



浩森金融科技集團有限公司

Haosen Fintech Group Limited

(incorporated in Cayman Islands with limited liability)

Stock code: 3848

2024
ANNUAL
REPORT

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Corporate Information

COMPANY NAME

Haosen Fintech Group Limited

STOCK CODE

03848

BOARD OF DIRECTORS

Executive Director

Mr. LO Wai Ho (*Chairman*)

Non-Executive Directors

Mr. WU Jiaqi

Ms. WAN Tingting (appointed on 1 May 2024)

Independent Non-Executive Directors

Mr. HA Tak Kong

Mr. IP Chi Wai

Mr. KAM Wai Man

AUDIT COMMITTEE

Mr. HA Tak Kong (*Chairman*)

Mr. IP Chi Wai

Mr. KAM Wai Man

REMUNERATION COMMITTEE

Mr. HA Tak Kong (*Chairman*)

Mr. LO Wai Ho

Mr. IP Chi Wai

NOMINATION COMMITTEE

Mr. HA Tak Kong (*Chairman*)

Mr. LO Wai Ho

Mr. IP Chi Wai

COMPANY SECRETARY

Mr. XIE Wei quan

REGISTERED OFFICE

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3402, 34/F

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

COMPANY WEBSITE

<http://www.haosenfintech.com>

AUDITOR

Moore CPA Limited

Registered Public Interest Entity Auditor

1001-1010, North Tower

World Finance Centre

Harbour City, 19 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Agricultural Bank of China
No. 69, Jianguomen Nei Avenue
Dongcheng District
Beijing
The People's Republic of China (the "PRC")

Guangdong Huaxing Bank
No. 533, Tian He Street
Tian He District, Guangzhou
Guangdong Province
The PRC

KEY DATES

23 May 2025 (Friday) to 30 May 2025 (Friday)
(both dates inclusive)
Closure of Register of Members
(for Annual General Meeting)

30 May 2025 (Friday)
Annual General Meeting

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Haosen Fintech Group Limited, I am pleased to present the annual results of the Group for the year ended 31 December 2024 (the "Reporting Period") to our shareholders. During the year, we focus on the small loan business, the small loan has developed into the core business of the Group, laying a good foundation for the Group's development.

In 2024, the global and domestic economic environments remained complicated. The Group has proactively maximised shareholders' interests by flexibly adjusting the existing financial leasing and small loan businesses according to the changing operating environment. The Group has shifted the focus of its business portfolio to real estate products involving second mortgages by providing flexible secured loans targeting property owners in Shenzhen and the surrounding areas, and has achieved good operating results. The small loan business has contribute around 99% of the revenue of the Group. In the coming year, the Group will allocate more resources in the business development. Technological innovation is a significant driver for business development. Embraced the new internet technology, the Company will provide a better product experience for customers to expand the market share of the Company and brand influence.

The global and domestic business environments will continue to fluctuate. As such, the Group will strive to adjust its operating strategies in a flexible way in response to the changing economic environment, optimise the allocation of resources within the Group, and optimise various business processes. Under the complicated economic environment, we aim to develop the Company at a steady pace by realising synergy between subsidiaries and remaining prudent in seeking new customers. I would like to express my heartfelt gratitude to all employees for their efforts and contributions made towards the development of the Company, as well as our business partners and customers for their relentless support.

Maintaining good corporate governance is crucial to the sustainable and healthy development of a company. We will continue to improve and optimise our corporate governance by meeting best practices and stakeholders' expectations. We will implement our corporate governance system and incorporate the optimisation of departmental functions and authorisation management in our business execution so as to ensure the long-term stability and effectiveness of our corporate governance structure. We will remain focused on developing healthy and friendly relationships with our customers and business partners with our current prudent, risk-averse operating approach, in order to grow together with our customers and create value for society.

LO Wai Ho

Haosen Fintech Group Limited

Chairman and Chief Executive Officer

Hong Kong, 24 March 2025

Management Discussion and Analysis

BUSINESS OVERVIEW

The macro environment in the PRC was still subject to many uncertainties in the 2024. In China, the economy is still in the process of adjustment and recovery from COVID-19. In the said Reporting Period, revenue of the Group was mainly derived from loans interest income which accounted for approximately RMB106.7 million about 99.5% of the total revenue RMB107.3 million of the Group.

In 2024, the Company adjusted its business strategy in response to the economic environment, and the Company had focus on the small loan business and allocated most of the resource in the business development of the second mortgages product. In 2024, the market situation of the real estate industry had changed seriously, the average price of second-hand real estate was in the trend of going down which required the Company be more careful in the operation and risk management. Based on the relevant policy changes, the Company had adjusted business strategies in relation to our small loan business, so as to maintenance our share in Shenzhen's second mortgage loan market. In relation to its financial leasing and factoring business, in view of the economic uncertainties, the Company is constantly adjusting relevant human resources based on the changes of the market environment, such that the optimized allocation of resources can allow us to enhance our operational efficiency. Our leasing and factoring business is in the process of adjustment, hence there is a significant decline in the relevant business revenue. The Group's securities dealing business mainly refers to the provision of securities dealing services to customers in Hong Kong through Grand Partners Securities Limited, a wholly-owned subsidiary of the Company.

The management will continue to pay attention to the impact of relevant factors on our business operations and enhance relevant risk management measures. The provision of small loans to individual customers and other small private companies will allow us to expand our customer base. The Group will also provide flexible financing services to potential customers of different sizes in various industries. The management will focus on the small loan business.

General information of the small loan business

The small loan business is Company's core business. It contribute RMB106.1 million out of the total revenue RMB107.3 million, about 98.8% of the total revenue of the Company. The Company provided small loan service through our wholly-owned subsidiary Shenzhen Haosen Credit Joint Stock Limited ("Shenzhen Haosen"). Shenzhen Haosen had been providing loan services to customers with flexible terms through quick and comprehensive loan assessment and approval processes to support their continued development and address their liquidity needs. Our customer base primarily consists of customers engaged in the industry of manufacturing, wholesale and retail, construction and transportation.

Management Discussion and Analysis (Continued)

The following table sets out the number of our loans by size as at the dates indicated:

	As at 31 December 2024	As at 31 December 2023
Over RMB5 million	36	18
Over RMB3 million to RMB5 million (inclusive)	15	8
Over RMB1 million to RMB3 million (inclusive)	70	95
Over RMB500,000 to RMB1 million (inclusive)	221	267
Up to RMB500,000	580	476
Total number of loans to customers	922	864

As at 31 December 2024, the maximum loan amount of approximately 86.9% (31 December 2023: 86.0%) of loan contracts were limited to RMB1 million. Among our loan contracts, the higher proportion of loans with amount limited to RMB1 million was mainly due to the fact that we target to serve individuals and micro enterprises in the industry of manufacturing, wholesale and retail, construction and transportation, etc., the loan amounts generally lower.

Some of the customers have more than one loan agreement with the Company. As at 31 December 2024, the number of customers is 851 (31 December 2023: 804).

The following table sets out our loans to customers by type of security as at the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Unsecured micro-credit loans	7,260	6,725
Guaranteed loans	394,234	251,647
Subordinated mortgage loans	400,613	496,300
Total	802,107	754,672

Management Discussion and Analysis (Continued)

The following table sets our loans to customers by loan amount as the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Over RMB5 million	338,897	244,015
Over RMB3 million to RMB5 million (inclusive)	56,624	29,955
Over RMB1 million to RMB3 million (inclusive)	104,575	139,556
Over RMB500,000 to RMB1 million (inclusive)	155,275	189,794
Up to RMB500,000	146,736	151,352
Total loan amount	802,107	754,672

The following table sets out the original maturity profile of our loans as at the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
0 to 30 days	121,462	99,165
31 to 90 days	87,658	70,467
91 to 365 days	320,157	185,496
Over 365 days	272,830	399,544
	802,107	754,672

The following table sets out the credit quality analysis of our loans to customers. In the event that an instalment repayment is overdue, the entire outstanding balance of small loan receivables is classified as overdue.

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Neither overdue nor credit-impaired	692,375	669,764
Overdue but not credit-impaired		
– Overdue within 30 days	14,213	10,962
– Overdue within 31 to 90 days	11,048	10,485
Overdue and credit-impaired	84,471	63,461
	802,107	754,672

Impairment loss on loan receivables

As at 31 December 2024, the total loan receivables which only include small loan and financial lease business is RMB812.3 million (31 December 2023: RMB780.9 million). The total outstanding principal amounts of the ten largest loan receivables which only include small loan business, are approximately RMB167.8 million (31 December 2023: RMB174.4 million), about 20.5% (31 December 2023: 22.3%) of the total loan receivables. The allowance for impairment losses of the ten largest loan receivables is RMB1.6 million (31 December 2023: RMB11.9 million) which the total allowance for impairment losses is RMB96.2 million (31 December 2023: RMB89.5 million). The Company performed impairment assessment in the end of the Reporting Period under the expected credit losses ("ECLs") model which required by Hong Kong Financial Reporting Standard 9.

The following table sets out the allowance for ECLs on small loan receivables are as follows:

	12-m ECL RMB'000	Lifetime ECL – not credit- impaired RMB'000	Lifetime ECL – credit- impaired RMB'000	Total RMB'000
As at 1 January 2023	741	6,032	22,816	29,589
Bad debts written-off	–	–	(1,123)	(1,123)
Transfer to Lifetime ECL – to 12-m ECL	107	(107)	–	–
Transfer to Lifetime ECL – not credit-impaired	(9)	9	–	–
Transfer to Lifetime ECL – credit-impaired	(62)	(2,254)	2,316	–
Net re-measurement of loss allowance	7,927	(1,975)	36,300	42,252
As at 31 December 2023 and 1 January 2024	8,704	1,705	60,309	70,718
Bad debts written-off	–	–	(42,134)	(42,134)
Transfer to Lifetime ECL – not credit-impaired	(234)	234	–	–
Transfer to Lifetime ECL – credit-impaired	(2,139)	(1,608)	3,747	–
Net re-measurement of loss allowance	4,551	9,297	45,582	59,430
As at 31 December 2024	10,882	9,628	67,504	88,014

During the year ended 31 December 2024, gross carrying amount of small loan receivables amounted to approximately RMB43,016,000 (2023: RMB1,151,000) were written off as bad debts because these were overdue for 1 year or above which are still subject to enforcement activities. The respective allowance for ECLs has been reversed and the remaining balance is charged to profit or loss directly.

Management Discussion and Analysis (Continued)

The following table sets out the principal amount outstanding and the allowance of impairment losses about the ten largest loan receivables as at 31 December 2024.

No.	Counter party	Status	Loan Type	Principal amount outstanding RMB'000	Allowance for impairment losses RMB'000
1	Relevant Party A	Normal	Small loan	19,500	56
2	Relevant Party B	Normal	Small loan	19,000	83
3	Relevant Party C	Normal	Small loan	19,000	83
4	Relevant Party D	Normal	Small loan	19,000	83
5	Relevant Party E	Normal	Small loan	19,000	83
6	Relevant Party F	Normal	Small loan	15,000	242
7	Relevant Party G	Normal	Small loan	14,400	228
8	Relevant Party H	Normal	Small loan	14,400	256
9	Relevant Party I	Normal	Small loan	14,400	209
10	Relevant Party J	Normal	Small loan	14,100	265
Total				167,800	1,588

To the best knowledge of the Directors after making all reasonable enquiries, the counter parties of above ten largest loan receivables are independent third parties of the Company.

Management Discussion and Analysis (Continued)

As at 31 December 2024, the Company has recognised RMB96.2 million as the allowance for impairment losses. There are 5 material loans which the amount of allowance for impairment losses is more than RMB1 millions. The total carrying amount of allowance for impairment of these 5 loans is approximately RMB12.0 million. These 5 loans involved 5 agreements amongst 5 customers which consisted overdue and credit-impaired loan receivables (each, the “Overdue and Credit-impaired Agreement”, collectively, the “Overdue and Credit-impaired Agreements”). The Overdue and Credit-impaired Agreements are 90 days past due. The Company has also seized any security deposit collected in relation to the Overdue and Credit-impaired Agreements. To the best knowledge of the Directors after making all reasonable enquiries, the counter parties to the Overdue and Credit-impaired agreements are independent third parties and the Overdue and Credit-impaired Agreements have no bearing on the related parties of the Company. A breakdown of the amount outstanding, the allowance for impairment losses recognised as at 31 December 2024 in respect of such Overdue and Credit-impaired Agreements are as follows:

No.	Counter party	Status	Loan type	Amount	Allowance for
				outstanding	impairment
				RMB'000	losses
					RMB'000
1	Relevant Party K	Overdue and credit-impaired	Finance lease	3,895	3,895
2	Relevant Party L	Overdue and credit-impaired	Small loan	3,270	3,270
3	Relevant Party M	Overdue and credit-impaired	Small loan	2,294	1,596
4	Relevant Party N	Overdue and credit-impaired	Small loan	1,448	1,144
5	Relevant Party O	Overdue and credit-impaired	Small loan	1,114	1,114
Total				12,021	11,019

Relevant Party K

The Company entered into a direct lease agreement with Relevant Party K in July 2020 pursuant to which the Company purchased from the supplier the relevant lease assets at the Consideration of RMB9 million, and lease to Relevant Party K the relevant lease assets for an aggregate lease payment of RMB10.3 million. However, Relevant Party K has defaulted in payment since August 2021. In September 2021, the Company commenced legal proceedings against Relevant Party K. In February 2022, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party K for the settlement of the judgment debt. As of 31 December 2024, the case still in the execution phase. As the Company is of the opinion that Relevant Party K is unlikely to repay its credit obligations to the Group in full, as well as the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB3.9 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party L

The Company entered into a loan agreement with Relevant Party L in July 2021 which the principal amount is RMB1.6 million. Relevant Party L has defaulted in payment since February 2022. Since then, the company has been in continuous negotiation with Relevant Party L for the settlement of the debt. As of 31 December 2024, the amount outstanding is RMB3.3 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB3.3 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party M

The Company entered into a loan agreement with Relevant Party M in August 2022 which the principal amount is RMB2.6 million. Relevant Party M has defaulted in payment since May 2024. In July 2024, the Company commenced legal proceedings against Relevant Party M. Since then, the Company has been in continuous negotiation with Relevant Party M for the settlement of the judgment debt. As of 31 December 2024, the case still in the litigation phase, the amount outstanding is RMB2.3 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.6 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party N

The Company entered into a loan agreement with Relevant Party N in February 2023 which the principal amount is RMB1.5 million. Relevant Party N has defaulted in payment since September 2023. In October 2023, the Company commenced legal proceedings against Relevant Party N. Since then, the Company has been in continuous negotiation with Relevant Party N for the settlement of the judgment debt. In April 2024, a judgment was awarded in favour of the Company. As of 31 December 2024, the amount outstanding is RMB1.4 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.1 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party O

The Company entered into a loan agreement with Relevant Party O in September 2022 which the principal amount is RMB1.5 million. Relevant Party O has defaulted in payment since September 2024. In July 2024, the Company commenced legal proceedings against Relevant Party O. Since then, the Company has been in continuous negotiation with Relevant Party O for the settlement of the judgment debt. As of 31 December 2024, the amount outstanding is RMB1.1 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.1 million was recognised at the end of the Reporting Period under the expected credit loss model.

FINANCIAL REVIEW

The following discussion and analysis pertains to the financial information of the Group.

Revenue

The Group's revenue was derived from (i) interest income from financial leasing; (ii) interest income from small loans and other loans; (iii) commission and brokerage income from security dealing; (iv) interest income from margin financing; and (v) management fee income from asset management services. The Group's financial leasing services include sale-leaseback as well as direct financial leasing.

The revenue recorded an decrease of approximately RMB5.8 million, or approximately 5.1%, from approximately RMB113.1 million for the year ended 31 December 2023 to approximately RMB107.3 million for the year ended 31 December 2024.

For the year ended 31 December 2024, the interest income from financial leasing contributed approximately RMB0.1 million (2023: approximately RMB0.4 million). The decrease was mainly resulted from less origination of new financial leasing contracts and the Company had allocated the resource to small loan business.

The Group provided loan facilitation service which contributed approximately RMB0.5 million to the revenue for the year ended 31 December 2024 (2023: approximately RMB1.4 million).

The Group also derived interest income from small loans through a wholly-owned subsidiary, Shenzhen Haosen Credit Joint Stock Limited ("Shenzhen Haosen"), contributing at aggregate of approximately RMB106.1 million (2023: approximately RMB110.4 million) which decreased by approximately RMB4.3 million, or approximately 3.9%. The Group also recorded commission and brokerage income from security dealing contributing approximately RMB0.1 million (2023: approximately RMB0.2 million), while the interest income from margin financing also contributed approximately RMB0.3 million (2023: approximately RMB0.4 million) from our wholly-owned subsidiary, Grand Partners Securities Limited, for the year ended 31 December 2024.

The Directors intend to focus on the small loan business in the future.

Other income

Income increased by approximately RMB1.2 million, or approximately 24.5%, from approximately RMB4.9 million for the year ended 31 December 2023 to approximately RMB6.1 million for the year ended 31 December 2024, mainly due to an approximately RMB1.4 million increase in recovery of bad debts on loan and account receivables.

Employee benefit expenses

Employee benefit expenses included primarily employee salaries and costs associated with other benefits. The employee benefit expenses increased by approximately RMB5.6 million, or approximately 27.2%, from approximately RMB20.6 million for the year ended 31 December 2023 to approximately RMB26.2 million for the year ended 31 December 2024 due to share option granted during the year ended 31 December 2024 as disclosed in the Company's announcement dated on 23 April 2024.

Other operating expenses

Other operating expenses mainly consisted of (i) audit fee of approximately RMB0.8 million (2023: approximately RMB0.8 million); (ii) commission fee of approximately RMB1.8 million (2023: approximately RMB5.8 million) which mainly comprised of service charge of loan collection of approximately RMB0.4 million (2023: approximately RMB0.8 million) in relation to the small loan business; (iii) legal and professional fee of approximately RMB1.8 million (2023: approximately RMB1.7 million) (iv) referral fee of approximately RMB3.9 million (2023: approximately RMB5.5 million).

Finance costs

The finance costs increased by approximately RMB2.1 million, or approximately 20.2%, from approximately RMB10.4 million for the year ended 31 December 2023 to approximately RMB12.5 million for the year ended 31 December 2024 mainly due to the increase of interest on bank borrowings.

Profit for the year attributable to equity holders of the Company

As a result of above, profit for the year attributable to equity holders of the Company for the year ended 31 December 2024 was approximately RMB5.6 million, whereas profit for the year ended 31 December 2023 was approximately RMB23.2 million, mainly due to (i) the allowance for ECLs on loan and account receivables of approximately RMB48.7 million (2023: RMB43.1 million); (ii) employee benefit expenses of approximately RMB26.2 million (2023: RMB20.6 million) as the Company granted a total of 15,000,000 share options to certain employees (2023: Nil); and (iii) deferred tax expense of approximately RMB8.7 million (2023: RMB2.2 million).

Dividend

The Board recommend the payment of a final dividend HK3 cents per share to shareholders of the Company for the year ended 31 December 2024 (2023: HK3 cents per share). Subject to the recommended final dividend being approved by the shareholders, the dividend warrants of the recommended final dividend are expected to be despatched to the shareholders on or before Friday, 27 June 2025.

Liquidity, financial resources and capital resources

As at 31 December 2024, the bank balances and cash were approximately RMB33.4 million (2023: approximately RMB26.3 million). The working capital (current assets less current liabilities) and the total equity of the Group were approximately RMB284.7 million (2023: approximately RMB127.6 million) and approximately RMB581.4 million (2023: approximately RMB573.7 million), respectively.

As at 31 December 2024, the Group's bank borrowings with maturity within one year amounted to approximately RMB142.3 million (2023: approximately RMB142.3 million) and there was no Group's bank borrowings exceed one year (2023: Nil).

Gearing ratio (total bank borrowings/total equity) as at 31 December 2024 was approximately 24.5% (2023: approximately 24.8%).

Loan and account receivables

Loan and account receivables consisted of (i) financial leasing receivables including the principal and interest of financial leasing; (ii) factoring loan receivables; (iii) small loan receivables; (iv) other loan receivables; and (v) account receivables in respect of securities dealing and broking services, and asset management services. As at 31 December 2024, the loan and account receivables were approximately RMB721.4 million (2023: approximately RMB702.0 million), and this increase was mainly due to the increase in small loan receivables.

Capital commitments

As at 31 December 2024, the Group had no capital commitments contracted but not provided for (2023: Nil).

Employees and remuneration policy

As at 31 December 2024, the Group employed 71 full time employees (2023: 76) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB26.2 million for the year ended 31 December 2024 (2023: approximately RMB20.6 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages and incentives to employees with reference to the performance of the Group, the performance of individuals and prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company. Share award scheme has also been adopted and awarded shares will be granted to eligible employees of the Group in accordance with the terms of the share award scheme.

RISK MANAGEMENT

The Group's business operations are conducted in the financial leasing market and small-loan market in the PRC. Accordingly, the Group's business, financial position, results of operations and prospects are significantly affected by economic, political and legal developments in the PRC.

Being a financial service provider, the Group has implemented a risk management system to mitigate the risks arising from its daily operations. The risk management structure of the Group consists of the risk control committee at the top, under which are (i) the risk management department, (ii) the business development department, and (iii) the accounting and finance department. Potential business opportunities are assessed by the business development department based on the potential customer's background, credit records, financial position and the underlying assets. The risk management department reviews all given information meticulously and considers relevant risk factors. Where necessary, external legal advisors may be engaged to evaluate potential legal issues. The Group's accounting and finance department also works closely with the risk management department to assist in risk assessment by providing financial and tax opinions. The risk control committee as the final decision maker has the ultimate authority to approve each project. The Group also periodically conducts post-leasing management on the customers and monitors financial leasing receivables to review the ongoing risk exposure of the Group.

The Directors take both macro and micro economic conditions into account before making business decisions. The Group has taken closer monitoring to assess risks of existing customers to respond to the fast changing market. Moreover, given the recent volatility in the economy and financial market of the PRC, the Group has been more prudent in the selection of high-quality customers. The Group will continue to raise its risk management standards with better allocation of resources and fine-tuning its operational process, such as the introduction of credit assessment and approval procedures, to enhance the customer selection process.

In addition, the Group intends to improve the information technology system to assist in the collection of information with better accuracy and the review of the financial and operational status of the customers with better efficiency. The Group will also continue to expand the risk management team to handle the additional work arising from our expanding business operations, and allocate sufficient manpower to maintain an appropriate risk reward balance.

SHARE OPTION SCHEME

On 19 June 2017, the Company conditionally approved and adopted the share option scheme (the "2017 Share Option Scheme") in accordance with the provision of Chapter 17 of the Listing Rules. The purpose of the 2017 Share Option Scheme is to enable the Company to grant options to the employee, advisor, consultant, service provider, agent, customer, partner or joint venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group (the "Participants") as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. On and subject to the terms of the 2017 Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the 2017 Share Option Scheme to make an offer for the grant of an option to any participant as the Board may determine. The number of Shares which may be issued pursuant to the exercise of the options to be granted under the 2017 Share Option Scheme is 15,552,300 shares of the Company in total.

On 4 July 2018, under the 2017 Share Option Scheme, 4,320,000 share options to subscribe for an aggregate of 4,320,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees with validity period of the options from 4 July 2018 to 4 July 2019, and exercise price of HK\$6.02. All options have been exercised.

On 24 April 2019, under the 2017 Share Option Scheme, 10,075,000 share options to subscribe for an aggregate of 10,075,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the 2017 Share Option Scheme with validity periods of the options vary from (i) 24 April 2019 to 23 April 2022; (ii) 24 April 2019 to 23 April 2020; (iii) 24 April 2020 to 23 April 2021; and (iv) 24 April 2021 to 23 April 2022, and exercise price of HK\$7.00, and no share options were outstanding as at 31 December 2024.

