related Party	31/12/2024 RMB'000	31/12/2023 RMB'000
Bondlink Investment Limited	192	329

#### (v) Other receivables – security deposits for loan facilitation

Name of Related Parties	31/12/2024 RMB'000	31/12/2023 RMB'000
NBGF	58,116	–
QDHK	14,833	–
	72,949	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 38. RELATED PARTY TRANSACTIONS (continued)

### (b) Related party balances (continued)

#### (vi) Loans from related parties

Name of Related Parties	31/12/2024 RMB'000	31/12/2023 RMB'000
WXGJ	1,223,865	N/A
QDHK	904,285	591,115
XMXS	108,380	123,115
Wuxi Taihu New City Group	N/A	248,723
	2,236,530	962,953

The loans carry fixed-rate interest at the range of 6.30% to 7.56% (31 December 2023: 6.80% to 9.00%) with principal amount of RMB2,190,528,000 (31 December 2023: RMB952,102,000) repayable within one year and nil (31 December 2023: RMB2,299,000) repayable within a period of more than one year but not exceeding two years.

The loans were secured by certain supply chain assets of the Group with an aggregate carrying values of RMB2,370,433,000 (31 December 2023: RMB841,545,000), in respect of which the legal title and legal right to receive cash flows was also transferred to the associates. Details of the transfer of financial assets are set out in note 40(d). The loans amounting to nil (31 December 2023: RMB839,838,000) were guaranteed by the PRC subsidiaries.

#### (vii) Lease liabilities

Name of Related Party	31/12/2024 RMB'000	31/12/2023 RMB'000
Bondlink Investment Limited	577	321

#### (viii) Liabilities arising from guarantee contracts

Name of Related Parties	31/12/2024 RMB'000	31/12/2023 RMB'000
WXGJ	6,013	N/A
QDHK	3,499	1,588
XMXS	2,238	1,235
NBGF	1,682	1,076
	13,432	3,899

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 38. RELATED PARTY TRANSACTIONS (continued)

### (c) Related party transactions

#### (i) Revenue and income from related parties

Name of Related Parties	2024 RMB'000	2023 RMB'000
HJ	14,635	59,916
WXGJ	3,073	N/A
QDHK	1,187	—
NBGF	—	183
	18,895	60,099

#### (ii) Interest income from loans to associates

Name of Related Parties	31/12/2024 RMB'000	31/12/2023 RMB'000
NBGF	10,035	6,419
WXGJ	242	N/A
	10,277	6,419

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 38. RELATED PARTY TRANSACTIONS (continued)

### (c) Related party transactions (continued)

#### (iv) Finance costs – interest on loans from related parties

Name of Related Parties	2024 RMB'000	2023 RMB'000
WXGJ	102,265	N/A
QDHK	50,322	21,584
NBGF	21,929	10,413
XMXS	1,665	16,616
HJ	10	–
WXCI Group	N/A	5,472
	176,191	54,085

#### (v) Finance costs – guarantee expenses on borrowings

Name of Related Party	2024 RMB'000	2023 RMB'000
WXCI Group	N/A	13,364

#### (vi) Finance costs – interest on lease liabilities

Name of Related Parties	2024 RMB'000	2023 RMB'000
Bondlink Investment Limited	55	40
WXCI Group	N/A	4
	55	44

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 38. RELATED PARTY TRANSACTIONS (continued)

### (d) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group during the year is as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and other benefits	21,949	23,930
Share-based payment	4,716	3,832
Performance related bonuses	16,070	9,807
Retirement benefit scheme contributions	750	593
	43,485	38,162

The remuneration of these key executives of the Group is determined by Chairman of the Company having regard to the performance of individuals and market trends.

### (e) Guarantee

Details of the guarantee to associates are set out in note 31.

Details of borrowings guaranteed by related parties are set out in note 32.

## 39. 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 owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of borrowings as set out in note 32 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with the share capital and borrowings, balances the Group's overall capital structure through new share issues and raise of new borrowings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	31/12/2024 RMB'000	31/12/2023 RMB'000
<b>Financial assets</b>		
Other financial assets at FVTPL	810,210	616,077
Derivative financial instruments	14,189	14,063
Amortised cost	2,260,438	2,138,814
Supply chain assets at FVTOCI	4,891,307	7,663,344
Equity instruments at FVTOCI	62,711	61,498
<b>Financial liabilities</b>		
Other financial liabilities at FVTPL	568,801	61,208
Derivative financial instruments	5,529	9,579
Amortised cost	5,475,927	7,348,432
Liabilities arising from guarantee contracts	64,114	32,394

### (b) Financial risk management objectives and policies

The Group's major financial instruments include supply chain assets at FVTOCI, equity instruments at FVTOCI, other financial assets at FVTPL, derivative financial instruments, debt instrument at amortised cost, loans to an associate, receivables arising from refinancing of supply chain assets upon derecognition, receivables from guarantee customers, trade and bill receivables, other receivables, time deposits, pledged bank deposits, cash and cash equivalents, loans from related parties, trade and other payables, borrowings, other financial liabilities at FVTPL, liabilities arising from guarantee contracts and lease liabilities. Details of these instruments are disclosed in respective notes.

The risks associated with the financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and impairment assessment 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Market risk

##### (i) Currency risk

The Group's exposure to foreign currency risk related primarily to cash and cash equivalents, pledged bank deposits, other receivables, equity instruments at FVTOCI, trade and other payable, borrowings and lease liabilities that are denominated in HK\$, US\$, and S\$. In addition, the Group entered into foreign currency exchange swap contracts, cross currency swap contracts and foreign currency forward contracts during the year which exposed the Group to currency risk. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner.

The carrying amounts of the Group's foreign currencies denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	31/12/2024 RMB'000	31/12/2023 RMB'000	31/12/2024 RMB'000	31/12/2023 RMB'000
HK\$	44,275	45,105	170,951	501,054
US\$	9,299	55,688	88,784	487,916
S\$	638	507	—	—

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Market risk (continued)

##### (i) Currency risk (continued)

The following table details the Group's sensitivity to a 5% appreciation and depreciation in RMB against HK\$, US\$ and S\$, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts the translation of the Group's foreign currency denominated monetary assets and liabilities at the year-end by a 5% change in the respective foreign currency rates.

	31/12/2024 RMB'000	31/12/2023 RMB'000
HK\$ impact:		
5% appreciation of RMB against HK\$		
Increase in profit before taxation for the year	6,334	22,797
5% depreciation of RMB against HK\$		
Decrease in profit before taxation for the year	(6,334)	(22,797)
US\$ impact:		
5% appreciation of RMB against US\$		
Increase in profit before taxation for the year	3,974	21,611
5% depreciation of RMB against US\$		
Decrease in profit before taxation for the year	(3,974)	(21,611)

During the year, the currency exposure of RMB against S\$ is immaterial, and accordingly, no sensitivity analysis is disclosed.

In relation to foreign currency forward contracts:

As at 31 December 2024, if the relevant exchange rate had been 5% depreciation/appreciation of RMB against US\$ and all other variables were held constant, the Group's profit before taxation for the year would increase/decrease by approximately RMB2,949,000 (2023: RMB4,169,000).