On 22 January 2020, under the 2017 Share Option Scheme, 10,200,000 share options to subscribe for an aggregate of 10,200,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the 2017 Share Option Scheme with validity period of the options from 22 January 2020 to 21 January 2023, and exercise price of HK\$6.12 and an aggregate of 1,060,000 share options have been exercised up to 31 December 2024, and none of the share options were outstanding as at 31 December 2024.

On 14 December 2022, under the 2017 Share Option Scheme, 2,725,000 share options to subscribe for an aggregate of 2,725,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees under the share option scheme with validity period of the options from 14 December 2022 to 14 May 2026, and exercise price of HK\$5.93, an aggregate of 2,725,000 share options were outstanding as at 31 December 2024.

For options granted under the 2017 Share Option Scheme under 4 July 2018, 24 April 2019 and 22 January 2020 and 14 December 2022, the exercise price in relation to each option was determined by the Board, but in any event would not be less than the highest of (i) the closing price of the Company's shares as stated in the Exchange's daily quotations sheet on the date of grant, which must be a business day or (ii) the average of the closing prices of the Company's shares as stated in the Exchange's daily quotations sheet for the five business days immediately preceding the date of grant or (iii) the par value of a share of the Company. For further details of the grant of share option, please refer to the announcements of the Company published on the websites of the Company and the Stock Exchange on 4 July 2018, 24 April 2019, 22 January 2020 and 14 December 2022.

Management Discussion and Analysis (Continued)

Set out below are details of the outstanding options under the 2017 Share Option Scheme as at 31 December 2024:

					Number of share options				
Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the date of grant of share options	Outstanding	Granted	Exercised	Lapsed	Outstanding
					as at 1 January 2024	during the year ended 31 December 2024	during the year ended 31 December 2024	during the year ended 31 December 2024	as at 31 December 2024
Director of the Company or its subsidiary									
Wu Jiagui (note 1)	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	1,553,000	–	–	–	1,553,000
Wan Tingting (note 2)	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	79,000	–	–	–	79,000
Other employees of the Company or its subsidiary or other eligible participants under the Share Option Scheme									
Other employees of the Company or its subsidiary	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	1,093,000	–	–	–	1,093,000
					2,725,000	–	–	–	2,725,000

Notes:

1. Mr. Wu has been appointed as non-executive Director of the Company with effect from 1 December 2023, please refer to the announcement of the Company published on the website of the Company and the Stock Exchange on 1 December 2023.
2. Ms. Wan Tingting has been appointed as non-executive Director of the Company effect from 1 May 2024. Please refer to the announcement of the Company published on the website of the Company and the Stock Exchange on 29 April 2024.

In light of the recent amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, on the Extraordinary General Meeting held on 30 June 2023, the Company terminated the “2017 Share Option Scheme” and conditionally approved and adopt the New Share Option Scheme (the “2023 Share option Scheme”). The purpose of the 2023 Share option Scheme is to enable the Company to grant options to the Eligible Participants and provide appropriate incentives or rewards to persons who contribute or may bring benefits to the Group.

Eligible Participants include any Employee Participant, Related Entity Participant or Service Provider who the Board or the remuneration committee considers, in their sole discretion, to have contributed or may bring benefits to the Group. On and subject to the terms of the 2023 Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the 2023 Share Option Scheme to make an offer for the grant of an option to Eligible Participants as the Board may determine. The Scheme Mandate Limit under the 2023 Share Option Scheme will be 15,658,300 Shares, representing 10% of the total number of Shares in issue as at 30 June 2023; and (ii) the Service Provider Sublimit will be 1,565,830 Shares, representing 1% of the total number of Shares in issue as at 30 June 2023.

Management Discussion and Analysis (Continued)

On 23 April 2024, under the 2023 Share Option Scheme, 15,000,000 share options to subscribe for an aggregate of 15,000,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees under the Share Option Scheme with validity period of the options from 23 April 2024 to 22 April 2029, and exercise price of HK\$2.2, an aggregate of 13,500,000 share options were outstanding as at 31 December 2024.

Set out below are details of outstanding options under 2023 Share Option Scheme as at 31 December 2024.

Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the date of grant of share options	Number of share options				
					Outstanding as at 1 January 2024	Granted during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Outstanding as at 31 December 2024
Other employees of the Company and subsidiary under the Share Option Scheme									
Other employees of the Company and subsidiary	23 April 2024	23 April 2025–22 April 2029	HK\$2.20	HK\$2.00	–	15,000,000	–	(1,500,000)	13,500,000
					–	15,000,000	–	(1,500,000)	13,500,000

As at 31 December 2024, the number of options available for grant is 2,158,300 (31 December 2023: 15,658,300), the total number of shares which may be issued pursuant to the exercise of options granted under the share option scheme is 16,225,000 (31 December 2023: 2,725,000) divided by the weighted average number of shares in issue during the year is approximately 10.4% (31 December 2023: 1.74%), the number of shares available for further issue under the share option scheme is 16,883,300 (31 December 2023: 18,383,000).

As at the date of this report, the number of shares available for future issue is 16,883,300, representing approximately 10.59% of the issued share of the Company.

SHARE AWARD SCHEME

The Company has adopted a share award scheme on 6 November 2019 (the “2019 Share Award Scheme”) for the purposes of, amongst others, effectively recognising employee’s contribution to the Group and/or providing an incentive to employee to remain with or join the Group, for participation in the Scheme as a selected employee and determine the purchase, subscription and/or allocation of awarded shares according to the terms of the 2019 Share Award Scheme. However, until so selected, no Employee shall be entitled to participate in the scheme.

The 2019 Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 6 November 2029.

Since the adoption of the 2019 Share Award Scheme and up to the date of this report, none of the issued Shares has been purchased or issued nor any awards have been granted under the 2019 Share Award Scheme.

In light of the recent amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, on the Extraordinary General Meeting held on 30 June 2023, the Company terminated the “2019 Share Award Scheme” and conditionally approved and adopt the New Share Award Scheme (the “2023 Share Award Scheme”). The purpose of the 2023 Share Award Scheme will provide the Company with more flexibility in long term planning of granting of the Awards to the Eligible Participants and also provide appropriate incentives or rewards to persons who contribute or may bring benefits to the Group.

The Scheme Mandate Limit under the 2023 Share Award Scheme will be 15,658,300 Shares, representing 10% of the total number of Shares in issue as at 30 June 2023; and (ii) the Service Provider Sublimit will be 1,565,830 Shares, representing 1% of the total number of Shares in issue as at 30 June 2023. Since the adoption of the 2023 Share Award Scheme and up to the date of this report, none of the issued Shares has been purchased or issued nor any awards have been granted under the 2023 Share Award Scheme.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the consolidated financial statements, the Group has no significant events occurring after the Reporting Period.

OUTLOOK AND PLANS

In 2025, the Group will continue to exercise prudence for effective cost control and when developing business with high-quality customers, in order to brace itself for the current challenging environment. The Group will continue to strengthen its risk management capabilities and do business with current and new customers that have good development potential in their respective industries. The Directors consider that in future, the Company will focus on enhancing its internal informatisation and strengthen its risk management abilities with the functions of its systems. More effective measures to cut costs and increase income will also be adopted. Reasonable cost controls will be put in place while capitalising on the advantages of its existing businesses to increase the profitability of the Company. The Company will continue to enhance its financing capacity and develop more partners to enhance its comprehensive service-ability. The major customers of the Company are in the PRC. The Company will continue to pay close attention to the situations of its customers and adjust its business strategies in a flexible manner. The Directors consider that the promotion of digitalisation of business through strengthening the integration of resources among the Group’s business departments and the synergy among its subsidiaries will be a main focus of the Company and an effective approach for the Company to tackle with the complicated economic environment.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Lo Wai Ho (盧偉浩), aged 55, is an executive Director, the founder, chairman and chief executive officer of the Group. He is mainly responsible for the overall strategic planning and management of the Group.

Mr. Lo has over 28 years of experience in the areas of corporate management, finance and property development. From July 1993 to December 1997, Mr. Lo was the deputy general manager of Heng Feng Investments (China) Development Company Limited ("Heng Feng") (formerly known as Stable Profit Industries Limited and Heng Feng Investments (China) Development Company Limited). Heng Feng is principally engaged in the business of property development projects in the PRC. Mr. Lo was responsible for the corporate management, finance and the PRC property projects of Heng Feng. In January 1998, he was appointed as a director of Heng Feng.

Since the beginning of 2012 after Mr. Lo founded the Group, he has been primarily responsible for overall strategy of Heng Feng. He has not been involved in its day-to-day operations.

Mr. Lo has also been one of the directors of (i) Grand Partners Asset Management Limited since June 2011, a corporation licensed under the SFO to carry out type 9 (asset management) regulated activities; (ii) Grand Partners Investment Consultants Limited since August 2015, a corporation licensed under the SFO to carry out type 4 (advising on securities) regulated activities; and (iii) Grand Partners Securities Limited since October 2015, a corporation licensed under the SFO to carry out type 1 (dealing in securities) regulated activities. Mr. Lo is not involved in their day-to-day operations and his primary responsibilities are to preside over and participate in board meetings, provide strategic advice and guidance to the management of Grand Partners Asset Management Limited, Grand Partners Investment Consultants Limited and Grand Partners Securities Limited.

Mr. Lo is the uncle of Mr. Xie Weiquan (the Group's company secretary) and Mr. Xie Zhuochou (a member of the Group's senior management). Other than disclosed in this annual report, Mr. Lo is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Wu Jiaqi (吳佳琦), aged 42, was appointed as non-executive Director of the Company with effect from 1 December 2023.

From July 2005 to May 2009, Mr. Wu worked as the human resources manager of Hengfeng Haiyue International Hotel and was responsible for the recruitment of personnel and the development of remuneration system.

In May 2009, he worked as the manager of the credit department of Shenzhen Haosen Credit Joint Stock Limited (深圳市浩森小額貸款股份有限公司) ("Shenzhen Haosen") and was responsible for reviewing and approving business and compiling lending policies and business process. Since July 2020, Mr. Wu has been redesignated as the manager of the customer service department of Shenzhen Haosen. Mr. Wu joined the Group at the same time when Shenzhen Haosen became a wholly-owned subsidiary of the Group in 2021. Since March 2023, Mr. Wu has been appointed as the general manager, chairman and responsible person of Shenzhen Haosen.

In June 2005, Mr. Wu, graduated from 湖南大學 (Hunan University) with a degree of Bachelor of Economics.

Ms. Wan Tingting (萬婷婷), aged 37, was appointed as non-executive Director of the Company with effect from 1 May 2024.

Ms. Wan worked as credit manager of Shenzhen Zhong An Credit Limited (深圳市中安信業小額貸款有限公司) between October 2011 and July 2016, was responsible for reviewing and approving the loan application of client. From July 2016 to December 2019, Ms. Wan worked at Shenzhen Dafu Financial Services Limited (深圳市達富金融服務有限公司), Ms. Wan worked as Manager of the credit department. Ms. Wan joined the Group in December 2019, as the manager of credit department of Shenzhen Haosen.

In June 2011, Ms. Wan graduated from 湖北第二師範學院 (Hubei University of Education) with a degree of Bachelor of Literature.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ha Tak Kong (夏得江), aged 56, was appointed as an INED on 19 June 2017. He is mainly responsible for providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company. He has over 28 years of experience in financial accounting and auditing. Between June 2004 to September 2015, Mr. Ha was appointed as an independent non-executive director of China Investment and Finance Group Limited (中國投融資集團有限公司) (formerly known as Garron International Limited) (stock code: 1226). Between September 2007 and October 2008, Mr. Ha was an independent non-executive director of Seamless Green China (Holdings) Limited (無縫綠色中國(集團)有限公司) (formerly known as Fast Systems Technology (Holdings) Limited (東光集團有限公司)) (stock code: 8150). Since December 1992, Mr. Ha has been employed as the chief financial officer of World Wide (Hardware) Industrial Co., an export/import trading company.

In December 2002, Mr. Ha graduated with a degree of Bachelor of Accounting from the University of Hong Kong.

Mr. Ha has been admitted as an associate of the Association of International Accountants since November 2003, an associate of The Taxation Institute of Hong Kong since March 2004 and a member of The Hong Kong Institute of Certified Public Accountants since July 2004.

Biographical Details of Directors and Senior Management (Continued)

Mr. Ip Chi Wai (葉志威), aged 57, was appointed as an INED on 19 June 2017. He is mainly responsible for providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Company. From September 2003 to April 2023, Mr. Ip was an independent non-executive director of Asia Standard Hotel Group Limited (泛海酒店集團有限公司) (stock code: 292, the shares of which were withdrawn from listing on the Stock Exchange since October 2024). Mr. Ip has been appointed as an independent nonexecutive director of Dingyi Group Investment Limited (鼎億集團投資有限公司) (stock code: 508) since March 2016 and Asia Standard International Group Limited (stock code: 129) since April 2023.

Mr. Ip graduated from the University of Hong Kong with a degree of Bachelor of Laws in December 1990. He is a qualified solicitor in Hong Kong and has over 30 years of experience in the legal profession.

Mr. Kam Wai Man (甘偉民), aged 49, was appointed as an INED on 2 January 2020 and has over 18 years of working experience in corporate finance. Mr. Kam has served as a managing director of Innovax Capital Limited ("Innovax Capital") since February 2017. He has been a responsible officer of Innovax Capital for Type 6 regulated activities (advising on corporate finance) under the SFO since April 2017 and Mr. Kam is one of the sponsor principals of Innovax Capital Limited. From April 2003 to November 2005, he served as a licensed representative at Kingsway Capital Limited. He then worked at China Everbright Capital Limited from November 2005 to February 2017 with his last position being the managing director and head of the corporate finance department. He has been an independent non-executive director of Duiba Group Limited (Stock code: 1753), a company listed on the Stock Exchange, since April 2019. Since May 2023, Mr. Kam was appointed as an independent non-executive director of IGG INC, a company listed on the Stock Exchange (stock code: 0799). Mr. Kam obtained a bachelor of arts (honors) in business studies from City University of Hong Kong in November 1997 and a Postgraduate Diploma in Professional Accountancy from the Chinese University of Hong Kong in December 2004. He is a member of the Hong Kong Institute of Certified Public Accountants and a CFA Institute charterholder.

SENIOR MANAGEMENT

Mr. Xie Zhuochou (謝灼疇), aged 41, joined the Group as the head of the risk management department of CWW Leasing on 1 February 2019. He is responsible for overseeing the risk management department of the Group.

Mr. Xie graduated from 華南理工大學 (South China University of Technology) in 2006 with a bachelor's degree in business management. Prior to joining the Group, Mr. Xie worked for 深圳恒豐海悅國際酒店有限公司 (Hengfeng Haiyue International Hotel Company Limited*) as the general manager of the finance department during August 2006 to February 2007. From March 2007 to March 2008, Mr. Xie worked as the project manager for 深圳恒豐房地產有限公司 (Shenzhen Hengfeng Real Estate Co. Limited*). From March 2008 to December 2017, Mr. Xie worked as the head of accounting and finance department of 廣東恒豐集團有限公司 (GD. Hengfeng Group Co. Ltd.*).

Mr. Xie is the nephew of Mr. Lo (the Group's founder, chairman, chief executive officer, an executive Director and a Controlling Shareholder) and cousin of Mr. Xie Wei-quan (the Group's Company Secretary). Other than disclosed in this annual report, Mr. Xie is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of the Company.

Biographical Details of Directors and Senior Management (Continued)

Ms. Shi Yumei (史玉梅), aged 41, joined the Group on 30 November 2012 as the head of accounting and finance department of CWW Leasing and CWW Services. She is mainly responsible for the accounting and finance of the Group.

Ms. Shi has over 17 years of experience in financial accounting in the PRC. She was the head of the accounting and finance department of 深圳市三智通信技術有限公司 (Shenzhen City Sanzhi Telecommunications Technology Company Limited) from January 2008 to December 2012. Ms. Shi obtained a bachelor degree in accounting from 延安大學 (Yanan University), the PRC in July 2007. She has been qualified as an intermediate accountant in the PRC in October 2012. She has been qualified as a tax agent in the PRC in 2019 and a senior accountant in the PRC in 2022.

COMPANY SECRETARY

Mr. Xie Weiquan (謝偉全) was appointed as the company secretary of the Company on 1 December 2023.

Mr. Xie Weiquan (謝偉全), aged 43, was appointed as non-executive Director on 12 May 2016, has been re-designated from non-executive Director to executive Director on 2 January 2020, and is mainly responsible for advising on business opportunities for investment, development and expansion of the Group. He joined the Group on 1 January 2013 in charge of the finance and risk management, human resources and general administration of CWW Leasing and CWW Services. Mr. Xie has been re-designated as the consultant of CWW Leasing and CWW Services since 12 May 2016 to render advices particularly relating to finance and risk management. Mr. Xie Weiquan has been redesignated from an Executive Director of the Company to the company secretary of the Company with effect from 1 December 2023.

From July 2006 to July 2009, Mr. Xie worked at 中國平安人壽保險股份有限公司 (China Ping An Life Insurance Co., Ltd.), which is an insurance company and he was primarily responsible for the development of investment management system and procurement. From September 2009 to December 2012, he was the manager of finance of 廣東恒豐投資集團有限公司 (GD Hengfeng Investment Group Co. Limited*), a limited liability company incorporated in the PRC which is principally engaged in the business of property investment and development. Mr. Xie has been a representative and member of the investment committee of Grand Partners Asset Management Limited since February 2014, and has been its Responsible Officer since 21 April 2017. Mr. Xie has also been a representative of Grand Partners Investment Consultants Limited since October 2016, and has been its Responsible Officer since 3 May 2024.

In July 2004, Mr. Xie graduated from 哈爾濱工業大學 (Harbin Institute of Technology), PRC with a degree of Bachelor of Management in Science and Engineering. In July 2006, Mr. Xie graduated from 哈爾濱工業大學 (Harbin Institute of Technology) PRC, with a degree of Master of Management in Science and Engineering. In November 2015, he obtained a degree of Master of Business Administration in Finance from The Chinese University of Hong Kong. In November 2021, he obtained a degree of Master of Corporate Governance from Hong Kong Metropolitan University.

Mr. Xie is the nephew of Mr. Lo (the Group's founder, chairman, chief executive officer, an executive Director and a Controlling Shareholder) and cousin of Mr. Xie Zhuochou (a member of the Group's senior management). Other than disclosed in this annual report, Mr. Xie is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of the Company.

* For identification purpose only

Corporate Governance Report

The Board hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2024.

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules of the Stock Exchange. For the year ended 31 December 2024, the Board of the Company have performed the corporate governance duties which include the following: (i) to develop and review the Company’s policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and (v) to review the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD OF DIRECTORS

Composition

During the Reporting Period and up to the date of this report, the composition of the Board is as follow:

Executive Director, Chairman and Chief Executive Officer

Mr. LO Wai Ho

Non-executive Directors

Mr. WU Jiaqi

Ms. WAN Tingting (appointed on 1 May 2024)

Independent Non-Executive Directors (“INEDs”)

Mr. HA Tak Kong

Mr. IP Chi Wai

Mr. KAM Wai Man

Responsibilities of the Board

The functions and duties of the Board include, but are not limited to, convening general meetings, reporting on the performance of the Group at general meetings, implementing resolutions passed at general meetings, formulating business and investment plans, preparing annual budget and final accounts, preparing proposals on profit distribution and increasing or decreasing the registered capital, as well as exercising other authorities, functions and responsibilities in accordance with the Articles of Association. The biographies of the Directors are set out on pages 20 to 22 of this annual report under the “Biographical Details of Directors and Senior Management”.

Executive Director, Chairman and Chief Executive Officer

Mr. Lo Wai Ho, the Chairman of the Company is responsible for the overall strategic planning and management of the Group. Code provision A.2.1 requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lo, being the Chairperson of the Board, has also been appointed as the Chief Executive Officer of the Group who will keep provided strong and consistent leadership to achieve strategic business growth of the Group to enable a better execution of long-term strategies. All the Board members will be ensured to keep abreast of adequate, complete and reliable information by Mr. Lo on issues to be discussed at Board meetings. Moreover, the three independent Non-Executive Directors (the "INEDs") provide independent and professional opinion on issues addressed at Board meetings and therefore, the Board believes that there is a balance of power and authority governed by the current Board structure with half of them being the INEDs and does not intend to make any change in the composition of the Board. The Board will continue to review the Board composition from time to time and shall make necessary changes when appropriate in a timely manner accordingly and inform the Company's shareholders.

Mr. Lo is not connected with any other Directors of the Company.

Non-Executive Director

Mr. Wu Jiaqi, was appointed as non-executive Director of the Company with effect from 1 December 2023. Mr. Wu has entered into a letter of appointment with the Company pursuant to which he agreed to act as a non-executive Director for a term of 3 years commencing from 1 December 2023. Mr. Wu will not receive any remuneration for acting as non-executive Director. Mr. Wu is not connected with any other Directors of the Company.

Ms. Wan Tingting, was appointed as non-executive Director of the Company with effect from 1 May 2024. Ms. Wan has entered into a letter of appointment with the Company pursuant to which she agreed to act as a non-executive Director for a term of 3 years commencing from 1 May 2024. Ms. Wan will not receive any remuneration for acting as non-executive Director. Ms. Wan is not connected with any other Directors of the Company.

Independent Non-Executive Directors

During the Reporting Period, the Board at all times complied with Rules 3.10(1), (2) and 3.10A of the Listing Rules relating to the appointment of at least three INEDs representing at least one-third of the Board with at least one of them has possessed relevant professional qualifications or accounting or related financial management expertise. A written annual confirmation of their independence satisfied with guidelines set out in Rule 3.13 of the Listing Rules have been received from each of the INEDs and the Company considers each of them to be independent. The Company is of the opinion that the INEDs with their wide spectrum of knowledge and extensive business experience, will objectively scrutinise the Company's performance. Each of the INEDs will inform the Company in writing as soon as practicable if there is any change of circumstances which may affect his independence. The INEDs are also subject to rotation at annual general meetings pursuant to the articles of association of the Company.

The Company has maintained an updated list of its directors identifying their roles and functions on websites of the Company and the Stock Exchange. Independent non-executive directors are identified in all corporate communications that disclose the names of directors.

APPOINTMENT AND ROTATION OF DIRECTORS

Pursuant to Articles, at each annual general meeting one-third of the Directors for the time being, 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. A retiring Director shall be eligible for re-election.

In accordance with Appendix 14 of the Listing Rules, Code Provision A1.1 prescribes that at least four regular Board meetings should be held each year at approximately quarterly intervals with actively participation of a majority of the Directors, either in person or through other electronic means of communication.

During the year, the Board held a total of seven regular board meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meetings is set out as follow:

BOARD MEETINGS AND ATTENDANCE

	Annual general meeting	Regular board meeting	Nomination Committee	Remuneration Committee	Audit Committee
<i>Executive Director, Chairman and Chief Executive Officer</i>					
Mr. LO Wai Ho	1/1	7/7	2/2	2/2	–
<i>Non-executive Directors</i>					
Mr. WU Jiaqi	–	7/7	–	–	–
Ms. WAN Tingting (appointed on 1 May 2024)	1/1	5/7	–	–	–
<i>Independent non-executive Directors</i>					
Mr. HA Tak Kong	1/1	7/7	2/2	2/2	2/2
Mr. IP Chi Wai	1/1	7/7	2/2	2/2	2/2
Mr. KAM Wai Man	1/1	7/7	–	–	2/2

The Board having considered the attendance records of the Directors is satisfied that each Director spends sufficient time performing his responsibilities.

BOARD COMMITTEES

We have established the following committees under the Board: the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"). The committees operate in accordance with the terms of reference established by the Board. The terms of reference of the Audit committee, Nomination Committee and Remuneration Committee are posted on the Company's website and the Stock Exchange.

Audit Committee

The Company established the Audit Committee in accordance with Rule 3.21 of the Listing Rules pursuant to a resolution of the Board passed on 19 June 2017 with written terms of reference in compliance with paragraph C3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Corporate Governance Code"). The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and provide advice in respect of financial reporting and oversee the internal control procedures and risk management of the Group. The Audit Committee currently comprises of three INEDs, namely Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Kam Wai Man. Mr. Ha Tak Kong is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are available at the Company's website and on the website of the Stock Exchange.