In relation to foreign exchange swap contracts:

As at 31 December 2024, if the exchange rate relevant to the foreign exchange swap contracts had been 5% depreciation/appreciation of RMB against US\$ and all other variables were held constant, the Group's profit before taxation for the year would decrease/increase by approximately RMB89,000.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Market risk (continued)*

##### *(i) Currency risk (continued)*

In relation to the interest rate swap contract:

As at 31 December 2023, if the exchange rate relevant to the interest rate swap contracts had been 5% depreciation/appreciation of RMB against US\$ and all other variables were held constant, the Group's profit before taxation for the year would increase/decrease by approximately RMB99,000.

In relation to the cross currency swap contracts:

As at 31 December 2023, if the exchange rate relevant to the cross currency swap contracts had been 5% depreciation/appreciation of RMB against US\$ and all other variables were held constant, the Group's profit before taxation for the year would increase/decrease by approximately RMB13,620,000.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end date exposure does not reflect the exposure during the reporting period.

##### *(ii) Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate supply chain assets (see note 24 for details), fixed-rate debt instrument at amortised cost (see note 25 for details), fixed-rate loans to an associate (see note 38 for details), fixed-rate loan receivable (see note 27 for details), fixed-rate time deposits (see note 28 for details), fixed-rate pledged bank deposit (see note 28 for details), fixed-rate borrowings (see note 32 for details), fixed-rate loans from related parties (see note 38 for details), lease liabilities (see note 33 for details) and the derivative financial instruments (see note 23 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents (see note 28 for details), variable-rate borrowings (see note 32 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the LPR/HIBOR/SOFR rate arising from borrowings. The Group uses interest rate swap and cross currency swap contracts to reduce exposure to interest rate fluctuations associated with these floating-rate borrowings.

Management monitors the related interest exposure closely to ensure the interest rate risks are maintained at an acceptable level. The level of mismatch of interest rate repricing that may be undertaken is monitored closely.

The Group's exposures to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note. These are excluded from sensitivity analysis as the directors of the Company consider that the exposure of fair value interest rate risk arising from fixed-rate financial assets and liabilities is insignificant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Market risk (continued)*

##### *(ii) Interest rate risk (continued)*

##### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates risk for variable-rate borrowings at the end of each reporting period. 50 basis points increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rates. Cash and cash equivalents are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate cash and cash equivalents is insignificant.

If interest rates had been 50 basis points higher/lower for variable-rate borrowings and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by RMB617,000 (2023: RMB5,657,000).

If the forward interest rate curves for SOFR as relevant for the interest rate swap had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/decrease by approximately RMB496,000 for the year ended 31 December 2023.

The directors of the Company consider that the exposure of fair value interest rate risk arising from variable-rate borrowings is insignificant as the exposure is reduced by interest rate swap and cross currency swap contracts of the Group.

In the opinion of the management, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

##### *(iii) Other price risk*

The Group's other price risk is mainly concentrated on the supply chain assets at FVTOCI. Details are set out in note 24.

For the outstanding supply chain assets at FVTOCI, if the risk adjusted discount rate of the counterparties had been 1% (2023: 1%) increase/decrease, post-tax OCI for the year ended 31 December 2024 would decrease/increase by RMB11,969,000/RMB11,351,000 (2023: RMB24,241,000/RMB24,687,000) as a result of the changes in the market price of debt financing instrument.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) 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 supply chain assets at FVTOCI, debt instrument at amortised cost, loans to an associate, loan receivable, receivables arising from refinancing of supply chain assets upon derecognition, receivables from guarantee customers, trade and bill receivables, other receivables, time deposits, pledged bank deposits, cash and cash equivalents and financial guarantee contracts.

The carrying amount of the Group's financial assets at FVTPL best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

Except for financial assets at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

#### *Supply chain assets at FVTOCI/financial guarantee contracts in relation to third parties/receivables from guarantee customers*

As at 31 December 2024, The Group's concentration of credit risk on supply chain assets and financial guarantee contracts in relation to third parties by geographical locations is mainly in PRC, which accounted for 100% (31 December 2023: 100%) of the aggregate outstanding balance at the respective year end date.

As at 31 December 2024, the Group's concentration of credit risk on supply chain assets included five major counterparties accounting for 67% (31 December 2023: 39%) and the largest counterparty accounting for 17% (31 December 2023: 9%), of the aggregate outstanding balance at the respective year end date.

In order to minimise the credit risk in relation to supply chain assets and financial guarantee contracts in relation to third parties, 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 has closely monitored the recoverability of the receivables (i.e. supply chain assets and receivables from guarantee customers) to these counterparties, ensured adequate collateral is received from these counterparties and taken effective measures to ensure timely collection of outstanding balances. In this regard, the directors of the Company consider that the credit risk of the Group is significantly reduced.

In addition, the management of the Group performs impairment assessment under ECL model based on internal credit rating. Details of the quantitative disclosures are set out below in this note.

#### *Debt instrument at amortised cost*

For debt instrument at amortised cost, the management of the Group performs impairment assessment under ECL model based on internal credit rating. details of the amount of impairment are set out below in this note.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Credit risk and impairment assessment (continued)*

##### *Loans to an associate/financial guarantee contracts in relation to associates*

The Group regularly monitors the business performance of associates. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to participate the relevant activities of associates. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 December 2024 and 2023, the Group assessed the ECL for loans to an associate and financial guarantee contracts in relation to associates and details of the amount of impairment are set out below in this note.

##### *Trade and bill receivables*

The Group always recognises lifetime ECL for trade receivables and ECL on these assets are assessed individually based on internal credit rating. For the year ended 31 December 2024 and 2023, the Group assessed the ECL for trade and bill receivables and details of the amount of impairment are set out below in this note.

##### *Receivables arising from refinancing of supply chain assets upon derecognition/other receivables*

For receivables arising from refinancing of supply chain assets upon derecognition and other receivables, the management makes periodic individual assessment on the recoverability of receivables arising from refinancing of supply chain assets upon derecognition and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for receivables arising from refinancing of supply chain assets upon derecognition and other receivables are insignificant and thus no loss allowance is recognised.

##### *Time deposits/pledged bank deposits/cash and cash equivalents*

Credit risk on time deposits/pledged bank deposits/cash and cash equivalents is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for time deposits/pledged bank deposits/cash and cash equivalents by reference to information relating to PD and LGD of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on time deposits/pledged bank deposits/cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

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

Internal credit rating	Description	Supply chain assets/ financial guarantee contracts/other financial assets	Trade receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL	Lifetime ECL – not credit-impaired
Watch list	The repayment schedule is extended over 30 days or past due or there have been significant increases in credit risk	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired or more than 90 days past-due	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the customer is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

#### As at 31 December 2024

	External/internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount/ exposure RMB'000	Impairment loss allowance RMB'000
Supply chain assets at FVTOCI	Low risk	12m ECL	1.06%	4,864,419	51,371
	Watch list	Lifetime ECL (not credit-impaired)	7.35%	71,600	5,260
	Loss	Lifetime ECL (credit-impaired)	16.74%	4,875	816
				4,940,894	57,447

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

As at 31 December 2024 (continued)