During the year, the Company has held two meetings of Audit Committee in March 2024 and August 2024.

Up to the date of this report, the Audit Committee has reviewed with the management team the accounting principles and practices adopted by the Group and discussed auditing internal controls and financial reporting matters and results of the Group of the Reporting Period and proposed adoption of the same by the Directors.

Remuneration Committee

The Company established the Remuneration Committee in accordance with Rule 3.25 of the Listing Rules pursuant to a resolution of the Board passed on 19 June 2017 with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code. The primary functions of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management, review performance based remuneration and ensure none of Directors determine their own remuneration. The Remuneration Committee comprises of two INEDs and one executive Director, namely Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Lo Wai Ho. Mr. Ha Tak Kong is the chairman of the Remuneration Committee.

During the year, the Company has held two meetings of Remuneration Committee in March 2024 and August 2024, in which the Remuneration Committee had reviewed the current directors' fee, the current remuneration policy of the Board and made recommendations to the Board.

Nomination Committee

The Company established the Nomination Committee pursuant to a resolution of the Board passed on 19 June 2017 with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code. The primary duties of the Nomination Committee include reviewing the structure, size, and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors. The Nomination Committee comprises of two INEDs and one executive Director, namely Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Lo Wai Ho. Mr. Ha Tak Kong is the chairman of the Nomination Committee.

During the year, the Company has held two meetings of Nomination Committee in March 2024 and August 2024, in which the Nomination Committee had reviewed the current Board's structure, size and composition and made recommendations of appointment of the Board.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiries with all of the Directors, each of whom has confirmed that he has, throughout the Reporting Period, complied with the required standards set out therein.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

The remuneration paid to and/or entitled by each of the Directors for the year ended 31 December 2024 is set out in note 10 to the consolidated financial statements.

BOARD DIVERSITY POLICY

This Policy aims to set out the approach to achieve diversity on the board of directors (the "Board") of Haosen Fintech Group Limited (the "Company").

Vision

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

Policy Statement

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates of the Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and any other factors that the Board may consider relevant and applicable from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. The Board's composition will be disclosed in the corporate governance report of the Company annually in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Review of the Policy

The Nomination Committee will review the Policy, as appropriate, to ensure the effectiveness of the Policy. The Nomination Committee will discuss any revisions to the Policy that may be required, and recommend any such revisions to the Board for consideration and approval.

The Board acknowledges that gender diversity is an important element in Board composition. Subsequent to the appointment of Ms. Wan Tingting in May 2024, there is one female director on the Board as at the date of this annual report. The Company is in the course of identifying suitable female staff to take the role of a Director and the nomination committee of the Company is also monitoring their performance. If there is suitable female candidate, the Company will consider inviting such candidate to join the Board.

DIVIDEND POLICY

Under the Dividend Policy, in circumstances that the Group is profitable and without affecting the normal operations and future growth of the Group, the Company may consider declaring and paying dividends to its shareholders. Such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board and subject to all applicable requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Articles of Association of the Company. According to the Dividend Policy, while the Company intends to declare and pay dividends in the future, the payment and the amount of any dividends will depend on a number of factors, including but not limited to: (i) the Group's actual and expected financial performance; (ii) the Group's expected working capital requirements and future development plans; (iii) the Group's liquidity position; (iv) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; (v) shareholders' interests; (vi) any restrictions on payment of dividends; (vii) and other factors that the Board deems appropriate. The Board endeavors to strike a balance between the shareholders' interests and prudent capital management with a sustainable dividend policy and the Board will continually 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 as the Board deems fit and necessary. There can be no assurance that the Company will be able to declare or distribute any dividend in the amount set out in any of the plans or at all.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The Company appointed Moore CPA Limited ("Moore") as the Company's external auditor during the year. The Audit Committee considered that these audit and non-audit services have no adverse effect on the independence of Moore. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of Moore. During the year, Moore has rendered audit services to the Group and the remuneration paid/payable for the year ended 31 December 2024 is set out as follows:

Amount of Fees

Types of services provided by Moore	RMB'000
Audit services	811

DIRECTORS' AND AUDITORS' RESPONSIBILITY OF FINANCIAL REPORTING

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Company for each financial year with a true and fair view of the consolidated financial position of the Group, and of its consolidated financial performance and its consolidated cash flows for the year then ended.

The Directors consider that the consolidated financial statements of the Company are prepared in accordance with all statutory requirements and appropriate accounting standards are applied consistently.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The statement by the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report" of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledged that it is its responsibility to ensure the Company maintains an effective risk management and internal control system to minimize risks in our business activities and to protect the long-term interests of the Group and the Shareholders. During the financial year, a review of the effectiveness of the risk management and internal control system of the Company in respect of the Group's financial, operational and compliance controls had been conducted through the effort of the Board, the Audit Committee and the management. The Company has established internal audit function. The Board acknowledged that adequate internal control system was implemented to ensure the effectiveness functioning of financial, operational and compliance controls.

The Company has policies and systems in place to promote anti-corruption laws (including whistleblowing policies) to enable employees and those who deal with the Company to raise concerns to the management and the Audit Committee with regard to any possible improprieties. For the anti-corruption policies adopted by the Group, please refer to the section headed "Anti-corruption" under the Environmental, Social and Governance Report.

COMPANY SECRETARY

Mr. Xie Wei-quan was appointed as the company secretary of the Company on 1 December 2023. During the Reporting Period, Mr. Xie has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has established a shareholders' communication policy and the Board reviews it regularly to ensure its effectiveness. Under this policy, the Company communicates with its shareholders and the investment community mainly through various means: (i) the holding of annual general meetings and other general meetings; (ii) the timely publication of the Company's announcements, interim and annual financial reports, and/or circulars as required under the Listing Rules and (iii) the availability of all the disclosures submitted to the Stock Exchange and any of the Company's corporate communications and publications on the Company's website at cwl.com.

Shareholders and investors are welcome to visit the Company's website to raise enquiries through the Investor Relations Department whose contact details are available on the Company's website and the "Corporate Information" of this annual report.

The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Company's articles and the Listing Rules and Shareholders are encouraged to attend and participate in general meetings. The Chairman of the Board and the chairperson/chairman of the Board committees, or their delegates and the external auditors will attend the upcoming annual general meeting to answer any questions from shareholders. Notice of the Annual General Meeting, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders at least 30 days prior to the date of the meeting.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene meetings

Pursuant to Article 64 of the Articles, one or more shareholder(s) holding not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the board of directors or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition (the "Requisition").

The Requisition shall be made either in hard copy form by post to the Company's principal place of business in Hong Kong at Room 3402, 34/F, China Resources Building, 26 Harbour Road, Wanchai for the attention of the Board of Directors/Company Secretary or via email to ir@haosenfintech.com.

Procedures for shareholders to put through proposals at general meetings

Any shareholder who wishes to put forward proposals at a general meeting of the Company shall submit such proposals to the Board in writing for the Board's consideration either via mail to the Company's principal place of business in Hong Kong at Room 3402, 34/F, China Resources Building, 26 Harbour Road, Wanchai or via email to wealthyway@cwl.com not less than seven days prior to the date of the general meeting.

Procedures for shareholders to put forward enquiries to the Board

To put forward any enquiries to the Board, shareholders shall send their written enquiries to the Company. The Company will normally not deal with verbal or anonymous enquiries.

Address: Room 3402, 34/F, China Resources Building, 26 Harbour Road, Wanchai, for the attention of the Board of Directors/Company Secretary

Email: ir@haosenfintech.com

Constitutional Documents

The amended and restated memorandum and articles of association of the Company (the "Amended and Restated M&A") was adopted on 30 June 2023 and took effect from 30 June 2023. A copy of the Amended and Restated M&A is available on both the websites of the Company at www.haosenfintech.com and the Stock Exchange at www.hkexnews.hk.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activities of the Group are (i) provision of financial leasing, factoring and financial advisory services in the People's Republic of China (the "PRC"); (ii) provision of small loans and related loan facilitation services in the PRC; and (iii) provision of investment management and advisory services, securities dealing and broking services and other financial services in Hong Kong.

FINANCIAL RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income in this annual report. The Board of Directors recommend the payment of a final dividend of HK3 cents per Share (2023: HK3 cents) for the year ended 31 December 2024, held by the shareholders whose names appear on the register of members of the Company on a record date to be announced by the Company subject to the shareholder approval at the annual general meeting to be convened by the Company.

SUMMARY OF FINANCIAL INFORMATION

A summary of the financial results and the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, are set out on page 170. This summary does not form part of the audited consolidated financial statements.

CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, our five largest customers accounted for approximately 4% (2023: approximately 6%) of the Group's total revenue and our largest customer accounted for approximately 1% (2023: approximately 2%) of our total revenue.

Due to the nature of our business, we do not have any significant contribution from major suppliers during the normal course of our business. However, we relied substantially on interest-bearing bank loans to operate our business and we have established strong relationships with various national and local commercial banks.

For the year ended 31 December 2024, to the knowledge of the Directors, none of the Directors or their respective close associates as defined in the Listing Rules or any of the Shareholders of the Company who own more than 5% of the Company's issued shares has any interest in any of the Group's five largest customers or suppliers or lenders.

MAJOR SUBSIDIARIES

Particulars of major subsidiaries of the Company are set out in note 40 to the consolidated financial statements.

PLANT AND EQUIPMENT

Movements in plant and equipment are set out in note 14 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2024 are set out in note 25 to the consolidated financial statements.

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

During the year ended 31 December 2024, a total of 166,000 ordinary shares were bought back by the Company during the period at prices ranging from HK\$2.76 to HK\$2.99 per share. Among these shares bought back by the Company, 126,000 shares were settled and cancelled during the period. The consideration paid by the Company for such buy-backs of the shares of approximately HK\$0.4 million was charged to the retained profits. The shares bought back were cancelled and accordingly the issued share capital of the Company was reduced. The buy-backs of the Company's shares during the period were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries has, during the year ended 31 December 2024, purchased, sold or redeemed any listed securities of the Company.

RESERVES AND DISTRIBUTABLE RESERVES

As at 31 December 2024, details of movements in the reserves of the Group is set out in the consolidated statement of changes in equity on pages 73 to 74. Details of movements in the reserves of the Company during the year ended 31 December 2024 are set out in note 31(c) to the consolidated financial statements. Distributable reserves of the Company at 31 December 2024, calculated under the Companies Law of Cayman Islands amounted to approximately RMB121.7 million (31 December 2023: RMB143.9 million).

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2024 are set out in note 29 to the consolidated financial statements.

DIRECTORS AND SERVICE CONTRACTS

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

Executive Director

Mr. LO Wai Ho

Non-Executive Directors

Mr. WU Jiaqi

Ms. WAN Tingting (appointed on 1 May 2024)

Independent Non-Executive Directors

Mr. HA Tak Kong

Mr. IP Chi Wai

Mr. KAM Wai Man

Pursuant to Articles, at each annual general meeting one-third of the Directors for the time being, 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. A retiring Director shall be eligible for re-election at the Annual General Meeting.

The Company has received, from each of the Independent Non-Executive Directors, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

REMUNERATION OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors and five highest paid individuals for the year ended 31 December 2024 are set out in note 10 to the consolidated financial statements.

The remuneration of the Directors is subject to Shareholders' approval at general meetings. No Directors, or any of their respective associates, was involved in deciding his/her own remuneration for the year ended 31 December 2024.

There was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 31 December 2024.

Emoluments paid or payable to members of senior management who are not directors were within the following band:

	2024	2023
Nil to HK\$1,000,000 (equivalent to approximately RMB921,000)	2	3

No Director and senior management has waived or has agreed to waive any emoluments during the year ended 31 December 2024.

SERVICE CONTRACTS WITH DIRECTORS

The Company has entered into service contracts with all Directors and Supervisors, with the maximum term of three years. No service contract that cannot be terminated by the Group within one year without paying any compensation (other than the statutory compensation) was entered or is to be entered into between Directors or Supervisors and members of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors of the Company had any interest in any business which was in competition or was likely to compete, directly or indirectly with the business of the Company and its subsidiaries.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the interests or short positions in the Shares, underlying Shares and debentures of the Company or associated corporations (within the meaning of Part XV of the SFO as defined below) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered into the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange; were as follows:

Long positions in shares ("Shares")/underlying Shares of the Company

Name of Director	Nature of interest	Number of shares directly and beneficially held	Percentage of the Company's issued share capital
Mr. Lo Wai Ho (Note 1)	Interest of controlled corporation	101,974,000	65.12%
Mr. Wu Jiaqi (Note 2)	Personal interest	798,000	0.51%
Ms. Wan Tingting (Note 3)	Personal interest	79,000	0.05%

Notes:

- (1) Mr. Lo Wai Ho is the beneficial owner of 100% of the issued share capital of Wealthy Rise Investment Limited. Mr. Lo Wai Ho is deemed to be interested in 101,974,000 shares of the Company held by Wealthy Rise Investment Limited under the SFO.
- (2) Mr. Wu Jiaqi was appointed as the Non-executive Director of the Company with effect from 1 December 2023.
- (3) Ms. Wan Tingting was appointed as Non-executive Director of the Company with effect from 1 May 2024.

Save as disclosed above, as at the date of this report, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or to the Model Code of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares ("Shares")/underlying Shares of the Company

Name of substantial shareholders	Capacity/nature of Interest	Number of Shares/ underlying Shares	Approximate percentage of the issued share (%)
Wealthy Rise Investment Limited	Beneficial owner	101,974,000	65.12%
Mr. Lo Wai Ho (Note 1)	Interest in a controlled corporation	101,974,000	65.12%
Ms. Lin Yihong (Note 2)	Interest of spouse	101,974,000	65.12%

Notes:

- (1) Mr. Lo Wai Ho is the beneficial owner of 100% of the issued share capital of Wealthy Rise Investment Limited. Mr. Lo Wai Ho is deemed to be interested in 101,974,000 shares of the Company held by Wealthy Rise Investment Limited under the SFO.
- (2) Ms. Lin Yihong is the spouse of Mr. Lo Wai Ho. Under the SFO, Ms. Lin Yihong is deemed to be interested in the same number of Shares in which Mr. Lo Wai Ho is interested.

Saved as disclosed above, as at the date of this report, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The Directors confirm that the Group's related party transactions as set out in note 33 to the consolidated financial statements were continuing connected transactions, which were exempt from all disclosure requirements, annual review and independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2024.

NON-COMPETITION UNDERTAKING

The Company's controlling shareholders (each a "Covenantor" and collectively, the "Covenantors"), namely, Mr. LO Wai Ho ("Mr. Lo") and Wealthy Rise Investment Limited entered into the deed of non-competition (the "Deed of Non-Competition") in favour of the Company (for the Company itself and as trustee for each of the Company's subsidiaries), under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, undertakes to and covenants with the Company (for the Company itself and as trustee for each of the Company's subsidiaries) that:

- (a) he/it shall not, and shall procure each of his/its close associates and/or companies controlled by him/it (excluding any member of the Group) not to, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as an investor, a shareholder, partner, principal, agent, director, employee, consultant or otherwise and whether for profit, reward, interest or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group in Hong Kong, the PRC and any other country or jurisdiction to which the Group provides such services and/or products and/or in which any member of the Group carries on business mentioned above from time to time (the "Restricted Business");
- (b) if he/it and/or any of his/its close associates and/or companies controlled by he/it (excluding any member of the Group) is offered or becomes aware of any project or new business opportunity ("New Business Opportunity") that relates to the Restricted Business, whether directly or indirectly, he/it shall give the Company a first right of refusal to participate or engage in such New Business Opportunity by: (i) promptly within ten (10) business days notify or procure the relevant close associate and/or the companies controlled by him/it to notify the Group in writing of such New Business Opportunity and provide such information as is reasonably required by the Group in order to enable the Group to come to an informed assessment of such New Business Opportunity; and (ii) use his/its best endeavours to procure that such New Business Opportunity is offered to the Group on terms no less favourable than the terms on which such opportunity is offered to him/it and/or his/its close associates and/or companies controlled by him/it;
- (c) he/it shall provide the Group and the Directors (including the independent non-executive directors (the "INEDs")) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by the INEDs from time to time, for the annual review by the INEDs with regard to compliance and enforcement of the terms of Deed of Non-Competition;
- (d) (i) he/it will not and will procure that none of his/its close associates and/or companies controlled by him/it (excluding any member of the Group) will solicit or entice away from any member of the Group any existing or then existing directors, employees or customers of the Group; and (ii) he/it will not without the consent from the Company, make use of any information pertaining to the business of the Group which may have come to his/its knowledge in his/its capacity as the controlling shareholder (within the meaning of the Listing Rules) of the Company for any purposes.

The non-competition undertaking will take effect from the date on which dealings in the shares first commence on the Stock Exchange and will cease to have any effect upon the earliest of the date on which (a)(i) such Covenantor, and his/its close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of the Company directly or indirectly or cease to be deemed as a controlling shareholder and do not have power to control the board of directors or there is at least one other independent shareholder other than the Covenantors and his/its close associates holding more shares than the Covenantors and his/its close associates taken together; and (ii) Mr. Lo ceases to be a director; or (b) the shares cease to be listed and traded on the Stock Exchange or other recognised stock exchange.

Report of the Directors (Continued)

Each of the Covenantors has provided to the Company a written confirmation in respect of his/its full compliance with the Deed of Non-Competition for the year ended 31 December 2024.

The INEDs of the Company have reviewed the written confirmation made by the Covenantors of the compliance by each of the Covenantors with the undertakings in the Deed of Non-Competition and have confirmed that, as far as they can ascertain, there is no breach of any of the undertakings in the Deed of Non-Competition given by the Covenantors.

As of the date of this annual report, the Company is not aware of any other matters regarding the compliance of the undertakings in the Deed of Non-Competition and there has not been any change in the terms of the Deed of Non-Competition since the Company's listing of its shares on the Stock Exchange.

SHARE OPTION SCHEME

On 19 June 2017, the Company conditionally approved and adopted the share option scheme (the "2017 Share Option Scheme"). On the Extraordinary General Meeting held on 30 June 2023, the Company terminated the "2017 Share Option Scheme".

Purpose of the "2017 Share Option Scheme"

The purpose of the "2017 Share Option Scheme" is to enable the Company to grant options to the employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group ("the Eligible Participants") as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group.

Grant and acceptance of options

Subject to the terms of the "2017 Share Option Scheme", the Directors may, in its absolute discretion make offer to any Eligible Participant. An offer shall be made to an Eligible Participant in writing in such form as the Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all 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 non-refundable remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within 21 days from the date of offer or within such other period of time as may be determined by the Board pursuant to the Listing Rules.

Any offer may be accepted or deemed to have been accepted by an Eligible Participant in respect of less than the total number of Shares for which it is 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.

Subscription price of Shares

The subscription price for Shares under the “2017 Share Option Scheme” shall be determined at the discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as stated in the daily quotations sheet issued by the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five consecutive business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

Maximum number of Shares

The maximum number of Shares in respect of which options may be granted at any time under the “2017 Share Option Scheme” together with options which may be granted under any other share option schemes for the time being of the Group shall not in aggregate exceed 10 per cent of the issued share capital of the Company at the date of approval of renewing such limit. On the basis of a total of 155,523,000 Shares in issue as at the last refreshment date approved by the shareholders’ thereof, the relevant limit will be 15,523,000 Shares which represent 10 per cent of the issued Shares at the last refreshment date approved by the shareholders’ thereof.

The Company may seek approval of Shareholders in general meeting to renew the 10 per cent limit provided that the total number of Shares available for issue upon exercise of all options which may be granted under the Share Option Scheme and any other schemes of the Group in these circumstances must not exceed 10 per cent of the issued share capital of the Company at the date of approval of renewing such limit.

Exercise of options

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than ten years from the date of grant.

Present status of the “2017 Share Option Scheme”

On 4 July 2018, under the 2017 Share Option Scheme, 4,320,000 share options to subscribe for an aggregate of 4,320,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees with validity period of the options from 4 July 2018 to 4 July 2019, and exercise price of HK\$6.02. All options have been exercised.

On 24 April 2019, under the 2017 Share Option Scheme, 10,075,000 share options to subscribe for an aggregate of 10,075,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the 2017 Share Option Scheme with validity periods of the options vary from (i) 24 April 2019 to 23 April 2022; (ii) 24 April 2019 to 23 April 2020; (iii) 24 April 2020 to 23 April 2021; and (iv) 24 April 2021 to 23 April 2022, and exercise price of HK\$7.00, and no share options were outstanding as at 31 December 2024.

On 22 January 2020, under the 2017 Share Option Scheme, 10,200,000 share options to subscribe for an aggregate of 10,200,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the 2017 Share Option Scheme with validity period of the options from 22 January 2020 to 21 January 2023, and exercise price of HK\$6.12 and an aggregate of 1,060,000 share options have been exercised up to 31 December 2024, and none of the share options were outstanding as at 31 December 2024.

Report of the Directors (Continued)

On 14 December 2022, under the 2017 Share Option Scheme, 2,725,000 share options to subscribe for an aggregate of 2,725,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees under the share option scheme with validity period of the options from 14 December 2022 to 14 May 2026, and exercise price of HK\$5.93, an aggregate of 2,725,000 share options were outstanding as at 31 December 2024.

For options granted under the 2017 Share Option Scheme under 4 July 2018, 24 April 2019 and 22 January 2020 and 14 December 2022, the exercise price in relation to each option was determined by the Board, but in any event would not be less than the highest of (i) the closing price of the Company's shares as stated in the Exchange's daily quotations sheet on the date of grant, which must be a business day or (ii) the average of the closing prices of the Company's shares as stated in the Exchange's daily quotations sheet for the five business days immediately preceding the date of grant or (iii) the par value of a share of the Company. For further details of the grant of share option, please refer to the announcements of the Company published on the websites of the Company and the Stock Exchange on 4 July 2018, 24 April 2019, 22 January 2020 and 14 December 2022.

Set out below are details of the outstanding options under the 2017 Share Option Scheme as at 31 December 2024:

Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the date of grant of share options	Number of share options				
					Outstanding as at 1 January 2024	Granted during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Outstanding as at 31 December 2024
Director of the Company or its subsidiary									
Wu Jiaqi (Note 1)	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	1,553,000	–	–	–	1,553,000
Wan Tingting (Note 2)	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	79,000	–	–	–	79,000
Other employees of the Company or its subsidiary or other eligible participants under the Share Option Scheme									
Other employees of the Company or its subsidiary	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	1,093,000	–	–	–	1,093,000
					2,725,000	–	–	–	2,725,000

Notes:

1. Mr. Wu has been appointed as non-executive Director of the Company with effect from 1 December 2023, please refer to the announcement of the Company published on the website of the Company and the Stock Exchange on 1 December 2023.
2. Ms. Wan Tingting has been appointed as non-executive Director of the Company effect from 1 May 2024. Please refer to the announcement of the Company published on the website of the Company and the Stock Exchange on 29 April 2024.

On the Extraordinary General Meeting held on 30 June 2023, the Company conditionally approved and adopt the New Share Option Scheme (the "2023 Share Option Scheme").

The major terms of “2023 Share Option Scheme” are summarized as follows:

Purpose of the “2023 Share Option Scheme”

The purpose of the “2023 Share option Scheme” is to enable the Company to grant options to the Eligible Participants and provide appropriate incentives or rewards to persons who contribute or may bring benefits to the Group. Eligible Participants include any Employee Participant, Related Entity Participant or Service Provider who the Board or the remuneration committee considers, in their sole discretion, to have contributed or may bring benefits to the Group. On and subject to the terms of the “2023 Share Option Scheme” and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the “2023 Share Option Scheme” to make an offer for the grant of an option to Eligible Participants as the Board may determine.

Grant and acceptance of options

Subject to the terms of the “2023 Share Option Scheme”, the Directors may, in its absolute discretion make offer to any Eligible Participant. An offer shall be made to an Eligible Participant in writing in such form as the Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the “2023 Share Option Scheme” or the termination of the same. An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all 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 non-refundable remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within 21 days from the date of offer or within such other period of time as may be determined by the Board pursuant to the Listing Rules. Any offer may be accepted or deemed to have been accepted by an Eligible Participant in respect of less than the total number of Shares for which it is 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.

Subscription price of Shares

The subscription price for Shares under the “2023 Share Option Scheme” shall be determined at the discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as stated in the daily quotations sheet issued by the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five consecutive business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

Maximum number of Shares

The Scheme Mandate Limit under the 2023 Share Option Scheme will be 15,658,300 Shares, representing 10% of the total number of Shares in issue as at 30 June 2023; and the Service Provider Sublimit will be 1,565,830 Shares, representing 1% of the total number of Shares in issue as at 30 June 2023.

Exercise of options

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than ten years from the date of grant.

Report of the Directors (Continued)

On 23 April 2024, under the 2023 Share Option Scheme, 15,000,000 share options to subscribe for an aggregate of 15,000,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees under the Share Option Scheme with validity period of the options from 23 April 2024 to 22 April 2029, and exercise price of HK\$2.2, an aggregate of 13,500,000 share options were outstanding as at 31 December 2024.

Set out below are details of outstanding options under 2023 Share Option Scheme as at 31 December 2024.

					Number of share options				
Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the date of grant of share options	Outstanding	Granted	Exercised	Lapsed	Outstanding
					as at 1 January 2024	during the year ended 31 December 2024	during the year ended 31 December 2024	during the year ended 31 December 2024	as at 31 December 2024
Other employees of the Company and subsidiary under the Share Option Scheme									
Other employees of the Company and subsidiary	23 April 2024	23 April 2025–22 April 2029	HK\$2.20	HK\$2.00	–	15,000,000	–	(1,500,000)	13,500,000
					–	15,000,000	–	(1,500,000)	13,500,000

As at 31 December 2024, the number of options available for grant is 2,158,300 (31 December 2023: 15,658,300), the total number of shares which may be issued pursuant to the exercise of options granted under the share option scheme is 16,225,000 (31 December 2023: 2,725,000) divided by the weighted average number of shares in issue during the year is approximately 10.4% (31 December 2023: 1.74%), the number of shares available for further issue under the share option scheme is 16,883,300 (31 December 2023: 18,383,000).

As at the date of this report, the number of shares available for future issue is 16,883,300, representing approximately 10.59% of the issued share of the Company.

SHARE AWARD SCHEME

On 7 November 2019 (the “Adoption Date”), the Company conditionally approved and adopted the share award scheme (the “2019 Share Award Scheme”). On the Extraordinary General Meeting held on 30 June 2023, the Company terminated the “2019 Share Award Scheme”

The major terms of the “2019 Share Award Scheme” are summarized as follows:

Purpose of the “2019 Share Award Scheme”

The purposes of the “2019 Share Award Scheme” are to effectively recognise employee’s contribution to the Group and/or providing an incentive to employee to remain with or join the Group, for participation in the Scheme as a selected employee and determine the purchase, subscription and/or allocation of awarded shares according to the terms of the Share Award Scheme.

Eligible persons

Pursuant to the Scheme Rules, the Board shall select the Selected Employee(s) and determine the number of shares to be awarded. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company's resources. However, until so selected, no Employee shall be entitled to participate in the scheme.

Awards

The Trustee shall purchase from the market the relevant number of Shares awarded and shall hold such Shares until they are vested in accordance with the Scheme Rules. The Trustee shall purchase/subscribe for further Shares for the selected employees to be funded by the proceeds of the sale of any non-cash distributions.

Granting of Awards

When the selected employee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Shares forming the subject of the award, the Trustee shall transfer the relevant vested Shares (awarded Shares, related scrip distribution and further Shares acquired or subscribed out of the income derived therefrom) to that employee.

Maximum Number of Shares to be Awarded

The maximum number of Shares, whether they are new Shares to be allotted and issued by the Company, or Award Shares that are not vested and/or are forfeited and held by the independent trustee to be applied towards future awards, or existing shares to be purchased on the market by the independent trustee, underlying all grants made pursuant to the Share Award Scheme (excluding Award Shares which have been forfeited in accordance with the Share Award Scheme) shall not exceed 3% (i.e. 4,665,690 Shares) of the total number of issued Shares as at the Adoption Date.

Since the adoption of the Share Award Scheme and up to the date of this report, none of the issued Shares has been purchased or issued nor any awards have been granted under the Share Award Scheme. As at 31 December 2022, 4,665,690 Shares are available for grant of awards in the future under the Share Award Scheme, representing approximately 3.0% of the Shares in issue.

The above limit can be renewed or refreshed subject to approval of Shareholders within 10 years from the Adoption Date.

Limited for Each Participant

Under the "2019 Share Award Scheme", there is a limit of 1% on the maximum number of Award Shares which may be granted to a single eligible person but unvested under the Share Award Scheme.

Termination

Subject to any early termination as may be determined by the Board, the "2019 Share Award Scheme" will be valid and effective for 10 years commencing on the Adoption Date.

On the Extraordinary General Meeting held on 30 June 2023, the Company conditionally approved and adopt the New Share Award Scheme (the "2023 Share Award Scheme").

The major terms of the “2023 Share Award Scheme” are summarized as follows:

Purpose of the “2023 Share Award Scheme”

The purpose of the 2023 Share Award Scheme will provide the Company with more flexibility in long term planning of granting of the Awards to the Eligible Participants and also provide appropriate incentives or rewards to persons who contribute or may bring benefits to the Group.

Eligible Participants

Eligible Participants include any Employee Participant, Related Entity Participant or Service Provider who the Board or the remuneration committee considers, in their sole discretion, to have contributed or may bring benefits to the Group.

Maximum Number of Shares to be Awards

The Scheme Mandate Limit under the 2023 Share Award Scheme will be 15,658,300 Shares, representing 10% of the total number of Shares in issue as at 30 June 2023; and the Service Provider Sublimit will be 1,565,830 Shares, representing 1% of the total number of Shares in issue as at 30 June 2023.

Termination

Subject to any early termination as may be determined by the Board, the “2023 Share Award Scheme” will be valid and effective for 10 years commencing on the Adoption Date.

Since the adoption of the “2023 Share Award Scheme” and up to the date of this report, none of the issued Shares has been purchased or issued nor any awards have been granted under the 2023 Share Award Scheme.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors and officers of the Group has been in force throughout the year under review.

The Group has arranged for appropriate directors’ and officers’ liability insurance coverage providing indemnity against liabilities, including liability in respect of legal actions against the Directors and officers of the Group, thereby sustained or incurred arising from or incidental to execution of duties of his/her offices.

EQUITY-LINKED AGREEMENTS

Except as disclosed under the sections headed “Share Option Scheme” and “Share Award Scheme” above in this annual report, no equity-linked agreements were entered into during the year ended 31 December 2024.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group persists in maintaining good corporate governance and operating in compliance with the laws and integrity through abidance by relevant laws and regulations, industry regulations and business ethics. For the year ended 31 December 2024 and up to the date of this annual report, the Company had not been and were not a party to any material legal, arbitral or administrative proceedings, and the Company was not aware of any pending or threatened legal, arbitral or administrative proceedings against the Company or any of the Directors which could have a material adverse effect on the Company's operations or financial condition.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float for the issued Shares as required under the Listing Rules.

MATERIAL LEGAL PROCEEDINGS

For the year ended 31 December 2024, to the best information, knowledge and belief of the Directors after making all reasonable enquiries, the Company was not involved in any legal litigation or arbitration of material importance in which it served as a defendant.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities (31 December 2023: no material contingent liabilities).

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The principal corporate governance practices as adopted by the Company are set out in the "Corporate Governance Report" on pages 24 to 31 of this annual report.

AUDIT COMMITTEE

The Company established the Audit Committee in accordance with Rule 3.21 of the Listing Rules pursuant to a resolution of our Board passed on 19 June 2017 with written terms of reference in compliance with paragraph C3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “Corporate Governance Code”). The primary duties of the Audit Committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and provide advice in respect of financial reporting and oversee the internal control procedures and risk management of our Group.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, which include the review of the consolidated annual results of the Group for the year ended 31 December 2024.

AUDITOR

The consolidated financial statements of the Group have been audited by Moore who has remained as the Company’s auditor for the year ended 31 December 2024. A resolution will be proposed for approval by Shareholders at the forthcoming annual general meeting of the Company.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Haosen Fintech Group Limited (the “Company”, together with its subsidiaries (the “Group” or “We”), hereby presents this Environment, Social and Governance (“ESG”) Report (the “Report”) for the year ended 31 December 2024.

REPORTING STANDARD

This report complies with the disclosure requirements set out in the Environmental, Social and Governance Reporting Guide as described in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An assessment has been conducted on the applicability and significance of the Key Performance Indicators (“KPIs”) in the Environmental, Social and Governance Reporting Guide.

REPORTING PRINCIPLES

The Group has applied the principles of “Materiality”, “Quantitative”, “Balance” and “Consistency” in accordance with the ESG Reporting Guide in the preparation of this Report. Details of application of these reporting principals are illustrated below:

Materiality

Important and relevant information to stakeholders on different ESG aspects is covered in the Report. A materiality assessment was conducted to determine material ESG issues with results approved by the Board.

Quantitative

The relevant standards, methodologies and assumptions used to prepare the quantitative information is disclosed, as appropriate. Quantitative information is provided with narrative and comparative figures, where possible.

Consistency

Consistent methodologies are used to prepare and present ESG data in the Report, unless otherwise specified, to allow for meaningful comparisons.

Balance

The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

GOVERNANCE STRUCTURE

The Board of Directors bears full responsibility for the Group’s environmental, social and governance (ESG) strategy and reporting. The Board is responsible for assessing and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our management has been entrusted with the responsibility of coordinating the implementation of the Group’s environmental, employment, and service quality assurance policies.

Environmental, Social and Governance Report (Continued)

The Board of Directors leads and guides the management by formulating environmental, social and governance (ESG) policies and measures, overseeing their implementation, and monitoring ESG performance. The Board continuously explores opportunities to further enhance the Group's ESG governance. The Board regularly reviews ESG matters, including environmental protection, employment and labor practices, operational practices, and community investment, and implements appropriate measures to strengthen the Group's ESG performance.

STAKEHOLDERS' FEEDBACK

As the Group strives for excellence, stakeholders' feedback is appreciated, especially on topics listed as the highest importance in the materiality assessment and its ESG approach and performance. Please give your suggestions or share your views with us via wealthyway@cwl.com to contact.

STAKEHOLDER ENGAGEMENT

We value our stakeholders and their feedback on our group's business and environmental, social and governance (ESG) matters. To enhance our group's sustainable development policies and performance, we have been making continuous efforts to maintain close communication with key stakeholders, including but not limited to government and regulatory authorities, shareholders, employees, customers, suppliers, and the general public. When formulating our business and ESG strategies, we will take into account the expectations of stakeholders through diverse participation methods and communication channels, as follows:

Stakeholders	Expectation and Concerns	Communication Channels
Government/Regulatory Authorisation	<ul style="list-style-type: none">• Compliance with local laws and regulation	<ul style="list-style-type: none">• Announcement and other regulatory reports
Shareholders/Investors	<ul style="list-style-type: none">• Return on investments• Corporate governance• Sustainable development• Compliance with laws and regulations	<ul style="list-style-type: none">• Information disclosed on the HKEX website and corporate website• Annual general meeting and other shareholders' meetings
Employees	<ul style="list-style-type: none">• Employees' compensation and benefits• Career development• Occupational safety and health	<ul style="list-style-type: none">• Employee performance evaluation• On-the-job training• Internal e-mail• Regular meetings
Bank	<ul style="list-style-type: none">• Operating conditions• The recoverability of the loan	<ul style="list-style-type: none">• Meetings• Site visit
Customers	<ul style="list-style-type: none">• High-quality products and services• Protection of customer rights and personal data	<ul style="list-style-type: none">• Corporate website• Emails and phone communications
Community/Public	<ul style="list-style-type: none">• Compliance with laws and regulations• Involvement in communities• Environmental protection awareness	<ul style="list-style-type: none">• Industry events• Corporate social responsibility activities

MATERIALITY ASSESSMENT

Materiality assessment was conducted in accordance with the expectation and feedback from the key stakeholders. We use the following process to identify, prioritise and manage material ESG-related issues:

Step 1: Identify the ESG-related issues

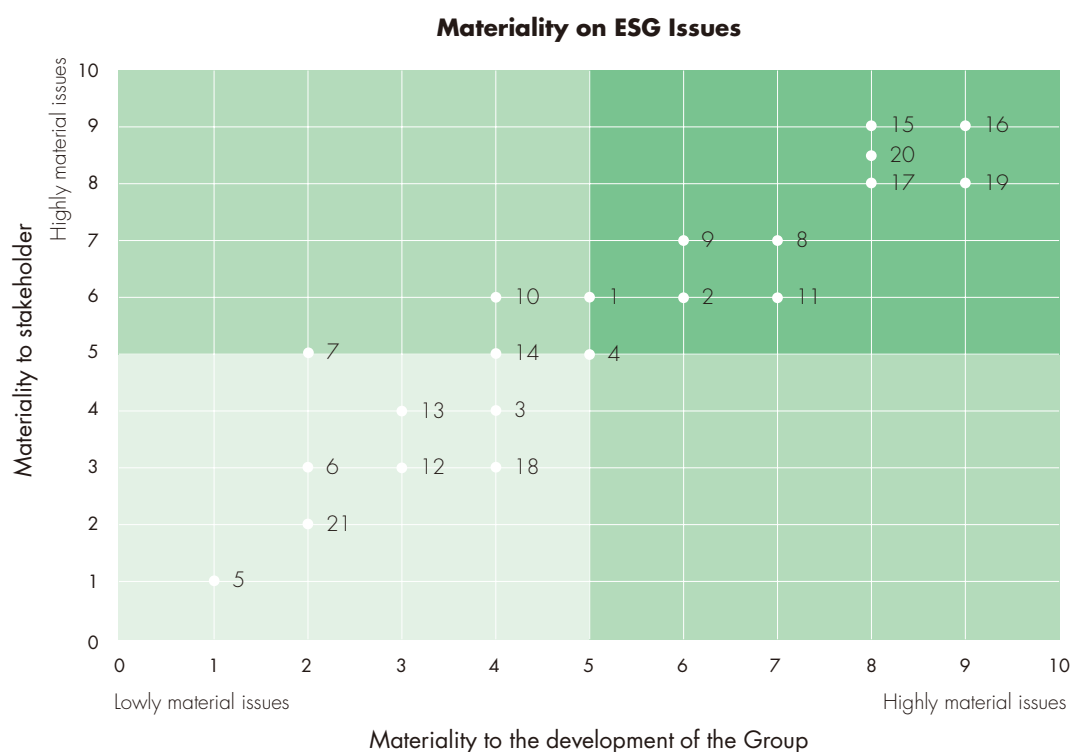
- Taking into account the requirements of the “Environmental, Social and Governance Reporting Guidelines” and the latest sustainability trends in the industry to identify relevant material issues. 21 environmental, social and governance issues were identified in relation to the most important aspects of the Group’s business and stakeholders.

Step 2: Materiality issues assessment

- In order to determine the materiality of environmental, social and governance issues, the views of the Group’s senior management and key stakeholders have been solicited. Based on their views, the relevance/materiality of each environmental, social and governance issue is assessed and scored on a scale of 0 to 10 (0 is irrelevant, 10 is critical).

Step 3: Prioritise the ESG-related issues

- Based on the materiality assessment results, the Group prioritized issues from two aspects, namely “materiality to stakeholders” and “materiality to the development of the Group”, and compiled the following materiality matrix. Environmental, social and governance issues in the upper right quadrant are the most important.



Aspects	Major concerns
Environment	<ol style="list-style-type: none"> 1. Air emission 2. Greenhouse gas emission 3. Wastes production 4. Natural resources consumption 5. Use of packaging materials 6. Impact to the environment 7. Climate change
Employment	<ol style="list-style-type: none"> 8. Labour practices 9. Employee remuneration and benefits 10. Occupational safety and health 11. Employee development and training
Supply Chain Management	<ol style="list-style-type: none"> 12. Green procurement 13. Engagement with suppliers 14. Environmental and social risk management of supply chain
Product Responsibility	<ol style="list-style-type: none"> 15. Product/service quality and safety 16. Customer privacy and data security 17. Marketing and promotion 18. Intellectual property rights
Anti-corruption	<ol style="list-style-type: none"> 19. Business ethics and anti-corruption 20. Internal grievance mechanism
Community	<ol style="list-style-type: none"> 21. Participation in philanthropy

ENVIRONMENTAL

Environmental Targets

The Group actively supports China's "dual carbon" strategy and recognizes the government's leadership in pollution control, resource recycling, and environmental education. We commit to transforming into a low-carbon economy and conserving resources in its business activities, including the use of energy, water and paper. We aim to reduce the use of resources and the consequential carbon footprint through the adoption of various green initiatives.

Environmental Protection Policies

Protecting the environment is one of the Group's key concerns. The Group commits to meet the requirements as stipulated in the applicable national/local environmental laws and regulations. Since the Group has taken into consideration of environmental sustainability in its business operations, the management of the Group will monitor its environmental performance regularly. The policies and measures for energy and waste management have been established and dedicated by the Group to achieve the emission targets as mentioned above.

Emissions

Gas emissions and greenhouse gas ("GHG") emissions

The Group recognizes the importance of reducing our greenhouse gas emissions in order to promote sustainable growth in our business operations and society. The Group's greenhouse gas sources are mainly attributed to electricity consumption and the use of company vehicles when traveling from the office to various site visits. To reduce air pollutants and greenhouse gas emissions, we encourage employees to communicate using video conferencing.

The main sources of the Group's greenhouse gas emissions are direct emissions from mobile combustion sources ("Scope 1") and indirect emissions from purchased electricity ("Scope 2").

Air emissions	Unit	2024	2023
Nitrogen oxides	g	3,332	3,753
Sulphur oxides	g	83	104
Respiratory suspended particles	g	245	276
Scope 1 – petrol consumption	kg	15,302	17,509
Scope 2 – electricity consumption	kg	6,921	60,540
Total emissions	kg	22,223	78,049
Emission intensity	kg per million dollars of revenue	207	690

Hazardous and non-hazardous waste

The hazardous waste generated mainly consists of a limited number of lamps, batteries and discarded office equipment such as ink cartridges. The non-hazardous waste mainly comes from domestic waste in the office. Both non-hazardous and hazardous waste are handled by the property management office of the office building where they are located. Therefore, the waste disposed of is not much and harmless. The Group has implemented measures to reduce and recycle waste, such as:

- Provide umbrella holders to avoid the use of disposable umbrella bags; and
- Implement double-sided printing and reuse single-sided printed paper

Compliance with laws and regulations

The Group keeps abreast of the latest local environmental regulations and standards. Throughout the year, the Group strictly complied with relevant national environmental laws and regulations, including but not limited to the following:

People's Republic of China	<ul style="list-style-type: none">• Environmental Protection Law of the People's Republic of China• Law on the Prevention and Control of Environmental Pollution by Solid Waste• Water Pollution Prevention and Control Law• Air Pollution Prevention and Control Law• Environmental Impact Assessment• Regulations of Guangdong Province on the Disposal of Urban and Rural Domestic Garbage
China Hongkong	<ul style="list-style-type: none">• Water Pollution Control Ordinance• Air Pollution Control Ordinance• Waste Disposal Regulations

Use of Resources

The Group pursues high environmental standards and promotes environmental care. As a provider of loan services and financial leasing services, the Group seeks to minimise environmental impact by reducing energy and paper consumption and encouraging recycling of office supplies and other items.

Energy consumption

The main energy consumption of the Group comes from lighting and office air conditioning systems. The energy saving measures that have been implemented are as follows:

- Maintain the indoor temperature of the office at 26 degrees Celsius;
- Minimize the use of motor vehicles during peak hours;
- Select environmentally friendly materials and energy-saving lighting and electrical appliances;
- Turn off idle electrical appliances; and
- Perform regular maintenance and repair of electrical appliances to reduce energy waste.

Water consumption

The Group's operations are mainly focused on providing financial services to customers, and the water resources used are mainly from the daily consumption of water by employees in the office. During the Reporting Period, we did not encounter any problems in finding water resources and did not discharge any sewage.

Resources utilisation	Unit	2024		2023	
		Consumption	Intensity (per million dollars of revenue)	Consumption	Intensity (per million dollars of revenue)
Electricity	KWh	15,685	146	99,230	877
Unleaded petrol	L	5,651	53	6,443	57
Water	Ton	128	1.2	141	1.3

Environmental and Natural Resources

Due to the nature of the business, the Group does not have any direct material impact on the environment and natural resources in the course of its operations. By adopting the above environmental protection measures, the Group strives to reduce its environmental impact and act in an environmentally friendly and socially responsible manner.

Environmental targets setting

Targets	Periods	Strategies
Reduce greenhouse gas emissions from automobiles	Long term	<ul style="list-style-type: none"> Gradually increase the proportion of new energy vehicles as official vehicles Clarify the principles for the use of official vehicles, strictly approve the use of official vehicles, and reduce the use number of times Strictly register the fuel volume and mileage of vehicles, and transparently quantify official vehicles usage
Improve energy efficiency	Long term	<ul style="list-style-type: none"> Increase the proportion of energy-saving and consumption-reducing equipment, and regularly maintain and upgrade the office building power consuming equipment Strengthen energy-saving publicity, such as electronic screens, energy-saving labels, etc., to guide energy-saving activities In order to develop energy-saving habits Make full use of natural lighting during office hours to eliminate long lights

Climate Change

The Group's operations do not involve any products, and the Group is committed to managing potential climate-related risks through environmentally friendly business practices to reduce greenhouse gas emissions. The Group implements risk management to identify and mitigate climate-related risks.

Physical Risks – The increasing frequency and severity of extreme weather events such as typhoons, storms and rainstorms pose serious and long-term physical risks to the Group's business and employee safety. To minimize potential risks, the Group has established mitigation plans, including flexible working arrangements and preventive measures in severe or extreme weather conditions.

Transition risk – Stricter policies and reporting requirements for corporate sustainability may expose companies to higher claims risk and compliance costs. In response to these policy and legal risks, the Group continuously monitors any changes in laws or regulations to avoid cost increases, fines for non-compliance or reputational risks. In addition, the Group will continue to work to control energy consumption and carbon emissions.

SOCIAL

Employment

The Group regards employees as one of its most valuable assets, and believes that the personal development of employees is particularly important. Employees are the most important asset, driving the long-term sustainable development of the Group.

As at 31 December 2024, the Group had 66 full-time employees. The following table shows the diverse workforce of the Group by gender, age group and region.

		No. of staff
Gender	Male	31
	Female	35
Age Group	18–30	14
	31–40	28
	41–50	19
	51 or above	5
Employment type	Full-time	66
	Part-time	0
Geographical region	China	63
	China Hong Kong	3

The remuneration of employees is determined based on the nature of the job, market trends and individual performance. Apart from medical insurance and Mandatory Provident Fund, discretionary bonuses are also paid to employees based on individual performance. To better identify human resource requirements and support human resource development, the Group has implemented an assessment and self-assessment system.

Equal opportunity

As an equal opportunity employer, the Group is committed to creating a fair, open and trusting working environment. The Group opposes any form of non-work related discrimination and prohibits any form of discrimination in the workplace. Employees in the same position will receive equal pay for equal work regardless of gender and sexual orientation.

The Group adopts an equal employment opportunity policy and treats all employees equally. Hiring, compensation and promotion are not affected by social status such as ethnicity, race, nationality, gender, creed, age, sexual orientation, political affiliation or marital status.