	External/internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount/ exposure RMB'000	Impairment loss allowance RMB'000
<b>Financial assets at amortised cost</b>					
Cash and cash equivalents	AAA/BBB+	12m ECL	–	515,614	–
Pledged bank deposits	AAA/BBB+	12m ECL	–	1,401,405	–
Loans to an associate	Low risk	12m ECL	0.17%	198,535	334
Receivables from guarantee customers	Low risk	12m ECL	0.91%	6,068	55
	Watch list	Lifetime ECL (not credit-impaired)	2.74%	73	2
Receivables from sales of supply chain assets	Low risk	12m ECL	–	4,128	–
Trade and bill receivables	Low risk	Lifetime ECL (not credit-impaired)	0.52%	51,852	269
Other receivables	N/A (note i)	12m ECL	–	83,423	–
				2,261,098	660
<b>Financial guarantee contracts (note ii)</b>					
In relation to third parties	Low risk	12m ECL	1.03%	4,477,513	46,139
	Watch list	Lifetime ECL (not credit-impaired)	1.57%	20,945	328
	Loss	Lifetime ECL (credit-impaired)	27.66%	235	65
In relation to associates	Low risk	12m ECL	0.17%	7,427,110	12,338
				11,925,803	58,870

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

As at 31 December 2023

	External/internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount/ exposure RMB'000	Impairment loss allowance RMB'000
Supply chain assets at FVTOCI	Low risk	12m ECL	1.07%	7,673,021	82,365
	Watch list	Lifetime ECL (not credit-impaired)	4.51%	64,459	2,907
				7,737,480	85,272

#### Financial assets at amortised cost

Cash and cash equivalents	AAA/BBB+	12m ECL	–	658,210	–
Pledged bank deposits	AAA/BBB+	12m ECL	–	866,450	–
Time deposits	A	12m ECL	–	128,830	–
Debt instrument at amortised cost	Low risk	12m ECL	0.52%	19,068	100
Loans to an associate	Low risk	12m ECL	0.18%	370,397	670
Receivables from guarantee customers	Low risk	12m ECL	0.93%	6,458	60
	Watch list	Lifetime ECL (not credit-impaired)	6.67%	15	1
Trade and bill receivables	Low risk	Lifetime ECL (not credit-impaired)	0.69%	70,421	483
Other receivables	N/A (note i)	12m ECL	–	20,279	–
				2,140,128	1,314

#### Financial guarantee contracts (note ii)

In relation to third parties	Low risk	12m ECL	1.03%	2,507,028	25,739
	Watch list	Lifetime ECL (not credit-impaired)	3.80%	17,756	674
In relation to associates	Low risk	12m ECL	0.17%	2,109,247	3,687
				4,634,031	30,100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Credit risk and impairment assessment (continued)*

Notes:

- (i) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2024 and 2023, all of other receivables were not past due.
- (ii) For financial guarantee contracts, the amount represents the maximum amount the Group has guaranteed under the contract.

The movements in the allowance for impairment in respect of supply chain assets at FVTOCI during the reporting period were as follows:

	12m ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	92,010	2,675	–	94,685
Changes due to supply chain assets at FVTOCI recognised as at 1 January:				
– Transfer to lifetime ECL				
– not credit-impaired	(3,208)	3,208	–	–
– Impairment losses, net of reversal	(87,751)	(3,286)	–	(91,037)
– Disposal	–	(2,597)	–	(2,597)
New financial assets purchased, net of settlement	82,090	2,907	–	84,997
New financial assets disposed	(776)	–	–	(776)
As at 31 December 2023	82,365	2,907	–	85,272
Changes due to supply chain assets at FVTOCI recognised as at 1 January:				
– Transfer to 12m ECL	63	(63)	–	–
– Transfer to lifetime ECL				
– not credit-impaired	(1,280)	1,280	–	–
– Transfer to lifetime ECL				
– credit-impaired	(32)	–	32	–
– Impairment losses, net of reversal	(65,120)	(11)	592	(64,539)
– Disposal	–	(962)	–	(962)
New financial assets purchased, net of settlement	59,689	6,553	192	66,434
New financial assets disposed	–	(1,265)	–	(1,265)
Acquisition of subsidiaries	1,233	–	–	1,233
Disposals of subsidiaries	(25,547)	(3,179)	–	(28,726)
As at 31 December 2024	51,371	5,260	816	57,447



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Credit risk and impairment assessment (continued)*

The movements in the gross carrying amount of supply chain assets at FVTOCI were as follows:

	12m ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	8,441,306	68,266	–	8,509,572
Changes due to supply chain assets at FVTOCI recognised as at 1 January:				
– Transfer to lifetime ECL				
– not credit-impaired	(131,962)	131,962	–	–
– Settlement	(8,205,151)	(68,249)	–	(8,273,400)
– Disposal	–	(131,962)	–	(131,962)
New financial assets purchased	16,908,625	3,985	–	16,912,610
New financial assets settled	(7,609,016)	60,457	–	(7,548,559)
New financial assets disposed	(1,730,781)	–	–	(1,730,781)
As at 31 December 2023	7,673,021	64,459	–	7,737,480
Changes due to supply chain assets at FVTOCI recognised as at 1 January:				
– Transfer to 12m ECL	515	(515)	–	–
– Transfer to lifetime ECL				
– not credit-impaired	(149,789)	149,789	–	–
– Transfer to lifetime ECL				
– credit-impaired	(5,612)	–	5,612	–
– Settlement	(6,209,013)	(89,559)	(1,713)	(6,300,285)
– Disposal	–	(28,433)	–	(28,433)
New financial assets purchased	14,415,028	61,879	1,618	14,478,525
New financial assets settled	(6,564,761)	(3,229)	(642)	(6,568,632)
New financial assets disposed	(2,184,564)	(15,986)	–	(2,200,550)
Acquisition of subsidiaries	120,005	–	–	120,005
Disposals of subsidiaries	(2,230,411)	(66,805)	–	(2,297,216)
As at 31 December 2024	4,864,419	71,600	4,875	4,940,894

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Credit risk and impairment assessment (continued)*

The movements in the allowance for impairment in respect of debt instrument at amortised cost, loans to an associate and trade and bill receivables during the reporting period were as follows:

	12m ECL Debt instrument at amortised cost RMB'000	Loans to an associate RMB'000	Lifetime ECL not credit-impaired trade and bill receivables RMB'000
As at 1 January 2023	100	480	404
Changes due to financial assets recognised as at 1 January:			
– Impairment losses, net of reversal	–	(342)	(309)
New financial assets purchased, net of settlement	–	532	388
As at 31 December 2023	100	670	483
Changes due to financial assets recognised as at 1 January:			
– Impairment losses, net of reversal	(100)	(336)	(349)
New financial assets purchased, net of settlement	–	–	135
As at 31 December 2024	–	334	269

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Credit risk and impairment assessment (continued)*

The movements in the gross carrying amount of debt instrument at amortised cost, loans to an associate and trade and bill receivables were as follows:

	12m ECL Debt instrument at amortised cost RMB'000	Loans to an associate RMB'000	Lifetime ECL not credit-impaired trade and bill receivables RMB'000
As at 1 January 2023	19,081	199,865	53,876
Changes due to financial assets recognised as at 1 January:			
– Settlement	(13)	(123,930)	(38,239)
New financial assets purchased, net of settlement	–	294,462	54,784
As at 31 December 2023	19,068	370,397	70,421
Changes due to financial assets recognised as at 1 January:			
– Settlement	(19,068)	(171,862)	(46,858)
New financial assets purchased, net of settlement	–	–	28,289
As at 31 December 2024	–	198,535	51,852

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Credit risk and impairment assessment (continued)*

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

	12m ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	52	4	56
Changes due to receivables from guarantee customers recognised as at 1 January:			
– Impairment losses, net of reversal	(52)	(4)	(56)
New financial guarantee contracts entered, net of settlement	60	1	61
As at 31 December 2023	60	1	61
Changes due to receivables from guarantee customers recognised as at 1 January:			
– Impairment losses, net of reversal	(60)	(1)	(61)
New financial guarantee contracts entered, net of settlement	55	2	57
As at 31 December 2024	55	2	57

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Credit risk and impairment assessment (continued)*

The movements in the gross carrying amount of receivables from guarantee customers were as follows:

	12m ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	4,526	88	4,614
Changes due to receivables from guarantee customers recognised as at 1 January:			
– Settlement	(4,526)	(88)	(4,614)
New financial guarantee contracts entered, net of settlement	6,458	15	6,473
As at 31 December 2023	6,458	15	6,473
Changes due to receivables from guarantee customers recognised as at 1 January:			
– Settlement	(6,458)	(15)	(6,473)
New financial guarantee contracts entered, net of settlement	6,068	73	6,141
As at 31 December 2024	6,068	73	6,141

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### *Credit risk and impairment assessment (continued)*

The movements in the allowance for impairment in respect of financial guarantee contracts during the reporting period were as follows:

	12m ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	23,415	838	–	24,253
Changes due to financial guarantee contracts recognised as at 1 January:				
– Transfer to lifetime ECL				
– not credit-impaired	(558)	558	–	–
– Impairment losses, net of reversal	(22,857)	1,409	–	(21,448)
– Disposal	–	(2,805)	–	(2,805)
New financial guarantee contracts entered, net of settlement	29,426	674	–	30,100
As at 31 December 2023	29,426	674	–	30,100
Changes due to financial guarantee contracts recognised as at 1 January:				
– Transfer to lifetime ECL				
– not credit-impaired	(2,236)	2,236	–	–
– Impairment losses, net of reversal	(26,802)	8,576	–	(18,226)
– Disposal	–	(11,486)	–	(11,486)
New financial guarantee contracts entered, net of settlement	58,089	328	65	58,482
As at 31 December 2024	58,477	328	65	58,870

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

The movements in the exposure of financial guarantee contracts were as follows:

	12m ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2023	2,342,449	19,551	–	2,362,000
Changes due to financial guarantee contracts recognised as at 1 January:				
– Transfer to lifetime ECL				
– not credit-impaired	(53,106)	53,106	–	–
– Settlement	(2,289,343)	(16,551)	–	(2,305,894)
– Disposal	–	(56,106)	–	(56,106)
New financial guarantee contracts entered	5,264,722	18,133	–	5,282,855
New financial guarantee contracts expired	(648,447)	(377)	–	(648,824)
As at 31 December 2023	4,616,275	17,756	–	4,634,031
Changes due to financial guarantee contracts recognised as at 1 January:				
– Transfer to lifetime ECL				
– not credit-impaired	(218,000)	218,000	–	–
– Settlement	(4,165,126)	(6,056)	–	(4,171,182)
– Disposal	–	(229,700)	–	(229,700)
New financial guarantee contracts entered	12,373,022	22,634	235	12,395,891
New financial guarantee contracts expired	(701,548)	(1,689)	–	(703,237)
As at 31 December 2024	11,904,623	20,945	235	11,925,803

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## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### 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 operations of the Group, and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

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 and financial liabilities.

In addition, the following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted gross inflows and outflows on those derivative instruments that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of each reporting period and projected exchange rates. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average effective interest rate %	On demand/ less than 1 month RMB'000	1 month to 3 months RMB'000	3 months to 1 year RMB'000	over 1 year RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2024							
<i>Non-derivative financial liabilities</i>							
Loans from related parties	6.95	51,977	145,568	2,057,157	–	2,254,702	2,236,530
Borrowings	3.78	698,904	700,728	1,339,650	197,715	2,936,997	2,899,520
Trade and other payables		339,877	–	–	–	339,877	339,877
Lease liabilities	5.52	914	1,752	7,885	534	11,085	10,739
Other financial liabilities at FVTPL		–	14,392	259,724	300,000	574,116	568,801
		1,091,672	862,440	3,664,416	498,249	6,116,777	6,055,467
Maximum amount guaranteed (note)		312,592	1,607,435	8,159,516	1,846,260	11,925,803	64,114
<i>Derivatives – net settlement</i>							
Foreign currency forward contracts		–	–	5,165	–	5,165	5,091
Interest rate swap contract		–	–	563	–	563	438
		–	–	5,728	–	5,728	5,529



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management objectives and policies (continued)

#### Liquidity risk (continued)

	Weighted average effective interest rate %	On demand/less than 1 month RMB'000	1 month to 3 months RMB'000	3 months to 1 year RMB'000	over 1 year RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2023							
<i>Non-derivative financial liabilities</i>							
Loans from related parties	7.42	69,975	140,857	785,049	2,573	998,454	962,953
Borrowings	4.75	505,842	713,645	3,628,014	1,651,841	6,499,342	6,219,986
Trade and other payables		153,767	643	11,083	–	165,493	165,493
Lease liabilities	5.60	1,017	1,848	8,100	10,490	21,455	19,969
Other financial liabilities at FVTPL		–	–	65,905	–	65,905	61,208
		730,601	856,993	4,498,151	1,664,904	7,750,649	7,429,609
Maximum amount guaranteed (note)		721,025	141,254	3,013,122	758,630	4,634,031	32,394
<i>Derivatives – net settlement</i>							
Foreign currency forward contracts		3,948	–	(6,052)	–	(2,104)	(1,995)
Interest rate swap contract		2,535	(2,066)	(1,947)	–	(1,478)	(1,431)
		6,483	(2,066)	(7,999)	–	(3,582)	(3,426)
<i>Derivatives – gross settlement</i>							
Foreign currency forward contracts							
– inflow		–	106,987	103,825	–	210,812	208,881
– outflow		–	(99,812)	(101,193)	–	(201,005)	(199,152)
Foreign exchange swap contract							
– inflow		–	3,831	248,089	–	251,920	246,986
– outflow		–	(2,127)	(249,214)	–	(251,341)	(248,805)
		–	8,879	1,507	–	10,386	7,910

Note: The maximum amount guaranteed in respect of financial guarantees represents the total amount of liability should all customers default. Since a significant portion of guarantee is expected to expire without being called upon, the maximum liabilities do not represent expected future cash outflows.