The Group is committed to maintaining the employee attrition rate at an acceptable level to facilitate the accumulation of professional skills and experience. The Group is committed to maintaining the employee attrition rate at an acceptable level to facilitate the accumulation of professional skills and experience. As a result of our streamlining of manpower, the employee attrition rate is approximately 18%, broken down by gender, age group and region as follows:

Gender		Age Group				Geographical region	
Male	Female	18-30	31-40	41-50	51 or above	Hong Kong	China
23%	14%	50%	11%	5%	20%	33%	18%

Comply with laws and regulations

During the Reporting Period, the Group was not aware of any material violations of relevant employment-related laws and regulations, including but not limited to:

People's Republic of China	<ul style="list-style-type: none"> • Employment contract law • Labor law
China Hongkong	<ul style="list-style-type: none"> • Hong Kong Employment Ordinance • Hong Kong Minimum Wage Ordinance • Hong Kong Mandatory Provident Fund Schemes Ordinance • Hong Kong Employees' Compensation Ordinance

Health and Safety

The Group aims to provide employees with a safe and healthy working environment and promote the concept of "Happy Work, Healthy Life". The Group regularly organizes recreational activities such as badminton matches and basketball matches for employees. Organizing recreational activities not only builds employees' sense of belonging and teamwork, but also promotes the importance of work and rest balance to all employees.

Environmental, Social and Governance Report (Continued)

To safeguard the health of our employees, all of our offices are equipped with safety equipment, including first aid kits and heavy cargo trolleys. Due to the nature of our business activities, our employees rarely come into contact with high-risk items that could pose serious personal injury. Any work-related injuries and personal accidents that occur inside or outside of office hours need to be reported to HR.

Occupational health and safety statistics	2024	2023	2022
Number of lost days due to work injury	Nil	Nil	Nil
Number of work-related fatal accidents	Nil	Nil	Nil

Comply with laws and regulations

During the year, the Group has developed and strictly implemented its internal safety and health policies in accordance with relevant laws and regulations, including but not limited to:

People's Republic of China	<ul style="list-style-type: none">• Safety production method• Occupational Disease Prevention and Control Law• Work injury insurance regulations
China Hongkong	<ul style="list-style-type: none">• Occupational Safety and Health Ordinance

Development and Training

The Group encourages employees to participate in on-the-job training and continuous education to create opportunities for career development. On-the-job training is designed to equip our workplace with the necessary knowledge and skills related to work. The Group also invites scholars and experts from time to time to introduce management skills and the latest industry information to employees.

In addition to providing diverse on-the-job training to employees to ensure that they can meet the changing needs of the Group and the market, continuous training is provided to boost morale and enhance employees' sense of satisfaction in performing their duties.

To ensure that every employee in the different fields of the Group receives adequate training, training has been divided into four main areas:

- Risk management;
- Sales and marketing activities;
- Customer due diligence; and
- Asset management.

		Average Training Hours	Percentage of Employees Receiving Training
Gender	Male	12	74%
	Female	12	80%
Job position	Senior management	7	53%
	Middle management	15	80%
	General staff and labour	12	83%

Labor Standard

The Group formulates policies to protect employees' labour rights, including the establishment of a complaints system for employees to report their concerns and any violations of labour rights. Apparently, there were no reports of child labour or forced labour. Furthermore, during the year ended 31 December 2024, the Group was not aware of non-compliance with laws and regulations relating to child labour and forced labour, including but not limited to:

People's Republic of China	<ul style="list-style-type: none"> • Employment contract law • Labor law • Law on the Protection of Minors
China Hongkong	<ul style="list-style-type: none"> • Employment regulations • Minimum wage regulations • Prohibition of child labor

RESPONSIBLE OPERATION

Supply Chain Management

The Group's business is service-oriented in nature. The main suppliers are mainly third-party service providers, such as property management services, information technology services, legal and consulting services, and office equipment and printing suppliers.

Given that supply chain management is an important part of corporate social responsibility, the Group expects all suppliers to embrace corporate social responsibility values. As most of the suppliers are well-known Banking and Financial Institution Groups, the Group can easily assess their corporate social responsibility. When making purchasing decisions, the Group takes into account factors such as suppliers' historical quotations, product variety, service variety, performance and environmental and social policies to ensure that suppliers with similar concepts and reasonable prices are selected.

When selecting new suppliers, in order to minimize the impact on the environment, the Group will prioritize recycled and environmentally friendly products. In order to have a fair overview of the suppliers selected, the Group selected more than one supplier for comparison during the initial appointment process.

During the Reporting Period, the company was not aware of any supplier that had any significant actual or potential negative impact due to improper business ethics and environmental protection and labor practices.

Product Responsibility

The Group is principally engaged in the provision of integrated financing services and related management and advisory services. The Group has established internal control and compliance procedures to ensure that the Group's frontline staff comply with all relevant laws and regulations. The Group also provides relevant training to staff to ensure that employees understand the nature and risks of the relevant financial services and that they have the expertise necessary to provide the most appropriate advice to clients in any situation.

The Group has obtained the necessary licenses, qualifications and permits for its business operations. The compliance department is responsible for ensuring that business operations comply with laws and regulations. The Group notifies relevant operating units and employees of the latest news on laws and regulations from time to time. During the year, the Group was not aware of any violations of laws and regulations in relation to the services we provide.

Customer satisfaction

By providing a professional Client Server, the Group has established a reliable relationship with a large customer base. In order to provide quality services to customers, the Group communicates with customers before the start of the project to confirm their expectations and instructions, and actively collaborates with customers in the process of providing services.

If a customer files a complaint, the Group will make every effort to investigate and resolve the dispute fairly and expeditiously. During the year, no complaints were reported regarding its financing advisory, factoring, leasing and securities trading services.

The Group strictly abides by the Advertising Law of the People's Republic of China and makes accurate publicity based on the services it can provide, avoiding any misleading or exaggerated publicity.

Consumer data protection and privacy policy

As a provider of a range of financial services, the Group has access to important financial and personal data of tenants, customers, and potential customers. Therefore, ensuring customer data privacy is one of the Group's top priorities.

The Group has established a set of privacy principles for the collection, retention, use, protection, disclosure and access of data to ensure that all tenant data received is used only for the intended purpose and to prevent data leakage. These principles include:

- Set up access controls on all tenant data;
- Require employees not to retain or disclose to any third party any confidential data and other sensitive confidential data relating to the Group's business; and
- It is stipulated that employees shall not request any unnecessary information from the lessee and its associates.

During the year, the Group was not aware of any violations of the Personal Data (Privacy) Ordinance in Hong Kong.

Intellectual property

The Group attaches great importance to the protection of intellectual property rights. To ensure that only secure and genuine computer software and systems are installed, any unauthorized software installation is prohibited. The Group also protects its intellectual property rights by using and registering domain names.

Anti-corruption

The Group acknowledges that any corruption incident will cause irreparable damage to the Group. Therefore, the Group adheres to high standards of business integrity throughout its operations. Good ethical integrity systems and anti-corruption mechanisms lay the foundation for the sustainable and sound development of the Group.

The Group has established a sound reporting and investigation mechanism for relevant matters. If an employee accepts any benefits from customers and suppliers, the Group will immediately terminate the employment contract. If an employee detects any suspicious transaction, he should inform his department head. If any employee violates the anti-corruption policy after investigation, the Group will take disciplinary action against the employee involved, including immediate termination of his employment contract.

Money laundering

The Group strictly implements a series of policies and procedures to prevent and detect money laundering and terrorist financing. The Group has taken the following measures to prevent and detect money laundering and terrorist financing:

- Conduct customer-awareness procedures by verifying customer identities with reference to reliable and independent documentary sources;
- Report any suspicious transactions to relevant government departments;
- Keep all important customer data in accordance with the Personal Data (Privacy) Ordinance;
- Only accept repayment by cheque, bank transfer from customer's bank account; and
- Provide professional training to employees on current laws and practices.

During the year ended 31 December 2024, the Group was not aware of any irregularities related to dishonest and corrupt activities in accordance with the following laws and regulations:

- Hong Kong's Prevention of Bribery Ordinance;
- Hong Kong's Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions Groups) Ordinance;
- The Criminal Law of the People's Republic of China; and
- The Anti-Unfair Competition Law of the People's Republic of China.

COMMUNITY INVESTMENT

The Group recognizes the importance of corporate social responsibility and encourages employees to contribute to the community. The Group makes charitable contributions from time to time when necessary. Looking forward, the Group will seek more opportunities to contribute to the community.

STOCK EXCHANGE ESG INDEX

Indicators	Details	Corresponding Chapters
A. Environment		
Aspect A1: Type of Emissions		
General Disclosure	Information on the policies and compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental
A1.1	The types of emissions and respective emissions information	Environmental
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in tons and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Hazardous and non-hazardous waste
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Hazardous and non-hazardous waste
A1.5	Emissions target(s) set and steps taken to achieve them	Environmental
A1.6	How hazardous and non-hazardous wastes are handled, a description of reduction target(s) set and steps taken to achieve them	Environmental
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh) and intensity (e.g. per unit of production volume, per facility)	Use of resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of resources
A2.3	Energy use efficiency target(s) set and steps taken to achieve them	Use of resources
A2.4	Whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Use of resources
A2.5	Total packaging materials used for finished products (in tons) and, where appropriate, with reference to per unit produced	Does not involve the use of packaging materials
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimizing the Company's significant impact on the environment and natural resources	Environmental and natural resources
A3.1	The significant impacts of activities on the environment and natural resources and the actions taken to manage them	Has no impact on the environment and natural environment resources have a significant impact.

Indicators	Details	Corresponding Chapters
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Climate Change
A4.1	Significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Climate Change
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment
B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region	Employment
B1.2	Employee turnover rate by gender, age group and geographical region	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and Safety
B2.2	Lost days due to work injury	Health and Safety
B2.3	Occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employee's knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Development and Training
B3.2	The average training hours completed per employee by gender and employee category	Development and Training

Environmental, Social and Governance Report (Continued)

Indicators	Details	Corresponding Chapters
Aspect B4: Labor Standard		
General Disclosure	Information on: (a) The policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	Labor Standard
B4.1	Measures to review employment practices to avoid child and forced labor	Labor Standard
B4.2	Steps taken to eliminate such practices when discovered	Labor Standard
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
B5.1	Number of suppliers by geographical region	The suppliers were mainly involved in third-party service provider primarily located in China
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Responsibility
B6.2	Number of products and services related complaints received and how they are dealt with	Product Responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibility
B6.4	Description of quality assurance process and recall procedures	It is not applicable to the operations of the Group
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Responsibility

Indicators	Details	Corresponding Chapters
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Anti-corruption
B7.2	Preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff	The management did not provide the corresponding information for disclosure
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities interests	Community investment
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	The management did not provide corresponding information for disclosure
B8.2	Resources contributed (e.g. money or time) to the focus area	The management did not provide corresponding information for disclosure

Independent Auditor's Report



MOORE

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大華馬施雲
會計師事務所有限公司

To the Shareholders of

Haosen Fintech Group Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Haosen Fintech Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 70 to 169, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements as at and for the year ended 31 December 2024. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

Expected credit losses ("ECLs") on loan and account receivables (Refer to Notes 5(i), 19 and 35(b) to the consolidated financial statements)

As at 31 December 2024, the gross loan and account receivables and its related ECLs allowance amounted to approximately RMB817,603,000 (2023: RMB791,561,000) and RMB96,204,000 (2023: RMB89,542,000) respectively.

The determination of allowances for impairment of loan and account receivables using the ECL model is subject to a number of key parameters and assumptions, including the identification of loss stages, the risk of default, loss given default and adjustment for forward-looking information, etc. Management judgement is involved in the selection of the parameters and the application of the assumptions.

In particular, the determination of the allowances for impairment of loan and account receivables is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The ECLs for loan and account receivables are derived from estimates whereby management takes into consideration historical overdue data, the credit grading, the historical loss experience on loan and account receivables and other adjustment factors.

The management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrowers, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors, if any. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of allowances for impairment as at the end of the reporting period.

Our key procedures to address the matter included:

- We obtained an understanding of the Group's credit risk management and practices and assessed the Group's ECLs impairment policy in accordance with the requirement of HKFRS 9 *Financial Instruments* including an evaluation of management judgement on (i) the level of disaggregation of portfolios for ECLs assessment; (ii) the use of reasonable and supportable credit risk information that is available without undue cost or effort; and (iii) the staging criteria of determining if a significant increase in credit risk has occurred.
- We tested the appropriateness of the Group's determination of significant increase in credit risk and the basis for classification of exposures into 3 stages. The testing included checking to loan overdue information, loan-to-value percentage or other related information, and considering the stage classification determined by the Group.
- We evaluated the design and implementation of key controls over the origination, ongoing internal credit quality assessments, recording and monitoring of loan and account receivables, and application of the impairment methodology.
- We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.
- We assessed the application of ECLs methodology and checked the assumptions and parameters to external data sources when available.

KEY AUDIT MATTER (Continued)

Expected credit losses ("ECLs") on loan and account receivables (Refer to Notes 5(i), 19 and 35(b) to the consolidated financial statements) (Continued)

We have identified the management's ECLs assessments on its loan and account receivables as a key audit matter because the carrying amount of the loan and account receivables as at 31 December 2024 was significant and the ECLs assessment on these receivables required significant management judgement and involved high level of uncertainty.

Our key procedures to address the matter included: (Continued)

- We assessed the ECLs allowance made by the Group by examining the loan credit files and underlying documentation, deposits received and other evidence supporting the repayment records, the value of collateral and/or credit enhancement, information regarding the current creditworthiness and any significant changes in credit quality of the borrowers, evidence of subsequent settlement and other relevant information and other sources of cash flows, and developed a reasonable range of expected cash shortfall for comparison with the Group's assessment.
- We assessed the effectiveness and marketability of collaterals, including considering independent legal opinion obtained by the Group, if any, valuation of collaterals and timing required for converting collaterals into cash in the case of default.
- We assessed the reasonableness and relevancy of the external information used by the Group as the forward-looking information including economic data and forecasts published by government bodies and monetary authorities, such as GDP growth rates, unemployment rates, non-performing loan rate.
- We examined the valuation of collaterals including (i) took reference to the professional valuer's work; (ii) assessed the appropriateness of the valuation methodology, assumptions and judgement used by the management and the valuer; and (iii) evaluated the appropriateness of the key inputs used in the valuation by checking to the external data, if applicable. And we have evaluated the independence, competence, capabilities, and relevant experience of the independent professional valuers.

KEY AUDIT MATTER (Continued)

Expected credit losses ("ECLs") on loan and account receivables (Refer to Notes 5(i), 19 and 35(b) to the consolidated financial statements) (Continued)

Our key procedures to address the matter included:
(Continued)

- We evaluated the reasonableness of the ECL allowances and tested the mathematical accuracy of the ECL calculation of loan and account receivables.
- We evaluated the adequacy and appropriateness of the disclosures of credit risk and ELCs allowances of loan and account receivables.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report for the year ended 31 December 2024 other than the consolidated financial statements and our auditor's report thereon (the "Other Information").

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 the Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of 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.

The audit committee assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the audit committee, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore CPA Limited

Certified Public Accountants

Mo Wing Sze Regina

Practising Certificate Number: P06709

Hong Kong, 24 March 2025

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	7	107,313	113,132
Other income	7	6,085	4,871
Employee benefit expenses	9	(26,179)	(20,550)
Depreciation	9	(1,701)	(2,107)
Other operating expenses		(7,423)	(14,640)
Provision for expected credit losses ("ECLs") on loan and account receivables, net		(48,738)	(43,128)
Finance costs	8	(12,480)	(10,428)
Profit before income tax	9	16,877	27,150
Income tax expense	11	(11,269)	(3,977)
Profit for the year attributable to equity holders of the Company		5,608	23,173
Other comprehensive (expense)/income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,034)	611
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation of the Company's financial statements into presentation currency		(853)	(317)
Other comprehensive (expense)/income for the year, net of income tax		(1,887)	294
Total comprehensive income for the year attributable to equity holders of the Company		3,721	23,467
Earnings per share attributable to equity holders of the Company	13		
Basic		3.58 cents	14.80 cents
Diluted		3.58 cents	14.79 cents

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

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	14	484	723
Right-of-use assets	15(a)	3,760	2,767
Intangible assets	16	–	–
Other assets	17	392	386
Loan receivables	19	251,341	392,068
Deposits	18	292	269
Deferred tax assets	28	42,946	51,656
		299,215	447,869
Current assets			
Loan and account receivables	19	470,058	309,951
Prepayments, deposits and other receivables	18	522	522
Bank balances and cash	21	33,354	26,340
		503,934	336,813
Current liabilities			
Account payables	22	1,388	520
Deposits from financial leasing customers	23	500	500
Accruals and other payables	24	22,563	22,835
Amounts due to related parties	20	13,724	12,153
Lease liabilities	15(b)	1,369	1,101
Promissory note	26	–	4,186
Dividend payable		2,722	2,066
Bonds payable	27	28,160	18,177
Bank borrowings	25	142,293	142,320
Tax payable		6,516	5,386
		219,235	209,244
Net current assets		284,699	127,569
Total assets less current liabilities		583,914	575,438

Consolidated Statement of Financial Position (Continued)

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liability			
Lease liabilities	15(b)	2,524	1,738
Net assets		581,390	573,700
EQUITY			
Share capital	29	1,357	1,358
Reserves	30	580,033	572,342
Total equity attributable to equity holders of the Company		581,390	573,700

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

The consolidated financial statements on pages 70 to 169 were approved and authorised for issue by the Board of Directors on 24 March 2025 and were signed on its behalf by:

Lo Wai Ho
Director

Wu Jiaqi
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital RMB'000 (Note 29)	Proposed final dividend* RMB'000 (Note 12)	Share premium* RMB'000 (Note 30(i))	Share-based payment reserve* RMB'000 (Note 30(ii))	Exchange reserve* RMB'000 (Note 30(iii))	Other reserve* RMB'000 (Note 30(iv))	Statutory surplus reserve* RMB'000 (Note 30(v))	Treasury shares* RMB'000 (Note 30(vi))	Retained profits* RMB'000	Total RMB'000
At 1 January 2023	1,358	4,154	226,114	3,018	(2,585)	240,521	53,612	-	28,195	554,387
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	-	-	23,173	23,173
Other comprehensive income:										
Exchange differences arising on translation	-	-	-	-	294	-	-	-	-	294
Total comprehensive income for the year	-	-	-	-	294	-	-	-	23,173	23,467
Share options lapsed (Note 37)	-	-	-	(2,038)	-	-	-	-	2,038	-
Final dividend (Note 12)	-	(4,154)	-	-	-	-	-	-	-	(4,154)
Proposed final dividend (Note 12)	-	4,269	(4,269)	-	-	-	-	-	-	-
Transferred to statutory surplus reserve	-	-	-	-	-	-	1,091	-	(1,091)	-
At 31 December 2023	1,358	4,269	221,845	980	(2,291)	240,521	54,703	-	52,315	573,700

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2024

	Share capital RMB'000 (Note 29)	Proposed final dividend [#] RMB'000 (Note 12)	Share premium [#] RMB'000 (Note 30(ii))	Share- based payment reserve [#] RMB'000 (Note 30(iii))	Exchange reserve [#] RMB'000 (Note 30(iii))	Other reserve [#] RMB'000 (Note 30(iv))	Statutory surplus reserve [#] RMB'000 (Note 30(v))	Treasury shares [#] RMB'000 (Note 30(vii))	Retained profits [#] RMB'000	Total RMB'000
At 1 January 2024	1,358	4,269	221,845	980	(2,291)	240,521	54,703	-	52,315	573,700
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	-	-	5,608	5,608
Other comprehensive expense:										
Exchange differences arising on translation	-	-	-	-	(1,887)	-	-	-	-	(1,887)
Total comprehensive (expense)/income for the year	-	-	-	-	(1,887)	-	-	-	5,608	3,721
Repurchase of shares (Note 29)	(1)	-	(409)	-	-	-	-	-*	-	(410)
Equity-settled share-based payments (Note 37)	-	-	-	8,648	-	-	-	-	-	8,648
Final dividend (Note 12)	-	(4,269)	-	-	-	-	-	-	-	(4,269)
Proposed final dividend (Note 12)	-	4,411	(4,411)	-	-	-	-	-	-	-
Transferred to statutory surplus reserve	-	-	-	-	-	-	519	-	(519)	-
At 31 December 2024	1,357	4,411	217,025	9,628	(4,178)	240,521	55,222	-*	57,404	581,390

[#] These reserves accounts comprise the consolidated reserves of approximately RMB580,033,000 (2023: RMB572,342,000) in the consolidated statement of financial position.

* Amount less than RMB1,000.

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Profit before income tax		16,877	27,150
Adjustments for:			
Bank interest income	7	(141)	(241)
Finance costs	8	12,480	10,428
Depreciation of plant and equipment	9	292	556
Depreciation of right-of-use assets	9	1,409	1,551
Provision for ECLs on loan and account receivables, net		48,738	43,128
Recovery of bad debts of loan and account receivables, net	9	(5,350)	(3,966)
Equity-settled share-based payments	9	8,648	–
Loss on write-off of plant and equipment, net	9	3	–
Gain on modification of lease	7	–	(13)
Gain on early termination of lease	7	(7)	–
Gain on early redemption of bonds payable	7	(7)	–
Gain on non-substantial modification of bonds payable	7	(52)	–
Operating profit before working capital changes		82,890	78,593
Increase in loan and account receivables		(62,574)	(127,576)
Decrease in prepayments, deposits and other receivables		4	303
(Increase)/decrease in clients' monies in segregated account		(803)	8,411
Increase/(decrease) in accounts payables		834	(8,617)
Increase/(decrease) in accruals and other payables		548	(5,773)
Decrease in deposits from financial leasing customers		–	(2,430)
Cash generated from/(used in) operations		20,899	(57,089)
Income tax paid		(1,419)	(5,167)
Net cash generated from/(used in) operating activities		19,480	(62,256)
Cash flows from investing activities			
Interest received from bank deposits	7	141	241
Purchase of plant and equipment	14	(53)	(78)
Net cash generated from investing activities		88	163

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Interest paid		(13,155)	(8,799)
Proceeds from bank borrowings	41(b)	142,000	242,000
Repayment of bank borrowings	41(b)	(142,000)	(199,703)
Advance from related parties	41(b)	132	1,010
Repayment of lease liabilities (including interest paid)	41(b)	(1,620)	(1,777)
Repayment of promissory note	41(b)	(4,690)	–
Repayment of principal of bonds	41(b)	(9,207)	–
Proceeds from issuance of bonds	41(b)	18,536	–
Payments for repurchase of shares	29	(410)	–
Advanced from a former director of the Company	41(b)	1,023	8,466
Dividend paid		(3,693)	(3,582)
Net cash (used in)/generated from financing activities		(13,084)	37,615
Net increase/(decrease) in cash and cash equivalents		6,484	(24,478)
Cash and cash equivalents at beginning of the year		25,840	49,560
Effect of foreign exchange rate changes		(306)	758
Cash and cash equivalents at end of the year	21	32,018	25,840

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

Haosen Fintech Group Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 10 December 2015 under the Companies Law of the Cayman Islands and its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing") by way of placing and public offer of shares on 21 July 2017. The registered office of the Company is P.O. Box 1350, Regatta Office Park, Windward 3, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business is at Room 02, 34/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are (i) provision of financial leasing, factoring and financial advisory services in the People's Republic of China (the "PRC"); (ii) provision of small loans and related loan facilitation services in the PRC; and (iii) provision of investment management and advisory services, securities dealing and broking services and other financial services in Hong Kong. In the opinion of the directors of the Company, the ultimate holding company of the Group is Wealthy Rise Investment Limited, a company incorporated in the British Virgin Islands (the "BVI") which is wholly owned by Mr. Lo Wai Ho ("Mr. Lo"), the ultimate controlling party.

2. BASIS OF PREPARATION AND PRESENTATION

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

These consolidated financial statements are presented in Renminbi ("RMB"). All values are rounded to the nearest thousand except when otherwise indicated. The measurement basis used in the preparation of the consolidated financial statements is the historical costs basis.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies applied in the consolidated financial statements for the year ended 31 December 2023 except for the application of certain amendments to HKFRSs that are effective from the current year as set out in Note 3.