The amounts included above for variable interest rate instruments for financial assets and financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 40. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments

#### *Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis*

Some of the Group's financial assets are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Set out below is the information about how the fair values of the Group's financial instruments that are measured at fair value are determined, including the valuation techniques and inputs used:

#### Fair value hierarchy as at 31/12/2024

	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets:</b>			
Derivative financial instruments	14,189	—	14,189
Other financial assets at FVTPL	191,373	618,837	810,210
Supply chain assets at FVTOCI	—	4,891,307	4,891,307
Equity instruments at FVTOCI	—	62,711	62,711
	205,562	5,572,855	5,778,417
<b>Financial liabilities:</b>			
Derivative financial instruments	5,529	—	5,529
Other financial liabilities at FVTPL	—	568,801	568,801
	5,529	568,801	574,330

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments (continued)

*Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis (continued)*

Fair value hierarchy as at 31/12/2023

	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets:</b>			
Derivative financial instruments	14,063	–	14,063
Other financial assets at FVTPL	326,975	289,102	616,077
Supply chain assets at FVTOCI	–	7,663,344	7,663,344
Equity instruments at FVTOCI	100	61,398	61,498
	341,138	8,013,844	8,354,982
<b>Financial liabilities:</b>			
Derivative financial instruments	9,579	–	9,579
Other financial liabilities at FVTPL	–	61,208	61,208
	9,579	61,208	70,787

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments (continued)

*Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis (continued)*

Financial assets/ liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2024 RMB'000	2023 RMB'000			
Foreign currency forward contracts	Assets – 14,189 Liabilities – 5,091	Assets – 13,672 Liabilities – 5,938	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Foreign exchange swap contracts	Liabilities – 438	Liabilities – –	Level 2	Discounted cash flow. Future cash flows are estimated based on spot exchange rates (from observable spot exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Interest rate swap contracts	Assets – – Liabilities – –	Assets – 391 Liabilities – 1,822	Level 2	Discounted cash flow. Future cash flows are estimated based on spot exchange rates (from observable spot exchange rates at the end of the reporting period) and forward interest rates (from observable yield curves at the end of the reporting period), discounted at a rate that reflects the credit risk of various counterparty.	N/A

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments (continued)

*Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis (continued)*

Financial assets/ liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2024 RMB'000	2023 RMB'000			
Cross currency swap contracts	Liabilities – –	Liabilities – 1,819	Level 2	Discounted cash flow. Future cash flows are estimated based on spot exchange rates (from observable spot exchange rates at the end of the reporting period) and contracted forward rates, as well as forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Other financial assets at FVTPL – wealth management products	Assets – 65,390	Assets – 102,685	Level 2	Discounted cash flow. Future cash flows are estimated based on exchange rates (from observable exchange rates at the end of the reporting period).	N/A
Other financial assets at FVTPL – unlisted investment funds	Assets – 81,433	Assets – 224,290	Level 2	Recent transaction price	N/A
	Assets – 355,644	Assets – 21,061	Level 3	Net assets value of the underlying investments	The higher the net assets value, the higher fair value.
Other financial assets at FVTPL – unlisted equity investments	Assets – 44,550	Assets – –	Level 2	Recent transaction price	N/A
	Assets – 31,000	Assets – 75,550	Level 3	Discounted cash flow. Discount rate and cash flows are key inputs	The higher cash flows, the higher fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments (continued)

*Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis (continued)*

Financial assets/ liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2024 RMB'000	2023 RMB'000			
Other financial assets at FVTPL – equity tranche	Assets – 230,522	Assets – 190,962	Level 3	Discounted cash flow. Risk-adjusted discount rate cash flows are key inputs	The higher discount rate, the lower fair value.  The higher cash flows, the higher fair value.
Other financial assets at FVTPL – trust fund	Assets – 1,671	Assets – 1,529	Level 3	Discounted cash flow. Risk-adjusted discount rate and cash flow are key inputs	The higher discount rate, the lower fair value.
Equity instruments at FVTOCI – unlisted	Assets – –	Assets – 100	Level 2	Recent transaction price	N/A
equity investments	Assets – 600	Assets – 200	Level 3	Net assets value of the underlying investments	The higher the net assets value, the higher fair value.
	Assets – 62,111	Assets – 61,198	Level 3	Market Approach Market Cap/Book value multiple	The higher implied multiple, the higher fair value.
Supply chain assets at FVTOCI	Assets – 4,891,307	Assets – 7,663,344	Level 3	Discounted cash flow. Risk-adjusted discount rate and cash flow are key inputs	Discount rate (note)
Other financial liabilities at FVTPL – structured notes	Liabilities – 74,116	Liabilities – 61,208	Level 3	Discounted cash flow. Discount rate and cash flows are key inputs	The higher discount rate, the lower fair value.  The higher cash flows, the higher fair value.
Other financial liabilities at FVTPL – deferred contingent consideration	Liabilities – 494,685	Liabilities – –	Level 3	Discounted cash flow. Discount rate and cash flows are key inputs	The higher discount rate, the lower fair value.  The higher cash flows, the higher fair value.

Note: As at 31 December 2024, the discount rate of the supply chain assets range mainly from 5.00% to 15.50% (31 December 2023: 4.90% to 14.00%). A 1% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of supply chain assets at FVTOCI by RMB11,969,000/RMB11,351,000 (31 December 2023: RMB24,241,000/RMB24,687,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 40. FINANCIAL INSTRUMENTS (continued)

### (c) Fair value measurements of financial instruments (continued)

#### *Fair value of financial instruments that are recorded at amortised cost*

The fair values of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

#### *Reconciliation of Level 3 fair value measurements*

	Other financial assets at FVTPL RMB'000	Equity instruments at FVTOCI RMB'000	Supply chain assets at FVTOCI RMB'000	Other financial liabilities at FVTPL RMB'000
At 1 January 2023	214,509	53,429	8,422,078	–
Transfer into level 3	30,000	200	–	–
Purchases/origination	189,046	–	16,912,610	92,115
Settlements	(154,094)	–	(15,821,959)	(43,857)
Disposal	–	–	(1,859,370)	–
Fair value changes through OCI, net of reclassification adjustment to profit or loss (note i)	–	7,769	9,985	–
Fair value changes through profit or loss	9,641	–	–	12,950
At 31 December 2023	289,102	61,398	7,663,344	61,208
Transfer out of level 3 (note ii)	(44,550)	–	–	–
Transfer into level 3 (note ii)	224,290	100	–	–
Purchases/origination	111,170	300	14,478,525	72,429
Settlements	(221,480)	–	(12,868,917)	(63,901)
Acquisition of subsidiaries	106,936	–	119,109	489,796
Disposal of subsidiaries	131,860	–	(2,263,850)	–
Disposal	–	–	(2,226,756)	–
Fair value changes through OCI, net of reclassification adjustment to profit or loss (note i)	–	913	(10,148)	–
Fair value changes through profit or loss	21,509	–	–	9,269
At 31 December 2024	618,837	62,711	4,891,307	568,801

Note:

- (i) Details of the amount recognised in OCI to profit and loss in relation to supply chain assets at FVTOCI derecognised during the year are set out in note 12(b).
- (ii) During the year ended 31 December 2024, the Group has transferred its unlisted equity investment at FVTPL amounting to RMB44,550,000 from level 3 to level 2, as the valuation technique of the investment is changed from discounted cash flow method to recent transaction price. In addition, the Group has also transferred its unlisted equity investment at FVTOCI amounting to RMB100,000 from level 2 to level 3, as the valuation technique of the investment is changed from recent transaction price method to net assets value of the underlying investments.

All gains and losses included in OCI relate to supply chain assets at FVTOCI are reported as changes of FVTOCI reserves.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 40. FINANCIAL INSTRUMENTS (continued)

### (d) Transfers of financial assets

The following were the Group's supply chain assets that were transferred to banks, non-bank financial institutions, associates and companies by discounting those supply chain assets on a full recourse basis or with repurchase obligation. As the Group has not transferred the substantially all risks and rewards relating to these supply chain assets, it continues to recognise the full carrying amount of the supply chain assets and has recognised the cash received on the transfer as borrowings (note 32) and loans from related parties (note 38(b)(vi)).

	Supply chain assets	
	31/12/2024 RMB'000	31/12/2023 RMB'000
Carrying amount of transferred assets	3,067,083	3,208,771
Carrying amount of associated liabilities	3,018,251	3,965,045
Net position	48,832	(756,274)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

The table below details changes in the Group's liabilities arising from financing activities. 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.

	Borrowings	Other financial liabilities at FVTPL	Lease liabilities	Loans from related parties	Dividend payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	6,240,310	–	6,374	370,052	1,675	6,618,411
Financing cash flows	(532,109)	48,258	(14,101)	335,198	(70,634)	(233,388)
Dividends declared	–	–	–	–	99,295	99,295
New leases entered/lease modified	–	–	26,434	–	–	26,434
Non-cash transactions (note)	165,389	–	–	203,618	–	369,007
Fair value adjustments	–	12,950	–	–	–	12,950
Exchange adjustments	(7,068)	–	14	–	–	(7,054)
Interest and guarantee expenses	353,464	–	1,248	54,085	–	408,797
At 31 December 2023	6,219,986	61,208	19,969	962,953	30,336	7,294,452
Financing cash flows	(1,836,859)	8,528	(11,212)	43,807	(270,883)	(2,066,619)
Acquisition of subsidiaries	–	489,796	–	–	–	489,796
Disposal of subsidiaries	(3,245,031)	–	(312)	1,081,433	–	(2,163,910)
Dividends declared	–	–	–	–	240,893	240,893
New leases entered/lease modified	–	–	1,379	–	–	1,379
Non-cash transactions (note)	1,571,303	–	–	(27,854)	–	1,543,449
Fair value adjustments	–	9,269	–	–	–	9,269
Exchange adjustments	8,119	–	–	–	–	8,119
Interest and guarantee expenses	182,002	–	915	176,191	–	359,108
At 31 December 2024	2,899,520	568,801	10,739	2,236,530	346	5,715,936

Note: During the year ended 31 December 2024, the Group recognised borrowings of RMB1,543,449,000 (2023: RMB369,007,000) represent the drawdown of bank borrowings used for direct payments to its customers, as agreed upon between the bank and the Group.

During the year ended 31 December 2024, the Group disposed of WXGJ. As part of the transfer, non-cash adjustments resulting from settlement of loans from related parties amounting to RMB27,854,000 by Wuxi Taihu New City Group were derecognised.

During the year ended 31 December 2023, WXTH transfer 20% equity interest in WXGJ to Wuxi Taihu New City. As part of the transfer, non-cash adjustments resulting from settlement of borrowings amounting to RMB203,618,000 by related parties were recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 42. ACQUISITION OF SUBSIDIARIES

In July 2024, the Group acquired 100% interest in Great Style which is a holding company with equity interests in 3 subsidiaries (including HJ, an associate of the Group before July 2024) which principally engaged in supply chain financing and investment business, from an independent third party. Great Style was acquired with the objective of expanding the Group's relevant business. The acquisition has been accounted for as acquisition of business using the acquisition method.

### Consideration transferred

	RMB'000
Cash	300,000
Contingent consideration arrangement (Note)	489,796
<b>Total</b>	<b>789,796</b>

Note: Based on the relevant agreement, the Group is required to pay a maximum amount of RMB200,000,000 if adjusted net profit of Great Style and its subsidiaries (collectively referred to as the "Great Style Group") in the calendar year 2024 exceeds RMB20,000,000 and pay a maximum amount of RMB300,000,000 if cumulated adjusted net profit of Great Style Group in the calendar years 2024 and 2025 exceeds RMB45,000,000. The fair value of such contingent arrangement amounted to RMB494,685,000 as at the end of the reporting period and has been included in other financial liabilities at FVTPL on the consolidated statement of financial position.

Acquisition-related costs have been excluded from the consideration transferred and have been recognised as an expense in the current year, in the consolidated statement of profit or loss.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Equipment	40
Intangible assets	198,583
Other financial assets at FVTPL	106,936
Supply chain assets at FVTOCI	119,109
Other receivables, prepayments and others	146
Cash and cash equivalents	18,253
Other payables and accrued charges	(3,442)
Income tax payable	(2,935)
Deferred tax liabilities	(49,617)
	<b>387,073</b>
<b>Goodwill arising on acquisition:</b>	
Consideration transferred	789,796
Fair value of previously equity interest held as interest in HJ	62,242
Less: fair value of net identifiable assets acquired	(387,073)
<b>Goodwill arising on acquisition</b>	<b>464,965</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 42. ACQUISITION OF SUBSIDIARIES (continued)

### Consideration transferred (continued)

Goodwill arose on the acquisition of Great Style because the cost of the combination included a control premium. In addition, the goodwill included amounts in relation to further expansion of industry coverage of the Group's supply chain technology platform and strengthens the development of its existing business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

### Net cash outflow on acquisition of Great Style:

	RMB'000
Cash consideration paid	300,000
Less: cash and cash equivalents balances acquired	(18,253)
	281,747

### Fair value of equity interest previously held in HJ as at acquisition date

The fair value of HJ was estimated by an independent and professionally qualified valuer using present value techniques. The fair value is determined using income approach based on expected cash flows generated by HJ.

As at acquisition date, the fair value of previously equity interest in HJ held as interest in an associate was RMB62,242,000, while the book value of previously equity interest in HJ held as interest in an associate was RMB12,985,000, the difference of RMB49,257,000 had been recognised as a gain on remeasurement of previously held interest in an associate becoming a subsidiary and included in the "other gain and losses" line item in the consolidated statement of profit or loss. The amount of RMB25,000 was previously recognised in OCI and was reclassified to profit or loss.

### Impact of acquisition on the results of the Group

Included in the profit for the year is RMB40,804,000 attributable to the additional business generated by Great Style Group. Revenue for the year includes RMB51,243,000 generated from Great Style Group.

Had the acquisition been completed on 1 January 2024, revenue for the year of the Group would have been RMB939,795,000, and profit for the year of the Group would have been RMB354,292,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Great Style Group been acquired at the beginning of the current year, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of equipment at the date of the acquisition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 43. DISPOSAL OF SUBSIDIARIES

### (a) Deemed disposal of WXGJ

On 28 February 2024, the Group entered into a collaboration agreement (the “**Agreement**”) with Wuxi Taihu New City which agreed to contribute a total of RMB569,400,000 into WXGJ, an indirectly held subsidiary of the Company. Upon the completion of the transaction on 29 February 2024, the Group’s equity interest in WXGJ diluted from 80% to 49% with a loss of control. On the same day, the Group’s retained interest over WXGJ was remeasured to its fair value, which became the initial carrying amount for the purposes of subsequently accounting for such retained interest as investment in an associate as the Group has retained significant influence over WXGJ.