It should be noted that accounting estimates and assumptions have been used in preparation of these consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in Note 5.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs in issue and effective

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the accounting period beginning on 1 January 2024 for the preparation of the Group's 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

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

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied any of the following new and amendments to HKFRSs, which have been issued but are not yet effective, in these consolidated financial statements:

		Effective for annual reporting periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

* The amendments shall be adopted prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the related impact of applying the above new and amendments to HKFRSs. So far, it has concluded that the above new and amendments to HKFRSs will be applied at the respective effective dates and the application of them is unlikely to have a significant impact on these consolidated financial statements of the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

Plant and equipment

Plant and equipment are stated at cost, less provision for depreciation and impairment losses, if any.

The cost of an item of plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item and the cost of such item can be measured reliably, the expenditure is capitalised as an additional cost of the item.

Depreciation is calculated using the straight-line method to allocate their costs to their residual value over the estimated economic useful life of the individual assets, as follows:

Leasehold improvements	The shorter of the lease terms and 3 to 5 years, when appropriate
Furniture and office equipment	3 to 10 years
Motor vehicles	3 to 10 years

The assets' residual values economic useful life and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

When an item of plant and equipment is sold, its cost and accumulated depreciation are derecognised and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss.

Lease

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

(A) As a lessee

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Lease (Continued)

(A) As a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straightline basis over the lease term.

The cost of right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- where applicable, an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the underlying site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, discounted to their present value under HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets for buildings are depreciated on a straight-line basis over the shorter of its estimated useful life on the same basis as owned. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Lease (Continued)

(A) As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of the lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discounted rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Lease (Continued)

(B) As a lessor

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

Amounts due from lessees under finance leases are recorded as loan receivables at the commencement date at the amount of the Group's net investment in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Financial leasing income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Employee benefits

Retirement benefit schemes

The Group participates in defined contribution retirement benefit schemes for those employees who are eligible to participate. Contributions are charged to consolidated profit or loss as they are paid/become payable in accordance with the rules of the scheme.

The employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The Group has no legal or construction obligations to pay further contributions after payment of the fixed contributions.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme.

Employee long service payment

The provision for long service payment ("LSP") is provided based on the employees' basic salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Intangible assets

The Group's intangible assets represent the trading rights to dealing of securities in the Stock Exchange and the licences granted by Securities and Futures Commission (the "SFC").

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible asset with finite useful life is provided on a straight-line basis over its estimated useful life. Intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset with an indefinite life is revised annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from being indefinite to finite is accounted for on a prospective basis.

Intangible assets are tested for impairment annually as described in relevant note to the consolidated financial statements.

Financial instruments – initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVPL are recognised immediately in consolidated profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified, at initial recognition, as subsequently measured at amortised costs.

The Group assesses the classification and measurement of a financial asset based on the contractual cash flows characteristics of the asset and the Group's business model for managing the asset.

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 ("SPPI") on the principal amount outstanding.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Financial assets at amortised cost

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregate rather than on instrument-by-instrument basis.

The Group's business models for managing its financial instrument reflects how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called "worst case" or "stress case" scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within the business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model and, in particular, the way in which these risks are managed.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses its business models each reporting period to determine whether the business models have changed since the preceding period.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the ECL assessment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Financial assets at amortised cost (Continued)

Effective interest method

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.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting period, 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.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income which are derived from the Group's ordinary course of business are recognised in profit or loss and included in the "Revenue" line item.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including loan and account receivables, deposits and other receivables and bank balances). 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 ("12-m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Impairment under ECL model (Continued)

The Group always recognises simplified approach and recorded lifetime ECLs for the financial leasing receivable and account receivables from financial advisory and loan facilitation services and securities dealing and broking business (arising from cash clients and clearing house) and contract assets (if any) that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances.

For other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in this likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial assets being credit-impaired at the reporting date or an actual default occurring.

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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, government bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Impairment under ECL model (Continued)

Significant increase in credit risk (Continued)

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

For account receivables from margin client, the Group will also consider there has been a significant increase in credit risk when clients cannot meet the margin call requirement and uses the loan-to-collateral value ("LTV") to make its assessment.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial 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 financial instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

Definition of default

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

Irrespective of the above, the Group considers that default has occurred when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Impairment under ECL model (Continued)

Definition of default (Continued)

However, in certain case, the Group may also consider a margin client receivable to be in default when there is a margin shortfall which indicates the Group is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group.

Credit-impaired financial assets

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

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

When assessing the likelihood of the borrower to pay its credit obligation, the Group takes into account both quantitative and qualitative indicators. Qualitative indicator, such as the breach of covenants, and quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess credit-impaired which are either developed internally or obtained from external sources.

It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group reassesses whether the financial assets measured at amortised cost are credit-impaired at each reporting date.

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 account 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Impairment under ECL model (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, these are represented by the assets' gross carrying amount at the reporting date.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For financial leasing receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the Group's loan and account receivables, deposits and other receivables are each assessed as a separate group);
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

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

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

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-m ECL at the current reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Impairment under ECL model (Continued)

Measurement and recognition of ECL (Continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified either as 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 a group entity are recognised at the proceeds received, net of direct issue costs.

Save as disclosed in above, where any group company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to equity holders of the Company as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) is included in equity attributable to equity holders of the Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

The Group classifies its financial liabilities at initial recognition, as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Financial liabilities subsequently measured at amortised cost

After initial recognition, the financial liabilities including account payables, deposits from financial leasing customers, dividend payable, accruals and other payables, lease liabilities, amounts due to related parties, the bonds payable and bank borrowings are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Modification of financial liabilities

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, and any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments – initial recognition and subsequent measurement (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Share-based payments

The Group operates a share option scheme for remuneration of its employees (including the directors of the Company) and other eligible participants. The employee services received in exchange for the grant of any share options are measured at their fair value. These are indirectly determined by reference to the share options granted. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions. For the services received from the parties other than employees, there shall be a rebuttable presumption that the fair value of the services received can be estimated reliably. The fair value shall be measured at the date the counterparties render service. If the entity rebuts the presumptions because it cannot estimate reliably the fair value of the services received, the entity shall measure the services received, indirectly by reference to the fair value of the share options awarded.

All services received in exchange for the grant of share options is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in "Share-based payment reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. 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 share-based payment reserve.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Share-based payments (Continued)

Where a grant of share options is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met. At the time when the share options are exercised, the amount previously recognised in share-based payment reserve and the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as 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 option reserve will be transferred to retained profits.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carried forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carried forward unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Income tax (Continued)

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue recognition (Continued)

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

If a contract involves multiple services, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

(a) Interest income

Interest income from financial asset is recognised as revenue in profit or loss over the terms of the contracts, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's amortised cost.

(b) Loan facilitation service income

The total service fees are collected partially upfront at the inception of the loan and the remaining fees are collected subsequently on a monthly basis over the loan period. The consideration received from the borrowers generally includes the services fees for facilitating loan origination (matching of investors and borrowers and facilitating the execution of loan agreements) and for providing ongoing monthly services (cash processing services and collection services). The service fee of upfront loan facilitation is recognised as revenue upon execution of loan agreements while the service fee of post loan facilitation services is deferred and recognised over the period of the loan on a straight-line method, which approximates the pattern of when the underlying services are performed. When the cash received is different from the revenue recognised, a "Contract Asset" or "Contract Liability" shall be recognised in the consolidated statement of financial position.

(c) Commission and brokerage income from security dealing

The Group provides broking services to customers on securities trading. Commission and brokerage income at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trade executed.

(d) Placing and underwriting service income

The Group provides underwriting, sub-underwriting and placing services to customers. Revenue is recognised at a point in time when the relevant underwriting, sub-underwriting and placing activities are completed. Payments are received in accordance to the completion of relevant underwriting, sub-underwriting and placing activities as specified in the agreement. The period from satisfaction of the performance obligation to receipt of consideration is usually within one year or less.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue recognition (Continued)

(e) Asset management service income

Asset management services to customers are recognised over time as the Group provides asset management services and the customer simultaneously receives and consumes the benefit provided by the Group. The asset management income is charged at a fixed percentage per annum of the asset value of the accounts under management of the Group.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in consolidated profit or loss over the period necessary to match with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under “Other income” in the consolidated statement of comprehensive income.

Foreign currencies

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company is Hong Kong dollars (“HK\$”). The consolidated financial statements are presented in RMB since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in “Other operating expenses” in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group’s presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rate at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates or at the average rate over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

(i) Allowance for ECLs on loan receivables

The allowance for ECLs on the loan receivables are estimated based on assumptions about the risk of default and credit risk of respective receivables. The loss allowance amount is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective receivables. Such assessment involves high degree of estimation and uncertainty. When the actual future cash flows are less or more than expected, a material ECLs or material reversal of ECLs may arise, accordingly.

The following significant judgements are required in applying the accounting requirements for measuring the ECL:

Significant increase of credit risk

As explained in Note 4, ECL are measured as an allowance equal to 12-m ECL or lifetime ECL for respective receivables. An asset will use lifetime ECL when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account quantitative and qualitative reasonable and supportable forward looking information including available customers' historical data and existing and forecast market conditions.

Model and assumptions used

ECLs on the loan receivables which are not assessed to be credit impaired are estimated using a calculation model using observable data as at the end of the reporting period, including the difference between (i) the effective interest rates of interest charged by the Group for similar categories of the loans and the risk-free rate of respective regions; (ii) administrative service cost of the Group; and (iii) the weighting of the loan receivables under different categories of loan receivables at each of the reporting dates, and adjusted by forward-looking information such as GDP growth, unemployment rate, and non-performing loan rate, etc. Judgements is applied in identifying the most appropriate ECL model as well as for determining the assumption used in the model, including those relate to key drivers of credit risk.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(i) Allowance for ECLs on loan receivables (Continued)

Model and assumptions used (Continued)

The Group's allowance for ECLs on loan receivables may also take into account the subsequent settlement, collateral valuation and the management's judgement on the effectiveness and marketability of the collateral properties and customers' capability of payment at the estimated valuation and the actual valuation may differ from the estimation.

(ii) Estimation of current tax and deferred tax

The Group is subject to income taxes in jurisdictions in which the group entities operates. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is subject to the final approval of annual tax return the group entities filed with the relevant tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

6. SEGMENT INFORMATION

HKFRS 8, *Operating Segments*, required identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the chief operating decision maker (the "CODM") of the Group, being the executive director of the Company, for the purpose of resources allocation and performance assessment.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- | | |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Finance lease and factoring related services | – Provision of (a) direct finance leasing; (b) sale and leaseback; (c) factoring; and (d) related financial advisory services in the PRC. |
| (ii) Micro credit and loan facilitation related services | – Provision of (a) micro-credit to individuals, corporates and subordinated mortgage; and (b) post loan facilitation related services in the PRC. |
| (iii) Securities dealing and broking and other financial services | – Provision of securities brokerage, share placing and margin financing and other financial services in Hong Kong. |

The Group's operating segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies.

6. SEGMENT INFORMATION (Continued)**Segment revenue and results**

The following is an analysis of the Group's revenue and results by operating and reportable segment:

	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
For the year ended 31 December 2024				
Revenue				
External income	138	106,509	666	107,313
Segment results	11,025	15,665	(1,415)	25,275
Unallocated corporate income				147
Unallocated corporate expenses				(8,545)
Profit before income tax				16,877
Income tax expense				(11,269)
Profit for the year				5,608

	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
For the year ended 31 December 2023				
Revenue				
External income	358	111,821	953	113,132
Segment results	(1,630)	41,061	(2,751)	36,680
Unallocated corporate income				14
Unallocated corporate expenses				(9,544)
Profit before income tax				27,150
Income tax expense				(3,977)
Profit for the year				23,173

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned by or loss incurred from each segment without allocation of certain other income and other operating expenses and finance costs. This is the measure reported to the CODM of the Company, for the purposes of resources allocation and assessment of segment performance. There were no inter-segment sales for the year.

Segment assets and liabilities

The following is an analysis of the Group's segment assets and segment liabilities by operating and reportable segment:

	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
As at 31 December 2024				
Segment assets	4,266	743,145	9,772	757,183
Deferred tax assets				42,946
Unallocated corporate assets				3,020
Consolidated total assets				803,149
Segment liabilities	4,214	162,346	2,187	168,747
Tax payable				6,516
Bonds payable				28,160
Unallocated corporate liabilities				18,336
Consolidated total liabilities				221,759

6. SEGMENT INFORMATION (Continued)**Segment assets and liabilities (Continued)**

	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
As at 31 December 2023				
Segment assets	9,588	705,991	14,161	729,740
Deferred tax assets				51,656
Unallocated corporate assets				3,286
Consolidated total assets				784,682
Segment liabilities	3,876	159,884	1,299	165,059
Tax payable				5,386
Promissory note				4,186
Bonds payable				18,177
Unallocated corporate liabilities				18,174
Consolidated total liabilities				210,982

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than deferred tax assets and unallocated corporate assets, mainly comprising certain right-of-use assets, deposits and other receivables and bank balances and cash.
- All liabilities are allocated to operating segments other than promissory note, interest payable of bonds payable, bonds payable, tax payable and unallocated corporate liabilities, mainly comprising certain lease liabilities, amounts due to related parties and dividend payable.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

6. SEGMENT INFORMATION (Continued)

Other segment information

	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Unallocated RMB'000	Total RMB'000
For the year ended 31 December 2024					
Additions to non-current assets *	–	53	–	–	53
Depreciation of plant and equipment	–	(149)	(3)	(140)	(292)
Depreciation of right-of-use assets	(101)	(406)	(100)	(802)	(1,409)
Recovery of bad debt on loan and account receivables, net	2,524	2,826	–	–	5,350
Reversal of/(provision for) ECLs on loan and account receivables, net	10,526	(59,430)	166	–	(48,738)
For the year ended 31 December 2023					
Additions to non-current assets *	–	78	–	–	78
Depreciation of plant and equipment	(18)	(146)	(4)	(388)	(556)
Depreciation of right-of-use assets	(136)	(473)	(95)	(847)	(1,551)
Recovery of bad debt on loan and account receivables, net	172	3,794	–	–	3,966
Provision for ECLs on loan and account receivables, net	(384)	(41,050)	(1,694)	–	(43,128)

* Non-current assets included plant and equipment only.

6. SEGMENT INFORMATION (Continued)**Geographical information**

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets other than financial instruments and deferred tax assets, is presented based on the geographical location of the assets.

	Revenue from external customers for the year ended		Non-current assets as at 31 December	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
The PRC	106,647	112,179	2,865	1,121
Hong Kong	666	953	1,379	2,369
	107,313	113,132	4,244	3,490

Information about major customers

None of the customers of the Group individually contributed 10% or more of total revenue of the Group for the year ended 31 December 2024 (2023: Same).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

7. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Point in time		
– Commission and brokerage income from securities dealing	66	240
Over time (Note (a))		
– Post loan facilitation service income	453	1,426
– Asset management fee income	57	–
	576	1,666
Revenue from other sources (Note (b))		
– Interest income from small loans	106,056	110,395
– Interest income from financial leasing	138	358
– Interest income from margin financing	257	431
– Interest income from other loans	286	282
	106,737	111,466
Total revenue	107,313	113,132
Other income		
Bank interest income	141	241
Gain on early termination of lease (Note 15(c))	7	–
Gain on modification of lease (Note 15(c))	–	13
Gain on early redemption of bonds payable (Note 27(b))	7	–
Gain on non-substantial modification of bonds payable (Note 27(a))	52	–
Handling service charges	26	50
Other taxes refund	3	99
Referral fee	369	326
Recovery of bad debts on loan and account receivables, net (Note 9(b))	5,350	3,966
Sundry income	130	176
	6,085	4,871

Notes:

- (a) The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about remaining performance obligation that have original expected duration of one year or less.
- (b) Interest income was calculated using the effective interest income according to HKFRS 9. All the interest income disclosed in the above came from financial assets not at FVPL.

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	10,230	8,799
Interest on lease liabilities (Note 15(b))	278	185
Interest on bonds payable (Note 27)	1,972	1,444
	12,480	10,428

9. PROFIT BEFORE INCOME TAX

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

	2024 RMB'000	2023 RMB'000
Auditor's remuneration		
– Audit services	811	794
Depreciation charged on:		
– Plant and equipment (Note 14)	292	556
– Right-of-use assets (Note 15(a))	1,409	1,551
	1,701	2,107
Employee benefit expenses (including directors' emoluments (Note 10))		
– Salaries, allowances and benefits in kind	14,803	17,735
– Retirement benefit scheme contributions (Note (a))	2,728	2,815
– Equity settled share-based payments (Note 37)	8,648	–
	26,179	20,550
Referral fee	3,927	5,518
Commission paid	1,835	5,828
Short-term lease expenses (Note 15(c))	156	399
Foreign exchange difference, net	(273)	(109)
Loss on write-off of plant and equipment, net	3	–
Recovery of bad debts of loan and account receivables, net (Note (b))	(5,350)	(3,966)

Notes:

- (a) As at 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2023: Nil).
- (b) During the year ended 31 December 2024, the Group received approximately RMB6,648,000 (2023: RMB3,994,000) in relation to the bad debts recognised in previous years, as a result, recovery of bad debts on loan and account receivables was recognised in the consolidated profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

(a) Directors and chief executive emoluments

Details of emoluments paid and payable by the entities comprising the Group to the directors of the Company (including emoluments for his/her services as the employees/directors of the Group entities prior to becoming the directors of the Company) during the year are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Discretionary bonus RMB'000	Total RMB'000
Year ended 31 December 2024					
<i>Executive director</i>					
Mr. Lo (Note (ii))	553	–	17	–	570
<i>Non-executive directors</i>					
Mr. Wu Jiaqi	–	290	16	–	306
Ms. Wan Tingting (Note (iii))	–	167	11	–	178
<i>Independent non-executive directors</i>					
Mr. Ha Tak Kong	166	–	–	–	166
Mr. Ip Chi Wai	166	–	–	–	166
Mr. Kam Wai Man	166	–	–	–	166
	1,051	457	44	–	1,552

Year ended 31 December 2023					
<i>Executive directors</i>					
Mr. Lo (Note (ii))	542	–	16	–	558
Mr. Xie Wei-quan ("Mr. Xie") (Note (iii))	99	416	39	–	554
<i>Non-executive director</i>					
Mr. Wu Jiaqi	–	42	2	–	44
<i>Independent non-executive directors</i>					
Mr. Ha Tak Kong	162	–	–	–	162
Mr. Ip Chi Wai	162	–	–	–	162
Mr. Kam Wai Man	162	–	–	–	162
	1,127	458	57	–	1,642

10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (Continued)

(a) Directors and chief executive emoluments (Continued)

Notes:

- (i) Mr. Lo, the executive director of the Company, is also the chairman and the chief executive officer of the Group.
- (ii) Ms. Wan Tingting was appointed as a non-executive director of the Company on 1 May 2024.
- (iii) Mr. Xie has been redesignated from executive director of the Company to the company secretary with effective from 1 December 2023.

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

No emolument was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2023: Nil). No arrangement under which directors of the Company waived or agreed to waive any emoluments during the year (2023: Nil).

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, no (2023: one) director of the Company whose emoluments are included in the disclosures in Note 10(a). The emoluments of the remaining five (2023: four) individuals were as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	873	2,060
Retirement benefit scheme contributions	82	103
Equity settled share-based payments	4,805	–
	5,760	2,163

The number of highest paid non-director individuals whose remuneration fell within the following bands is as follows:

	2024	2023
Nil to HK\$1,000,000 (equivalent to approximately RMB921,000)	–	4
HK\$1,000,000 to HK\$1,500,000 (equivalent to approximately RMB921,000 to RMB1,382,000)	5	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (Continued)

(b) Five highest paid individuals (Continued)

During the year, no emolument was paid by the Group to any of the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

Equity-settled share-based payments were granted to the highest paid non-director individuals in respect of their services to the Group, further details of which are included in the disclosure in Note 37 to the consolidated financial statements.

(c) Senior management's emoluments

The number of senior management (excluding the directors of the Company) whose remuneration fell within the following bands is as follows:

	2024	2023
Nil to HK\$1,000,000 (equivalent to approximately RMB921,000)	2	3

There was no arrangement under which above senior management waived or agreed to waive any remuneration during the year (2023: Nil).

11. INCOME TAX EXPENSE

	Note	2024 RMB'000	2023 RMB'000
The charge comprises:			
Current tax – PRC Enterprise Income Tax ("EIT")			
– current year provision		7,759	8,060
– over-provision in prior years		(5,210)	(6,239)
Deferred tax expense, net	28	8,720	2,156
		11,269	3,977

11. INCOME TAX EXPENSE (Continued)

Notes:

- (a) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which entities in the Group are domiciled and operated.
- (b) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions.
- (c) The PRC EIT is calculated at 25% (2023: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for two subsidiaries of the Company as mentioned below:

One of the PRC subsidiaries located at Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, is entitled to enjoy a reduced EIT rate at 15% with a validity period from 1 January 2021 to 31 December 2025. Besides, according to the announcement (No. 7 [2023]) on the policy of enhanced pre-tax deductions of research and development expense ("R&D expenses"), released by the Ministry of Finance in March 2023, 200% of the eligible R&D expenses incurred by this subsidiary are tax-deductible since 2023. (2023: Same).

According to the Notice on Implementing the Policy of Inclusive Tax Relief for Small and Micro Enterprises ("SMEs"), released by the Ministry of Finance in January 2021, qualified SMEs are entitled to effective PRC EIT rate of 5% for first RMB 3million of their annual taxable income with effective period from 1 January 2023 to 31 December 2027. One (2023: one) of the PRC subsidiaries is entitled to the preferential tax rate for the year ended 31 December 2024.

- (d) The Group did not generate any assessable profits in Hong Kong for the year ended 31 December 2024 (2023: Nil).

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

	2024 RMB'000	2023 RMB'000
Profit before income tax	16,877	27,150
Tax calculated at the rates applicable to the tax jurisdiction concerned	8,280	8,230
Tax effect of non-taxable income	(17)	(2)
Tax effect of non-deductible expenses	74	85
Tax effect of temporary difference not recognised	7,886	1,147
Utilisation of tax losses previously not recognised	(30)	–
Tax effect of tax losses not recognised	263	746
Over-provision in prior years	(5,210)	(6,239)
Others	23	10
Income tax expense	11,269	3,977

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

12. DIVIDEND

(a) Dividend attributable to the year

	2024 RMB'000	2023 RMB'000
Final dividend proposed after the end of the reporting period of HK3 cents (2023: HK3 cents) per ordinary share	4,411	4,269

These final dividends have been proposed by the directors of the Company and are subjected to approval by the shareholders in the forthcoming annual general meeting.

(b) Dividend attributable to equity holders of the Company attributable to the previous financial year, approved and paid during the year

The final dividend of HK3 cents (2022: HK3 cents) per ordinary share, totaling approximately RMB4,269,000 (2022: RMB4,154,000) for the year ended 31 December 2023 were approved by the shareholders at the annual general meeting on 30 May 2024 (2022: 30 June 2023).

13. EARNINGS PER SHARE

	2024	2023
Earnings attributable to equity holders of the Company (RMB'000)	5,608	23,173
Weighted average number of ordinary shares in issue excluding treasury shares for the purpose of basic earnings per share (in '000)	156,499	156,583
Effect of dilutive potential ordinary shares – share options (in '000)	–	53
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in '000)	156,499	156,636

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue (excluding the treasury shares) during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2024, the potential dilutive ordinary shares of the Company are share options (2023: share options) (Note 37). The calculation of share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 December 2024, no adjustment had been made to the basic earnings per share amounts presented in respect of a dilution as the impact of the potential dilutive ordinary shares outstanding had an anti-dilutive effect on the basic earnings per share amounts presented for the year (2023: the assumed conversion of potential ordinary shares in relation to the share option has dilutive effect to the basic earnings per share as the average market price of ordinary shares exceeds the exercise price of the options during the year).

14. PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2024				
Opening net carrying amount	42	243	438	723
Additions	–	53	–	53
Write-off	–	(3)	–	(3)
Depreciation (Note 9)	(25)	(73)	(194)	(292)
Exchange realignment	–	–	3	3
Closing net carrying amount	17	220	247	484
At 31 December 2024				
Cost	4,049	298	3,031	7,378
Accumulated depreciation	(4,032)	(78)	(2,784)	(6,894)
Net carrying amount	17	220	247	484
Year ended 31 December 2023				
Opening net carrying amount	68	306	789	1,163
Additions	–	12	66	78
Depreciation (Note 9)	(26)	(75)	(455)	(556)
Exchange realignment	–	–	38	38
Closing net carrying amount	42	243	438	723
At 31 December 2023				
Cost	4,058	368	2,948	7,374
Accumulated depreciation	(4,016)	(125)	(2,510)	(6,651)
Net carrying amount	42	243	438	723

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As a lessee

The Group has several lease contracts for the office premises and branches used for its operation. Those leases generally run for an initial period of one to seven years (2023: one to three years). There are no lease contracts that include variable lease payments.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	2,767	1,456
Additions	2,586	503
Modification of lease (Note)	–	2,334
Derecognition upon early termination of lease	(238)	–
Depreciation charged (Note 9)	(1,409)	(1,551)
Exchange realignment	54	25
At 31 December	3,760	2,767

(b) Lease liabilities

The carrying amounts of the lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	2,839	1,581
Additions	2,586	503
Modification of lease (Note)	–	2,321
Derecognition upon early termination of lease	(245)	–
Accretion of interest recognised (Note 8)	278	185
Rental payments	(1,620)	(1,777)
Exchange realignment	55	26
At 31 December	3,893	2,839
Analysed into:		
Current portion	1,369	1,101
Non-current portion	2,524	1,738
	3,893	2,839

Note: During the year ended 31 December 2023, the Group re-negotiated a lease with the landlord to extend the lease terms and revise lease payments. Such changes in lease terms and lease payments are accounted for as lease modifications at the date when both parties agreed for the change (i.e. the date of renewal agreement).

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)**As a lessee (Continued)****(b) Lease liabilities (Continued)**

	2024		2023	
	Present value of minimum lease payments RMB'000	Minimum lease payments RMB'000	Present value of minimum lease payments RMB'000	Minimum lease payments RMB'000
Less than 3 months	337	405	365	416
3 to 12 months	1,032	1,200	736	857
1 to 5 years	2,094	2,451	1,738	1,861
Over 5 years	430	446	–	–
	3,893	4,502	2,839	3,134
Less: Total future interest expenses		(609)		(295)
Present value of lease liabilities		3,893		2,839
Analysed into:				
Current portion		1,369		1,101
Non-current portion		2,524		1,738
		3,893		2,839
Analysed into:				
Leasehold properties		3,893		2,839

As at 31 December 2024, included in the Group's current and non-current lease liabilities, approximately RMB452,000 and RMB1,962,000 (2023: RMB280,000 and RMB304,000) were due to a related company. Further details of the transactions are disclosed in Note 33(a).

The total cash outflow for leases and the maturity analysis of the lease liabilities are disclosed in Notes 41(c) and 35(c), respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

As a lessee (Continued)

(c) The amounts recognised in consolidated profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Gain on early termination of lease (Note 7)	(7)	–
Gain on modification of lease (Note 7)	–	(13)
Interest on lease liabilities (Note 8)	278	185
Depreciation charged on right-of-use assets (Note 15(a))	1,409	1,551
Expenses relating to short-term leases (Note 9)	156	399
Total amounts recognised in profit or loss	1,836	2,122

Leases committed

As at 31 December 2024, the Group did not enter into any new leases that are not yet commenced (2023: Nil).

16. INTANGIBLE ASSETS

	Trading rights RMB'000
Year ended 31 December 2024	
Opening and closing net carrying amount	—
At 31 December 2024	
Cost	9,298
Accumulated amortisation and impairment	(9,298)
Net carrying amount	—
Year ended 31 December 2023	
Opening and closing net carrying amount	—
At 31 December 2023	
Cost	8,993
Accumulated amortisation and impairment	(8,993)
Net carrying amount	—

Trading rights represent the rights that confer eligibility of the Group to trade on the Stock Exchange which was acquired by the Group as part of the acquisition of Wealth Ton Finance Group Limited and its subsidiaries (collectively, "Wealth Ton Group"). The trading rights have no foreseeable limit to period that the Group can use to generate net cash flows indefinitely, accordingly, the trading rights are considered as having indefinite useful lives. The trading rights are tested for impairment annually and whenever there is an indication that it may be impaired.

As the trading rights are not transferable, the recoverable amounts of the trading right held by the Group has been determined with reference to the recoverable amounts based on a value-in-use approach by using the cash flow projections. That cash flow projections based on financial budgets approved by the management covering a 5-year period and at a pre-tax discount rate of 11.33% (2023: 15.86%). The management determined the budgeted revenue and costs based on past performance and its expectations for the market development. The cash flows projections beyond the 5-year period are extrapolated using a steady 2.5% (2023: 2.5%) per annum growth rate.

Full impairment had been provided on intangible assets in previous year due to underperformed financial results. Based on the management's assessment, no reversal of impairment was considered as necessary as at 31 December 2024 (2023: Nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

17. OTHER ASSETS

	2024 RMB'000	2023 RMB'000
The Stock Exchange		
– Compensation Fund deposits	47	45
– Fidelity Fund deposits	47	45
– Stamp duty deposits	5	5
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– Admission fees	47	45
– Guarantee Fund contribution	47	45
– Mainland Security deposits	199	201
	392	386

Balances represent statutory deposits with the Stock Exchange and HKSCC which are non-interest bearing and have no fixed repayment terms.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments	366	342
Deposits	394	398
Other receivables	54	51
	814	791
Analysed into:		
Non-current portion	292	269
Current portion	522	522
Total	814	791

None of the above assets is either past due or impaired at the end of the reporting period and financial assets relate to deposits and other receivables for which there was no recent history of default or which are due from independent debtors that have a good relationship with the Group.

19. LOAN AND ACCOUNT RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Financial leasing receivables	(a)	300	–
Small loan receivables	(b)	272,830	399,544
		273,130	399,544
Less: Allowance for ECLs	(e)	(21,789)	(7,476)
		251,341	392,068
Current assets			
Financial leasing receivables	(a)	9,890	26,192
Small loan receivables	(b)	529,277	355,128
Other loan receivables	(c)	4,929	5,312
Account receivables	(d)	377	5,385
		544,473	392,017
Less: Allowance for ECLs	(e)	(74,415)	(82,066)
		470,058	309,951
Total loan and account receivables, net		721,399	702,019

The directors of the Company consider that the fair values of current portion of loan receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception. The fair value of the non-current portion of loan receivables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. As such, the amortised cost of the non-current portion approximates its fair value.

Information about the Group's exposure to interest rate risk and credit risk of loan and account receivables is set out in Notes 35(a) and (b) respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

19. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes:

(a) Financial leasing receivables

For financial leasing receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The period for financial leasing contract are normally ranging from 9 months to 3 years (2023: 8 months to 3 years) in 2024.

The Group's financial leasing receivables are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the finance leases range from 7.99% to 21.1% (2023: 11.47% to 21.1%) per annum as at 31 December 2024.

As at 31 December 2024, the Group's financial leasing receivables with gross carrying amount of approximately RMB10,190,000 (2023: RMB26,192,000) were carried at fixed-rates.

The ageing analysis of financial leasing receivables, determined based on the schedule to repay of the receivables since the effective dates of the relevant lease contracts, as at the end of the reporting period, is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial leasing receivables comprise of:				
Within one year	9,990	26,192	9,890	26,192
More than one year but not exceeding two years	308	–	300	–
	10,298	26,192	10,190	26,192
Less: Unearned finance income	(108)	–		
Present value of minimum lease payments	10,190	26,192		

Financial leasing receivables are mainly secured by the lessees' deposits (Note 23), certain guarantees and leased assets which are equipment and machinery used in industries such as manufacturing, telecommunication and information technology, health care service provider and hotel. Additional collateral may be obtained from customers to secure their repayment obligations under financial leasing and such collateral includes vehicle licence. As at 31 December 2024, the financial leasing receivables were collateralised by the leased assets with fair values of approximately RMB3,154,000 (2023: RMB9,186,000).

At the end of each reporting period, the gross carrying amounts of each of the categories of financial leasing receivables based on the industries of the lessees are as follows:

	2024 RMB'000	2023 RMB'000
Manufacturing	1,226	1,657
Telecommunication and information technology	6,670	4,633
Health care service provider	1,101	1,131
Hotel	–	17,557
Trading	294	315
Software development	899	899
	10,190	26,192

19. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(a) Financial leasing receivables (Continued)

The following is a credit quality analysis of gross financial leasing receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of financial leasing receivables is classified as overdue.

	2024 RMB'000	2023 RMB'000
Neither overdue nor credit-impaired	2,037	–
Overdue and credit-impaired (Note f(i))	8,153	26,192
	10,190	26,192

Movement of allowance for ECLs on financial leasing receivables are as follows:

	12-m ECL RMB'000	Lifetime ECL – not credit- impaired RMB'000	Lifetime ECL – credit-impaired RMB'000	Total RMB'000
At 1 January 2023	–	–	16,622	16,622
Net re-measurement of loss allowance	–	–	384	384
At 31 December 2023 and 1 January 2024	–	–	17,006	17,006
Net re-measurement of loss allowance	–	–	(10,526)	(10,526)
At 31 December 2024	–	–	6,480	6,480

The changes in the loss allowance was mainly due to the recovery of the credit-impaired finance leasing receivables by the way of factoring to an independent third party during the year.

In relation to the Group's financial leasing receivables, the Group has taken legal actions against three (2023: four) customers with regards to the overdue instalment repayment. As at 31 December 2024, the total balance of principals and interest amounted to approximately RMB5,895,000 (2023: RMB23,482,000) which was overdue, the recoverable amount of the related pledged assets amounted to RMB463,000 (2023: RMB7,728,000). Up to the date of approval of these consolidated financial statements, all final decisions have been made by the court in respect of the legal proceedings, which all results were in favor of the Group. The Group has exercised the enforceable right to collect the collaterals. The directors of the Company, after taking the legal advice into consideration, were of the view that the balances could be recovered by the way of enforcement measurement according to the Civil Procedure Law of the PRC.

During the year ended 31 December 2024, the financial leasing receivables with the gross carrying amount of approximately RMB17,557,000 (2023: Nil) were factored without recourse to an independent third party for a consideration of approximately RMB17,557,000 (2023: Nil). The allowance for ECLs of approximately RMB10,305,000 provided in previous year was derecognised accordingly.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

19. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(b) Small loan receivables

It primarily represented the unsecured micro-credit loans, subordinated mortgage loans and guaranteed loans granted to the customers. The loan periods granted to each of the customers is generally ranging from 2 months to 8 years (2023: 1 month to 8 years). The effective interest rate of the small loans receivables is ranging from 8.0% to 24.0% (2023: 8.0% to 25.1%) per annum as at 31 December 2024.

At the end of each reporting period, the gross carrying amounts of each of the categories of small loan receivables are as follows:

	2024 RMB'000	2023 RMB'000
Unsecured micro-credit loans	7,260	6,725
Subordinated mortgage loans	400,613	496,300
Guaranteed loans	394,234	251,647
	802,107	754,672

As at 31 December 2024, subordinated mortgage loan receivables were secured by real estates with fair values (after netting off the amount of first mortgage) of approximately RMB1,177,394,000 (2023: RMB1,279,508,000) as at 31 December 2024.

The ageing analysis of gross small loan receivables, determined based on the schedule to repay of receivable since the effective dates of relevant loan contracts, as at the end of the reporting period, is as follows:

	2024 RMB'000	2023 RMB'000
0 to 30 days	121,462	99,165
31 to 90 days	87,658	70,467
91 to 365 days	320,157	185,496
Over 365 days	272,830	399,544
	802,107	754,672

19. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(b) Small loan receivables (Continued)

The following is a credit quality analysis of gross small loan receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of small loan receivables is classified as overdue.

	2024 RMB'000	2023 RMB'000
Neither overdue nor credit-impaired	692,375	669,764
Overdue but not credit-impaired		
– overdue within 30 days	14,213	10,962
– overdue within 31 to 90 days	11,048	10,485
Overdue and credit-impaired (Note f(ii))	84,471	63,461
	802,107	754,672

Movement of allowance for ECLs on small loan receivables are as follows:

	12-m ECL RMB'000	Lifetime ECL – not credit- impaired RMB'000	Lifetime ECL – credit-impaired RMB'000	Total RMB'000
At 1 January 2023	741	6,032	22,816	29,589
Bad debts written-off	–	–	(1,123)	(1,123)
Transfer to Lifetime ECL – to 12-m ECL	107	(107)	–	–
Transfer to Lifetime ECL – not credit impaired	(9)	9	–	–
Transfer to Lifetime ECL – credit impaired	(62)	(2,254)	2,316	–
Net re-measurement of loss allowance	7,927	(1,975)	36,300	42,252
At 31 December 2023 and 1 January 2024	8,704	1,705	60,309	70,718
Bad debts written-off	–	–	(42,134)	(42,134)
Transfer to Lifetime ECL – not credit impaired	(234)	234	–	–
Transfer to Lifetime ECL – credit impaired	(2,139)	(1,608)	3,747	–
Net re-measurement of loss allowance	4,551	9,297	45,582	59,430
At 31 December 2024	10,882	9,628	67,504	88,014

The changes in loss allowance were mainly due to significant increase in credit risk of the small loan receivables during the year.

During the year ended 31 December 2024, gross carrying amount of small loan receivables amounted to approximately RMB43,016,000 (2023: RMB1,151,000) were written off as bad debts because these were overdue for 1 year or above which are still subject to enforcement activities, and it was considered that no prospect of full recovery. The respective allowance for ECLs has been derecognised and the remaining balance is charged to consolidated profit or loss directly.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

19. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(c) Other loan receivables

It represented an unsecured loan with a principal amount of HK\$9,000,000 (equivalent to approximately RMB7,716,000) granted to an independent third party on 8 March 2022 which was repayable on 8 March 2023, carrying a fixed interest at 6% per annum. On 8 March 2023, the Group and the borrower agreed to extend the maturity date to 8 March 2024 for the remaining principal and accrued interests with aggregate amount of HK\$5,845,000 (equivalent to approximately RMB5,312,000) and other terms remaining unchanged.

On 8 March 2024, the Group and the borrower agreed to further extend the maturity date to 8 March 2025 and other terms remaining unchanged. During the year ended 31 December 2024, the borrower repaid the principal amount of HK\$910,000 (equivalent to approximately RMB856,000).

The ageing analysis of gross other loan receivables, determined based on the schedule to repay of receivable since the effective dates of relevant loan contracts, as at the end of the reporting period, is as follows:

	2024 RMB'000	2023 RMB'000
31 to 90 days	4,929	–
91 to 365 days	–	5,312
	4,929	5,312

The following is a credit quality analysis of gross other loan receivables. In the event that an instalment repayment is overdue or rolled over without settlement of the full original principal amount of the loan, if any, the entire outstanding balance of other loan receivables would be classified as overdue.

	2024 RMB'000	2023 RMB'000
Neither overdue nor credit-impaired	–	5,312
Overdue and credit-impaired (Note f)	4,929	–
	4,929	5,312

19. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(c) Other loan receivables (Continued)

Movement of allowance for ECLs on other loan receivables are as follows:

	12-m ECL RMB'000	Lifetime ECL – not credit- impaired RMB'000	Lifetime ECL – credit-impaired RMB'000	Total RMB'000
At 1 January 2023	–	109	–	109
Net re-measurement of loss allowance	–	1,694	–	1,694
Exchange realignment	–	15	–	15
At 31 December 2023 and 1 January 2024	–	1,818	–	1,818
Transfer to Lifetime ECL – credit impaired	–	(1,818)	1,818	–
Net re-measurement of loss allowance	–	–	(166)	(166)
Exchange realignment	–	–	58	58
At 31 December 2024	–	–	1,710	1,710

The changes in loss allowance was mainly due to partial settlement of other loan receivables during the year.

(d) Account receivables

Balances comprise receivables in respect of securities dealing and broking services and asset management services, represented as follows:

	Notes	2024 RMB'000	2023 RMB'000
Account receivables from securities dealing and broking services:	(i)		
– Hong Kong Securities Clearing Company Limited ("HKSCC")		121	22
– Margin clients		198	5,363
Account receivables from asset management services	(ii)	319 58	5,385 –
		377	5,385

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

19. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(d) Account receivables (Continued)

Notes:

- (i) Account receivables from cash clients and securities clearing houses arising from securities dealing business are repayable on demand subsequent to the settlement date. The normal settlement terms of said account receivables are, in general, two days after trade date. The Group allows a credit period mutually agreed with the contracting parties for account receivables from margin clients.

No ageing analysis by invoice date is disclosed for account receivables from securities dealing business as, in the opinion of the Company, an ageing analysis is not meaningful in view of the business nature.

Account receivables of securities margin clients are secured by the clients' pledged securities with fair value of approximately RMB1,753,000 (2023: RMB28,193,000) as at 31 December 2024. All of the pledged securities are equity and debt securities listed in Hong Kong and overseas. The account receivables of securities margin clients are repayable on demand subsequent to settlement date and carrying interest typically ranged from 6% to 12% and Hong Kong Prime rate to Hong Kong Prime rate +7% (2023: Same) per annum as at 31 December 2024. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owned by the margin clients.

- (ii) Balances comprise receivables in respect of asset management services. No credit period is granted and the payment is generally due upon the issuance of demand notes.

The ageing analysis of gross account receivables from asset management services, determined based on the date of recognition of revenue, as at the end of the reporting period, is as follows:

	2024 RMB'000	2023 RMB'000
0 to 30 days	58	—

The following is a credit quality analysis of gross account receivables from asset management services.

	2024 RMB'000	2023 RMB'000
Overdue but not credit-impaired	58	—

19. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(d) Account receivables (Continued)

Notes: (Continued)

(iii) Movement of allowance for ECLs on account receivables are as follows:

	12-m ECL	Lifetime ECL – not credit- impaired	Lifetime ECL – credit-impaired	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	–	–	1,202	1,202
Net re-measurement of loss allowance	–	–	(1,202)	1,202
At 31 December 2023, 1 January 2024 and 31 December 2024	–	–	–	–

The allowance for ECLs is considered as adequately provided for as the directors of the Company have individually evaluated their account receivables after taking into account the LTV for each borrower, and other information available of those borrowers in default of settlement to determine the net present value of expected future cash inflow.

(e) ECL model

Simplified approach is applied to measure the lifetime ECL for certain loan and account receivables (lease receivables under HKFRS 16 and account receivables (except for account receivables from margin clients)) and the remaining loan and account receivables are measured on 12-m ECL basis unless there had been significant increase in credit risk since initial recognition or credit impaired, which are measured on lifetime ECL basis. The estimation techniques or significant assumptions made during the year in assessing the loss allowance for the loan and account receivable are set forth in Note 35(b).

The Group has recognised allowance for ECLs during the reporting period which indicated that these receivables may not be fully recoverable because of risks associated with the customers and the industries, in which the customers operate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

19. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(f) Credit-impaired loan and account receivables

	Notes	Gross carrying amount RMB'000	Allowance for ECLs RMB'000	Net carrying amount RMB'000	Value of collaterals RMB'000
At 31 December 2024					
Financial leasing receivables	(i)	8,153	(6,480)	1,673	1,673
Small loans receivables	(ii)	84,471	(67,504)	16,967	31,286
Other loan receivables		4,929	(1,710)	3,219	–
		97,553	(75,694)	21,859	32,959
At 31 December 2023					
Financial leasing receivables	(i)	26,192	(17,006)	9,186	9,186
Small loans receivables	(ii)	63,461	(60,309)	3,152	43,208
		89,653	(77,315)	12,338	52,394

Notes:

- (i) Balance represents financial leasing receivables that overdue for over 90 days and above since maturity date of the contract. The Group has been actively negotiating with the debtors to demand payment and might enter into negotiation for rescheduling the repayment terms. Only if the customers reluctant to negotiate and no further payments for over 6 months to 9 months, the Group will consider to take legal actions against the customers. Up to the date of approval of these consolidated financial statements, all final decisions have been made by the court in respect of the legal proceedings, which all results were in favor of the Group. The Group has exercised the enforceable right to collect the collaterals. The directors of the Company, after taking the legal advice into consideration, were of the view that the balances could be recovered by the way of enforcement measurement according to the Civil Procedure Law of the PRC.
- (ii) Balance mainly represents small loan receivables with portion overdue for over 90 days and above. The Group has been taking proactive measures to communicate with such defaulting customers in a timely manner and in the case of failure the Group may initiate legal proceedings to demand payment. In case of the default of subordinated mortgage loan receivables, the Group could either exercise the enforceable right to collect the collaterals or factor the receivables with non-recourse for the sake of time and effort.

20. AMOUNTS DUE TO RELATED PARTIES

The amounts due were non-trade in nature, unsecured, interest-free and repayable on demand.

Name of related parties	2024 RMB'000	2023 RMB'000
Amounts due to:		
Mr. Lo	3,235	3,129
深圳恒豐房地產有限公司 (Note (a))	606	474
Mr. Xie (Note (b))	9,883	8,550
	13,724	12,153

Notes:

- (a) Mr. Lo's sibling, Mr. Lu, is the controlling party of the above related company.
- (b) As at 31 December 2024, the balance includes an amount due to Mr. Xie, a former executive director of the Company and the nephew of Mr. Lo, amounted to approximately HK\$10,517,000 (equivalent to approximately RMB9,883,000) (2023: HK\$9,380,000 (equivalent to approximately RMB8,550,000)).

21. BANK BALANCES AND CASH

	2024 RMB'000	2023 RMB'000
Bank balances and cash (Note (i))	33,354	26,340
Less: Clients' monies in segregated account (Note (iii))	(1,336)	(500)
Cash and cash equivalents	32,018	25,840

Notes:

- (i) Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024, the Group has cash and cash equivalents denominated in RMB amounting to approximately RMB26,660,000 (2023: RMB21,213,000) and were kept in the PRC. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

- (iii) From the Group's ordinary business in provision of securities dealing services, the Group receives and holds money deposited by the clients in the course of the conduct of the regulated activities. These clients' monies are maintained in segregated bank accounts at market interest rates. The Group has recognised the corresponding account payables (Note 22) to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is only allowed to retain some or all of the interest derived from the clients' monies but not allowed to use the clients' monies to settle its own obligations. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance ("SFO"). The Group currently does not have an enforceable right to offset those payables with the deposits placed.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

22. ACCOUNT PAYABLES

	2024 RMB'000	2023 RMB'000
HKSCC	242	20
Cash clients	449	248
Margin clients	697	252
	1,388	520

Account payables arising from securities dealing business are interest-free and repayable on the settlement day of the relevant trades (Note 21(ii)).

The normal settlement terms of account payables to cash clients and securities clearing house are two days after trade date.

Account payables to HKSCC, margin clients and cash clients are repayable on demand after settlement date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

23. DEPOSITS FROM FINANCIAL LEASING CUSTOMERS

In some cases, customers' deposits are collected and calculated based on a certain percentage of the entire value of lease contract. The deposits are returned to the customers in portion over the lease period or in full by end of lease period according to the terms of lease contracts. When the lease contract expires, the lessor must return the full lease deposits to the lessee. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments for the corresponding lease contract. There was no unguaranteed residual value of leased assets and no contingent rent arrangement that need to be recognised in all years.

24. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Accruals (Note)	11,417	18,081
Other payables	10,677	3,890
Other tax payables	469	864
	22,563	22,835

Note: As at 31 December 2024, the balance includes (i) provisions for social insurance and housing provident fund provided in accordance with the Social Insurance Law and Regulations on the Management of Housing Provident Fund of the PRC amounting to approximately RMB6,409,000 (2023: RMB10,191,000); (ii) accrued salaries amounted to approximately RMB1,203,000 (2023: RMB2,962,000); and (iii) interest payables of bonds payable of approximately RMB1,887,000 (2023: RMB2,775,000).

25. BANK BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings – secured*		
Within one year	142,293	142,320

* The amounts due are based on scheduled repayment dates set out in the respective loan agreements.