Based on the assessment of the directors of the Company, in their opinions, the possibility regarding of the occurrence of the specified events as stipulated in the Agreement that would trigger the repurchase of the shares is remote, and the fair value of the put option as at 31 December 2024 is considered as insignificant.

	29/2/2024 RMB'000
<b>Analysis of assets and liabilities over which control was lost:</b>	
Property and equipment	69
Intangible assets	113,000
Deferred tax assets	9,015
Right-of-use assets	229
Supply chain assets at FVTOCI	3,707,278
Other receivables, prepayments and others	8,866
Pledged bank deposits	236,594
Cash and cash equivalents	200,665
Derivative financial instruments	(1,940)
Amount due to CMS-SY ABSs	(376,247)
Other payables and accrued charges	(14,553)
Borrowings	(2,029,575)
Loans from related parties	(752,060)
Loans from CMS-SY ABSs	(586,215)
Lease liabilities	(312)
Net assets disposed of	514,814
<b>Gain on disposal of a subsidiary:</b>	
Fair value of 49% equity interest of WXGJ	734,752
Goodwill	(316,028)
Net assets disposed of	(514,814)
Non-controlling interests	101,191
Reclassification of cumulative FVTOCI reserves upon disposal of WXGJ to profit or loss	(3,966)
Gain on disposal	1,135
<b>Net cash outflow arising on disposal:</b>	
Cash consideration	—
Less: cash and cash equivalents disposed of	200,665
	(200,665)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 43. DISPOSAL OF SUBSIDIARIES (continued)

- (b) **Deemed disposal of 招商證券-盛業科技第1期資產支持專項計畫, 招商證券-盛業科技第2期資產支持專項計畫, 招商證券-盛業科技第3期資產支持專項計畫and 招商證券-盛業科技第4期資產支持專項計畫(collectively, the “CMS-SY ABSs”)**

As being the assets service agency of CMS-SY ABSs and held the equity tranche interests in these structured entities, the Group considers it has control over such structured entities and these structured entities are consolidated by the Group. With the deemed disposal of WXGJ set out in (a), the directors of the company considered the Group has loss the control over CMS-SY ABSs as the Group has loss control over WXGJ, which being the assets service agency of these structured entities. On the same day, the Group's retained equity tranche interests over CMS-SY ABSs was remeasured to its fair value and accounted for as other financial assets at FVTPL.

	29/2/2024 RMB'000
<b>Analysis of assets and liabilities over which control was lost:</b>	
Deferred tax assets	519
Supply chain assets at FVTOCI	374,843
Loans to WXGJ	586,215
Amount due from WXGJ	376,247
Cash and cash equivalents	6,271
Borrowings	(1,215,456)
<b>Net assets disposed of</b>	<b>128,639</b>
<b>Gain on disposal of subsidiaries:</b>	
Fair value of equity tranche of CMS-SY ABSs	131,860
Net assets disposed of	(128,639)
Reclassification of cumulative FVTOCI reserves upon disposal CMS-SY ABSs to profit or loss	821
<b>Gain on disposal</b>	<b>4,042</b>
<b>Net cash outflow arising on disposal:</b>	
Cash consideration	—
Less: cash and cash equivalents disposed of	6,271
	(6,271)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 43. DISPOSAL OF SUBSIDIARIES (continued)

### (c) Deregistration of subsidiaries

In March and October 2024, the Group de-registered Khorgos Yong Zhuo Factoring Limited ("YZF"), Sheng Ye Yi Lian Technology (Wuxi) Limited ("SYYL") and Sheng Ye Zhi Zhu Technology (Wuxi) Limited ("SYZZ"), subsidiaries of the Company, respectively. There were no profit or loss and cash flows of YZF, SYYL and SYZZ recognised on the consolidated financial statements for the reporting period.

In August and October 2023, the Group de-registered Qixi Information Technology Service (Shanghai) Co., Limited ("QXIT") and Sheng Ye (Shenzhen) Factoring Limited ("SYSZF"), subsidiaries of the Company, respectively.

The net assets of QXIT and SYSZF at the respective dates of deregistration were as follows:

	RMB'000
Cash and cash equivalents	87,933
Net assets upon deregistration of subsidiaries	87,933
<b>Loss on deregistration of subsidiaries:</b>	
Cash distributed to the Group received	44,846
Net assets upon deregistration of subsidiaries	(87,933)
Non-controlling interests	42,612
Loss on deregistration of subsidiaries	(475)
<b>Net cash outflow arising on deregistration:</b>	
Cash distributed to the Group	44,846
Less: Cash and cash equivalents upon deregistration of subsidiaries	(87,933)
	(43,087)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 44. PARTICULARS OF SUBSIDIARIES

### General information of subsidiaries

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Place and date of incorporation/ establishment/operations	Particulars of issued/registered capital	Proportion of ownership interest/ voting rights held by the Group as at 31 December		Principal activities
			2024	2023	
<i>Directly owned</i>					
Sheng Ye International Capital Limited (盛業國際資本有限公司)	British Virgin Islands (“BVI”) 24 September 2013	US\$100,000,000	100%	100%	Investment holding
<i>Indirectly owned</i>					
Sheng Ye Global Limited (盛業環球有限公司)	Hong Kong 9 October 2013	HK\$1	100%	100%	Investment holding
Sheng Ye Information Technology Service (Shenzhen) Co., Limited* (盛業信息科技服務(深圳)有限公司*)	PRC 11 March 2016	RMB325,000,000	100%	100%	Provision of IT service
Tianjin Sheng Ye (Group) Limited* (天津盛業(集團)有限公司*)	PRC 2 November 2017	RMB2,561,000,000	100%	100%	Provision of management service
SY Factoring Limited* (盛業商業保理有限公司#) 26 December 2013	PRC	RMB1,670,000,000	100%	100%	Provision of supply chain service
Sheng Long Information Technology Service (Ningbo) Co., Limited (盛隆信息科技服務(寧波)有限公司*)	PRC 9 July 2019	RMB175,000,000	100%	93%	Provision of IT service
Sheng Ye Financing Guarantee Limited* (盛業融資擔保有限公司*)	PRC 14 August 2020	RMB300,000,000	100%	100%	Provision of guarantee service
Tianjin Sheng Ye Investment Limited* (天津盛業投資有限公司*)	PRC 18 May 2021	RMB75,000,000	100%	100%	Provision of investment service
Shengzhi Construction & Development Co, Ltd* (盛智建設發展(無錫)有限公司*)	PRC 26 January 2022	RMB300,000,000	100%	100%	Property development
Qingdao SY Sunful Supply Chain Management Limited* (青島盛業曉盛供應鏈管理有限公司*)	PRC 14 November 2022	RMB248,000,000	100%	100%	Provision of supply chain service
Tianjin Xiangsheng Supply Chain Management Limited* (天津象盛供應鏈管理有限公司*) (“TJXS”)	PRC 6 December 2022	RMB130,000,000	100%	82%	Provision of supply chain service
WXGJ (note 43)	PRC 12 June 2018	RMB489,800,000	N/A	80%	Provision of supply chain service
Great Style (note 42)	BVI 24 September 2018	US\$50,000	100%	N/A	Investment holding

# English translated name is for identification purpose only.

\* The entities are wholly foreign owned enterprise established in the PRC.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2024

## 44. PARTICULARS OF SUBSIDIARIES (continued)

### General information of subsidiaries (continued)

The above table lists the subsidiaries of the Company, in the opinion of the directors of the Company, which 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 had issued any debt securities at the end of the reporting period or at any time during both years.

### Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests as at 31 December 2023:

Name of subsidiary	Place of incorporation/and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests	Accumulated non-controlling interests
		31/12/2023	31/12/2023 RMB'000	31/12/2023 RMB'000
WXGJ	PRC	20%	13,397	99,254
Individually immaterial subsidiaries with non-controlling interests			3,902	37,467
			17,299	136,721

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 44. PARTICULARS OF SUBSIDIARIES (continued)

### WXGJ

	31/12/2023 RMB'000
Current assets	4,197,834
Non-current assets	173,235
Current liabilities	(3,171,679)
Non-current liabilities	(703,121)
Equity attributable to owners of the Company	397,015
Non-controlling interests of owner of WXGJ	–
Non-controlling interests of WXGJ	99,254
	2023 RMB'000
Revenue	297,387
Expenses and other gains and losses	(230,403)
Profit for the year	66,984
Attributable to:	
– Owners of the Company	53,587
– Non-controlling interests of owner of WXGJ	–
– Non-controlling interests of WXGJ	13,397
	66,984

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 44. PARTICULARS OF SUBSIDIARIES (continued)

### WXGJ (continued)

	2023 RMB'000
OCI attributable to owners of the Company	2,922
OCI attributable to non-controlling interests of owner of WXGJ	—
OCI attributable to non-controlling interests of WXGJ	730
OCI for the year	3,652
Total comprehensive income attributable to owners of the Company	56,509
Total comprehensive income attributable to non-controlling interests of owner of WXGJ	—
Total comprehensive income attributable to non-controlling interests of WXGJ	14,127
Total comprehensive income for the year	70,636
	2023 RMB'000
Net cash inflow from operating activities	205,331
Net cash inflow from investing activities	38,582
Net cash outflow from financing activities	(295,147)
Net cash outflow	(51,234)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024



## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2024 RMB'000	31/12/2023 RMB'000
<b>NON-CURRENT ASSETS</b>		
Interests in subsidiaries	933,314	912,469
Loan to a subsidiary	—	288,649
Amounts due from a subsidiary	589,651	1,055,919
	1,522,965	2,257,037
<b>CURRENT ASSETS</b>		
Derivative financial instruments	—	1,018
Loans to subsidiaries	256,034	336,730
Other receivables, prepayments and others	44,874	338
Amounts due from subsidiaries	1,080,116	48,116
Pledged bank deposits	577	25,525
Cash and cash equivalents	12,638	9,728
	1,394,239	421,455
<b>CURRENT LIABILITIES</b>		
Borrowings	94,518	108,682
Trade and other payables	634	3,237
Amounts due to subsidiaries	885,355	48,362
	980,507	160,281
<b>NET CURRENT ASSETS</b>	413,732	261,174
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	—	322,512
	—	322,512
<b>NET ASSETS</b>	1,936,697	2,195,699
<b>CAPITAL AND RESERVES</b>		
Share capital	8,547	8,559
Reserves	1,928,150	2,187,140
<b>TOTAL EQUITY</b>	1,936,697	2,195,699

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## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

### Movement in reserves

	Treasury stock RMB'000	Share premium RMB'000	Share held for RSU Scheme RMB'000	Share-based payments reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	–	2,272,342	(39,311)	25,933	100,933	2,359,897
Profit for the year	–	–	–	–	5,586	5,586
Purchase of shares under RSU Scheme	–	–	(20,133)	–	–	(20,133)
Repurchase of shares	(96,085)	–	–	–	–	(96,085)
Cancellation of treasury stock	95,076	(94,918)	–	–	–	158
Recognition of equity-settled share-based payments	–	–	–	5,578	–	5,578
Dividends recognised as distribution	–	(67,861)	–	–	–	(67,861)
Lapse of share options	–	–	–	(7,095)	7,095	–
At 31 December 2023	(1,009)	2,109,563	(59,444)	24,416	113,614	2,187,140
Loss for the year	–	–	–	–	(17,231)	(17,231)
Purchase of shares under RSU Scheme	–	–	(2,188)	–	–	(2,188)
Repurchase of shares	(6,457)	–	–	–	–	(6,457)
Cancellation of treasury stock	5,315	(5,303)	–	–	–	12
Recognition of equity-settled share-based payments	–	–	–	6,920	–	6,920
Dividends recognised as distribution	–	(239,333)	–	–	–	(239,333)
Exercise of RSU	–	274	2,478	(2,162)	–	590
Lapse of share options	–	–	–	(1,918)	615	(1,303)
At 31 December 2024	(2,151)	1,865,201	(59,154)	27,256	96,998	1,928,150

## 46. EVENT AFTER THE REPORTING PERIOD

Except as disclosed in note 14 of the consolidated financial statements, the Group had no other significant subsequent event after the reporting period.

# 204 CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Tung Chi Fung (Chairman)  
 Ms. Wang Ying (appointed on 29 November 2024)  
 Mr. Chen Jen-Tse (resigned on 15 October 2024)

### Non-executive Director

Mr. Lo Wai Hung

### Independent Non-executive Directors

Mr. Fong Heng Boo  
 Mr. Tang King San Terence  
 Ms. Chan Yuk Ying Phyllis  
 Mr. Sun Wei Yung Kevin (appointed on 15 October 2024)  
 Mr. Loo Yau Soon (resigned on 29 November 2024)

## AUDIT COMMITTEE

Mr. Tang King San Terence (Chairman)  
 Mr. Lo Wai Hung (appointed on 29 November 2024)  
 Mr. Fong Heng Boo  
 Mr. Loo Yau Soon (ceased to act on 29 November 2024)

## NOMINATION COMMITTEE

Mr. Tung Chi Fung (Chairman)  
 Mr. Tang King San Terence  
 Ms. Chan Yuk Ying Phyllis (appointed on 29 November 2024)  
 Mr. Fong Heng Boo (ceased to act on 29 November 2024)

## REMUNERATION COMMITTEE

Ms. Chan Yuk Ying Phyllis (Chairman)  
 (appointed on 29 November 2024)  
 Mr. Tung Chi Fung  
 Mr. Sun Wei Yung Kevin (appointed on 29 November 2024)  
 Mr. Loo Yau Soon (ceased to act on 29 November 2024)  
 Mr. Fong Heng Boo (ceased to act on 29 November 2024)

## SUSTAINABILITY COMMITTEE

Ms. Wang Ying (Chairman)  
 Mr. Lo Wai Hung  
 Mr. Sun Wei Yung Kevin

## COMPANY SECRETARY

Mr. Wang Zheng

## AUTHORISED REPRESENTATIVES

Mr. Tung Chi Fung  
 Mr. Wang Zheng

## REGISTERED OFFICE

Windward 3, Regatta Office Park, PO Box 1350  
 Grand Cayman KY1-1108, Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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 1-1 Zhong Xin No. 4 Road  
 Futian, Shenzhen 518048, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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 89 Queensway, Admiralty, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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 Windward 3, Regatta Office Park, PO Box 1350  
 Grand Cayman KY1-1108, Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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## COMPANY'S WEBSITE ADDRESS

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