The amounts of banking facilities and the utilisation at the end of each reporting period are set out as follows:

	2024 RMB'000	2023 RMB'000
Facilities amount	142,000	142,000
Utilisation at the end of the reporting period – Bank borrowings	142,000	142,000

As at 31 December 2024, the Group had one (2023: one) bank borrowing with principal amount of approximately RMB100,000,000 (2023: RMB100,000,000) and repayable in May 2025 (2023: May 2024). As at 31 December 2024, the borrowing carried variable interest rates at the loan prime rate ("LPR") offered by the People's Bank of China (the "PBOC") +4.05% (2023: +4.15%) and the effective interest rate was 7.36% (2023: 7.64%) per annum. The bank borrowing was secured by charges over one property with fair value of approximately RMB79,278,000 (2023: RMB79,278,000) (which are jointly owned by Mr. Lo and his spouse), one property with fair value of approximately RMB31,891,000 (2023: RMB31,891,000) (which is owned by Mr. Lu Qing Ming, nephew of Mr. Lo) and jointly guaranteed by a related company, which Mr. Lu, Mr. Lo's sibling is the controlling shareholder and Mr. Lu, with an aggregate amount up to RMB100,000,000 (2023: RMB100,000,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

25. BANK BORROWINGS (Continued)

As at 31 December 2024, the Group had another bank borrowing with principal amount of approximately RMB42,000,000 (2023: RMB42,000,000) and repayable in September 2025 (2023: September 2024). As at 31 December 2024, the borrowing carried a variable interest rate at LPR offered by PBOC +2.65% (2023: +2.45%) and the effective interest rates was 5.98% (2023: 5.98%) per annum. The borrowing was secured by charges over one property with fair value of approximately RMB63,270,000 (2023: RMB53,583,000) (which is owned by Mr. Lo's spouse) and jointly guaranteed by, an indirectly wholly-owned subsidiary of the Company, Shenzhen Wealthy Way Investment Holdings Company Limited and Mr. Lo.

The bank borrowings with carrying amount of approximately RMB142,293,000 (2023: RMB142,320,000) are subject to the fulfilment of covenants. The Group regularly monitors its compliance with these covenants. As at 31 December 2024, none of these covenants had been breached (2023: Same). There are no indications that the group entities would have difficulties complying the covenants when they will be next tested at the next reporting date.

26. PROMISSORY NOTE

The promissory note represented the partial settlement consideration, relating to the acquisition of equity interests of Shenzhen Haosen (as defined in Note 40) in December 2018, made by the Group. The promissory note with face value of RMB109,690,000 which was unsecured, carried interest of 3.5% per annum and expired in a 60-month term (i.e. December 2023).

As at 31 December 2023, the outstanding balance of the promissory note was amounted to approximately RMB4,186,000, which was fully settled by the Group on 11 January 2024.

27. BONDS PAYABLE

	2024 RMB'000	2023 RMB'000
At 1 January	18,177	17,688
Issuance of bonds	18,536	–
Effective interest expense charged for the year (Note 8)	1,972	1,444
Interest payable included in accruals (Note 24)	(1,979)	(1,454)
Early redemption of bond	(9,207)	–
Gain on early redemption (Note (b)) (Note 7)	(7)	–
Gain on non-substantial modification (Note (a)) (Note 7)	(52)	–
Exchange realignment	720	499
At 31 December	28,160	18,177
Represented by:		
2022 Bond A (Note (a))	9,367	9,088
2022 Bond B (Note (b))	–	9,089
2024 Bonds C (Note (c))	18,793	–
	28,160	18,177

Notes:

- (a) On 13 January 2022, the Company issued 8% coupon bond with a principal amount of HK\$10,000,000 to an independent third party ("2022 Bond A"). The repayment of principal and interest at one time when due and the bond will be matured in 2 years on 12 January 2024. The bond was secured by the personal guarantee from Mr. Lo, the controlling party of the Company. On 12 January 2024, the Company and the bondholder held a meeting which resolved that the maturity date and payment date for all outstanding principal and interest of the bond to be extended for another 24 months from 12 January 2024 to 12 January 2026, while other terms remain unchanged. The directors of the Company considered that such extension resulted in non-substantial modification which has given rise to gain on non-substantial modification recognised in profit or loss (Note 7). Details were disclosed in the announcement of the Company dated 12 January 2024.
- (b) On 25 February 2022, the Company issued another 8% coupon bond with a principal amount of HK\$10,000,000 to an independent third party ("2022 Bond B"). The repayment of principal and interest at one time when due and the bond will be matured in 2 years on 25 February 2024. The bond was secured by the personal guarantee from Mr. Lo. On 6 February 2024, the bond has been settled in full by the Group, and a gain on early redemption was recognised in profit or loss (Note 7). Details were disclosed in the announcement of the Company dated 6 February 2024.
- (c) On 25 March 2024, the Company issued two 8% coupon bonds with principal amount of HK\$10,000,000 each to two independent third parties, in aggregate principal amount of HK\$20,000,000 ("2024 Bonds C"). The repayment of principal and interest at one time when due and the bonds will be matured in 2 years on 24 March 2026. The bonds were secured by the personal guarantee from Mr. Lo. Details were disclosed in the announcements of the Company dated 22 March 2024 and 28 March 2024.

Either the bondholders or the Company may, at any time after one year of the issuance date of the bonds and before the maturity date, request early redemption of all or part of the outstanding principal amount together with payments of interest accrued up to the date of such early redemption by serving a prior notice of not less than one month.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

27. BONDS PAYABLE (Continued)

The bonds comprised three components at initial recognition: the liability component and two embedded derivatives (early redemption options held by the Company and the bondholders respectively). In the opinion of the directors of the Company, the derivative components are closely related to the host contract and hence the derivative components are not separately accounted for. After initial recognition, the bonds payable are measured at amortised cost with the effective interest method. The effective interest rates of the bonds payable was ranging from 8.01% to 8.62% (2023: 7.99%) per annum.

The carrying amount of the bonds are denominated in HK\$.

28. DEFERRED TAX ASSETS

Deferred tax assets	Allowance for ECLs RMB'000	Tax loss RMB'000	Total RMB'000
At 1 January 2023	13,146	40,641	53,787
Credited/(charged) to consolidated profit or loss (Note 11)	3,563	(5,719)	(2,156)
Exchange realignment	25	–	25
At 31 December 2023 and 1 January 2024	16,734	34,922	51,656
Credited/(charged) to consolidated profit or loss (Note 11)	6,801	(15,521)	(8,720)
Exchange realignment	10	–	10
At 31 December 2024	23,545	19,401	42,946

As at 31 December 2024, based on the business plan of the Group which is approved by the management, it is expected that the subsidiary will generate future profits which can offset against certain unused tax losses in the PRC, deferred tax assets in respect of the cumulative tax losses of approximately RMB77,604,000 (2023: RMB139,685,000) was provided. The expiry date of such unused tax losses is 2026.

As at 31 December 2024, the Group has unused tax losses of approximately RMB17,857,000 (2023: RMB15,375,000) available for offsetting against future taxable profits of the companies which incurred these losses in Hong Kong. Deferred tax assets have not been recognised in respect of these tax losses due to the unpredictability of future profit streams. The unused tax losses arising from Hong Kong do not have expiry and are subject to approval of Hong Kong Inland Revenue Department.

According to the PRC EIT, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. Deferred tax liabilities have not been provided for in the consolidated financial statements in respect of temporary differences attributable to the retained profits of the subsidiaries in the PRC amounting to approximately RMB7,247,000 as at 31 December 2024 (2023: RMB7,223,000) as the Group is able to control the timing of the reversal of the temporary differences and the directors of the Company considered that the subsidiaries in the PRC will not distribute any dividend in the foreseeable future.

29. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	20,000,000,000	200,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024	156,583,000	1,358
Repurchase and cancellation of shares (Note)	(126,000)	(1)
At 31 December 2024	156,457,000	1,357

Note: During the year ended 31 December 2024, the Company repurchased 166,000 (2023: Nil) of its ordinary shares from the market, out of which, 126,000 ordinary shares had been cancelled and the remaining 40,000 ordinary shares were included in treasury shares (Note 30 (vi)) as at 31 December 2024.

The shares were repurchased at prices ranging from HK\$2.76 to HK\$2.99 per ordinary share, with an average price of HK\$2.92 per share.

30. RESERVES

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity.

(i) Share premium

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(ii) Share-based payment reserve

Share-based payment reserve represents the portion of grant date fair value of unexercised share options of the Company.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and foreign operations.

30. RESERVES (Continued)

(iv) Other reserve

Other reserve represents the difference between issued share capital of the Company issued during the reorganisation completed for the Listing of the Company, and the aggregate value of the respective share capital/paid-in capital of the companies now comprising the Group and the amount of advances from the ultimate holding company capitalised. It also represents deemed capital contribution from equity participants arising from acquisitions of entities from the related party which is under the control of Mr. Lo's sibling, who is also Mr. Xie's uncle.

Upon the modification of terms of promissory note in 2022 which result the gain on modification of approximately RMB4,290,000 are deemed as contribution from related party.

(v) Statutory surplus reserve

In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), as determined under the China Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC ("MOF"), to the statutory surplus reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. Subject to the approval of equity shareholders of the Company, statutory surplus reserve may be used to net off against accumulated losses, if any, and may be converted into capital, provided the remaining balance of the statutory surplus reserve is not less than 25% of registered capital.

(vi) Treasury shares

Treasury shares represented the ordinary shares repurchased by the Company but not yet cancelled.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

31. FINANCIAL INFORMATION OF THE COMPANY

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Right-of-use assets		1,296	2,045
Investments in subsidiaries	(a)	461,389	462,501
Deposits		266	–
		462,951	464,546
Current assets			
Prepayments and deposits		271	507
Bank balances and cash		840	543
		1,111	1,050
Current liabilities			
Accruals		2,457	3,458
Lease liabilities		839	755
Dividend payable		2,722	2,066
Bonds payable	27	28,160	18,177
Amounts due to subsidiaries	(b)	27,350	24,256
		61,528	48,712
Net current liabilities		(60,417)	(47,662)
Total assets less current liabilities		402,534	416,884
Non-current liability			
Lease liabilities		518	1,313
Net assets		402,016	415,571
EQUITY			
Share capital	29	1,357	1,358
Reserves	(c)	400,659	414,213
Total equity		402,016	415,571

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 24 March 2025 and was signed on its behalf by:

Lo Wai Ho
Director

Wu Jiaqi
Director

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

31. FINANCIAL INFORMATION OF THE COMPANY (Continued)

(a) Investments in subsidiaries

	2024 RMB'000	2023 RMB'000
Unlisted equity investments (Note 40)	461,389	462,501

(b) The balances were unsecured, interest free and had no fixed terms of repayment.

(c) Reserves

	Proposed final dividend RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Other reserve (Note) RMB'000	Treasury shares RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	4,154	226,114	3,018	269,295	–	(77,121)	425,460
Comprehensive expense:							
Loss for the year	–	–	–	–	–	(7,093)	(7,093)
Total comprehensive expense for the year	–	–	–	–	–	(7,093)	(7,093)
Share options lapsed (Note 37)	–	–	(2,038)	–	–	2,038	–
Final dividend (Note 12)	(4,154)	–	–	–	–	–	(4,154)
Proposed final dividend (Note 12)	4,269	(4,269)	–	–	–	–	–
At 31 December 2023	4,269	221,845	980	269,295	–	(82,176)	414,213

31. FINANCIAL INFORMATION OF THE COMPANY (Continued)**(c) Reserves (Continued)**

	Proposed final dividend RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Other reserve (Note) RMB'000	Treasury shares RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	4,269	221,845	980	269,295	–	(82,176)	414,213
Comprehensive expense: Loss for the year	–	–	–	–	–	(17,524)	(17,524)
Total comprehensive expense for the year	–	–	–	–	–	(17,524)	(17,524)
Repurchase of shares (Note 29)	–	(409)	–	–	–*	–	(409)
Equity-settled share-based payments (Note 37)	–	–	8,648	–	–	–	8,648
Final dividend (Note 12)	(4,269)	–	–	–	–	–	(4,269)
Proposed final dividend (Note 12)	4,411	(4,411)	–	–	–	–	–
At 31 December 2024	4,411	217,025	9,628	269,295	–*	(99,700)	400,659

* Amount less than RMB1,000

Note: Other reserve represents the difference between (i) the net asset value of the subsidiaries acquired; and (ii) the nominal value of the share capital of the Company issued in exchange thereof pursuant to the Listing.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

32. COMMITMENTS

Capital commitment

As at 31 December 2024, the Group had no capital commitments contracted but not provided for (2023: Nil).

Short-term lease commitment

As at 31 December 2024, the Group has outstanding minimum lease commitments under one non-cancellable short-term lease arrangement, which fell due as follows:

	2024 RMB'000	2023 RMB'000
Within one year	–	75

33. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

(a) Transactions with related parties

	Notes	2024 RMB'000	2023 RMB'000
Payment of lease liabilities in relation to leases from a related company (including interest paid)	(i), (ii)	645	739
Building management fee, utilities and repair and maintenance to a related company	(i)	552	216
Hospitality expense for functions in the hotel paid to a related party	(i)	160	242

Notes:

- (i) Mr. Lo's sibling, Mr. Lu, is the controlling party of the related companies.
- (ii) The Group entered certain lease in respect of properties from a related party to the Group. The amount of rental payable by the Group under the leases are approximately RMB58,100 (2023: RMB64,600) per month and the lease terms will be expired on 2 to 7 years (2023: 2 to 5 years). Details of the Group's lease liabilities due to a related company are included in Note 15(b).

In the opinion of the directors of the Company, the transactions listed above between the Group and the aforementioned related parties were conducted in the ordinary and usual course of business.

All of the above related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The above transactions are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

33. RELATED PARTY TRANSACTIONS (Continued)**(b) Compensation of key management personnel**

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the members of the directors and senior management of the Company. Key management personnel remuneration are as follows:

	2024 RMB'000	2023 RMB'000
Directors' fees	1,051	1,127
Salaries, allowances and benefits in kind	1,779	1,122
Retirement benefit scheme contributions	114	97
	2,944	2,346

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets		
At amortised costs		
Loan and account receivables	721,399	702,019
Deposits and other receivables	448	449
Other assets	392	386
Bank balances and cash	33,354	26,340
	755,593	729,194
Financial liabilities		
At amortised costs		
Account payables	1,388	520
Deposits from financial leasing customers	500	500
Amounts due to related parties	13,724	12,153
Accruals and other payables	14,482	8,818
Lease liabilities	3,893	2,839
Dividend payable	2,722	2,066
Bank borrowings	142,293	142,320
Promissory note	–	4,186
Bonds payable	28,160	18,177
	207,162	191,579

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments in the normal course of the Group's business are interest rate risk, credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the directors of the Company. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk in relation to bank balances and bank borrowings (see Notes 21 and 25 for details of these financial instruments respectively). The Group takes on exposure to the effects of fluctuation in the prevailing levels of market interest rates on the cash flow risks.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate financial leasing receivables, small and other loans receivables and bonds payable (see Notes 19(a) to (c) and 27 for details of these financial instruments). The Group does not have a fair value interest rate hedging policy.

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.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances and bank borrowings.

The sensitivity analysis was determined assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to variable-rate financial instruments at that date. 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates of bank balances and bank borrowings over the period until the end of next reporting period.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(a) Interest rate risk (Continued)****Sensitivity analysis (Continued)**

The following tables indicates the approximate change in the profit after income tax in response to reasonably possible changes in interest rates to which the Group has exposure at the end of each reporting period.

- (i) If interest rates of bank balances at the end of each reporting period had been 100 basis points higher/lower and all other variable were held constant, the potential effect on the Group's profit after income tax are as follows:

	2024		2023	
	RMB'000 +1%	RMB'000 -1%	RMB'000 +1%	RMB'000 -1%
Increase/(decrease) in profit for the year and retained profits	226	(226)	186	(186)

- (ii) If the benchmark interest rates of the variable rate bank borrowings at the end of each reporting period had been 100 basis points higher/lower and all other variable were held constant, the potential effect on the Group's profit after income tax are as follows:

	2024		2023	
	RMB'000 +1%	RMB'000 -1%	RMB'000 +1%	RMB'000 -1%
(Decrease)/increase in profit for the year and retained profits	(1,067)	1,067	(1,067)	1,067

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

The Group is exposed to credit risk in relation to its (i) loan and account receivables; (ii) deposits and other receivables; and (iii) bank balances.

The Group implemented standardised management procedures over the processes of target customers' selection, the due diligence and application, credit review and approval, determination of credit limits, monitoring and management of non-performing receivables and other aspects. Through implementation of relevant credit risk management policies and procedures, the optimisation of the portfolio of receivables, the Group is able to timely and effectively identify, monitor and manage its potential credit risks.

Changes in the economic environment will have an impact on the Group's receivables, and the adverse effects will increase the possibility of losses incurred by the Group. The business development, risk management department in charge of different industries are responsible for the management of credit risks, and periodically report on the quality of assets to the management of the Company.

The Group's maximum exposure to credit risk is primarily attributable to loan and account receivables. As at 31 December 2024, 1.7% (2023: Nil) and 10.3% (2023: 0.9%) of the total loan and account receivables was due from the Group's largest customer and the five largest customers respectively. The directors of the Company consider the credit risk from this concentration was not significant as all the outstanding balances from these counterparties were secured by the pledged assets. The Group has endeavoured to develop new customers to diversify and strengthen the customers base to reduce the concentration of credit risk. In order to minimise the credit risk, the Group has closely monitored the recoverability of the advances to these counterparties, including ensuring that adequate collateral is received from these counterparties and taken effective measures to ensure timely collection of outstanding balances.

For deposits and other receivables, in order to minimise the credit risk, the management of the Company closely monitor the follow-up action taken to recover any receivable balances outstanding over 180 days. In addition, the Group monitors subsequent settlement of each of the receivables to ensure that adequate impairment losses are made for irrecoverable amounts.

In addition, the Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12-m ECL, since there has not been a significant increase in credit risk since initial recognition for the deposits and other receivables. The credit risk on deposits and other receivables have not increased significantly since initial recognition as each of the counterparties have no history of default and possess strong capability to meet contractual cash flows.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

The credit risk on bank balances is minimal as the counterparties are mainly banks with high credit ratings assigned by international credit-rating agencies.

The Group's main income generating activity is supply the financing services to customers and therefore credit risk is a principal risk. The Group considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purpose.

(i) Credit risk management

Other specific management and mitigation measures include:

Loan and account receivables other than account receivables from securities dealing and broking business

The Group manages, limits, and controls the concentration of credit risk and, as far as possible, avoid risks concentration on single customer and industry.

The Group also manages customer limits to optimise the credit risk structure. The Group performs pre-project analysis of the customers' ability to repay principal and interest, real time supervision of the actual repayment status throughout the project period to manage the credit risk.

In addition, the Group has developed a series of policies to mitigate credit risk, including obtaining collateral, pledge, security deposit and guarantee from an enterprise or individual. As at 31 December 2024, 98.5% (2023: 97.9%) of the loan receivables are backed by collaterals and/or guarantee.

In general, the Group grants loans of not more than 70% LTV, and where it is a subordinated property mortgage, an aggregated lending (the Group's loan aggregated with all prior mortgage loans) of not more than 70% LTV. Approval from a director of the subsidiary of the Company, a credit manager and a credit officer is needed for loans granted with a LTV exceeds 70%. For the fair value of the collaterals at the grant date, the Group will make reference to the valuation carried out by an independent third party valuer and/or the internet valuation services conducted internally.

In the event of default by customers, the Group might sell the collaterals, hence the management of the Group monitors the market value of collaterals to ensure the market values of collaterals at the end of reporting period are sufficient to cover the respective outstanding loan receivables from customers.

According to the relevant PRC laws and regulations, the Group as the legal beneficial owner of the assets under finance lease, after considering legal opinion from PRC lawyer engaged by the Group, has the legal title over the assets. Therefore, the laws protect the Group's effective right so that in the event of default, the Group is entitled to retrieve the asset. In respect of loan arrangements other than finance lease, the Group normally requests a third party guarantee or collateral from certain customers, depending on the customers' credit status and credit risk degree. The management evaluates the capability of the guarantor, the ownership and value of the mortgage or pledge and the feasibility to realise the mortgage or pledge.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

(i) Credit risk management (Continued)

Loan and account receivables other than account receivables from securities dealing and broking business (Continued)

In this regard, the management of the Company consider that the Group's credit risk is significantly reduced. The Group may take possession of assets held or guarantee received through legal proceeding or voluntary delivery of possession by the customers. It disposes the collaterals by auction once receiving the possession.

The Group might also factor the loans receivables to independent third parties without recourse whenever the factoring is an appropriate action to ensure the loan receivables can be recovered in a way that create less negative impact to the Group. The Group as well may enforce the rights to take certain actions to further mitigate the risks through demand for outstanding payments from the guarantor, if any or proceed to take legal action or enter in arbitration against the customers if there is no indication of repayment or any improvements in repayment pattern.

Account receivables from securities dealing and broking business

The credit risk arises on the margin portfolio and clients' trade settlement. When the market goes downside, the possibility of bad and doubtful debts will arise. The margin clients may be unable or unwilling to settle the sum owed. As such, credit assessment and continuous management of credit exposures are indispensable. The Group has established the credit policies and procedures setting out in details the structure of the credit risk management, the credit approval and monitoring mechanism, and the issue for overdue debts. Meanwhile, the management has overseen the Group's overall credit risk exposure arisen from margin clients.

The account receivables from margin clients are secured by clients' pledged securities which are equity and debt securities listed in Hong Kong and overseas. Margin calls are made when the traders of margin clients exceed their credit limits or a shortfall existed after taking into the account the securities collateral. Any such excess is required to be made good within the next trading day. Failure to meet margin calls may result in the liquidation of the clients' positions. The Group seeks to maintain strict control over its outstanding receivables.

Moreover, the Group closely evaluates the margin clients' credit rating, financial background and repayment abilities. The assessment is based on a closely monitoring and evaluation of the collectability of individual account and on management's judgement from different aspects including the current credit worthiness of the margin clients and the past collection history of each individual margin client.

In this regard, the management of the Company consider that the Group's credit risk is significantly reduced.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECLs

Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-m ECL.

As at the end of reporting period, the Group considers the past default experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast directions of conditions as the reporting date, the Group has transferred the 12-m ECL of loan and account receivables into lifetime ECL when there was significant increase in credit risk.

Internal credit risk ratings

In order to minimise credit risk, the Group monitors the credit risk exposure individually for certain financial assets with significant balances. Moreover, the Group has tasked its risk management department to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is based on a range of data that is determined to be predictive of the risk of the risk of default and applying experienced credit judgement. The nature of the exposure and type of customers are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. When the credit risk increases, the credit grades may be changed and result in the increase of the risk of default. Each counterparty is categorised to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect the latest information.

The Group uses credit risk grades to determine whether there has been significant increase in credit risk. The Group gathers performance and default information about the customers' credit risk exposures, with reference to the type of assets under the financing arrangement.

For loan and account receivables other than account receivables from securities dealing and broking business, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

For account receivables from securities dealing and broking business, the Group considers there has been a significant increase in credit risk when clients cannot meet the margin call requirement or there is a significant deterioration in LTV or other quantitative and qualitative information and analysis.

For accounts receivable arising from asset management services, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECLs (Continued)

Internal credit risk ratings (Continued)

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increase in credit risk are effective. The Group performs periodic back-testing of its rating to consider the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECLs. The Group uses the external information including economic data and forecasts published by government bodies and monetary authorities, such as GDP growth rates, unemployment rates, non-performing loan rate, etc.

In respect of the loan and account receivables other than account receivables from securities dealing and broking business, except for those are assessed to be credit impaired, the ECLs are estimated using a calculation model using observable data as at the end of the reporting period, including the difference between (i) the effective interest rates of interest charged by the Group for similar categories of the loans and the risk-free rates of respective regions; (ii) administrative service cost of the Group; and (iii) the weighting of the loan receivables under different categories of loan receivables at each of the reporting dates. The forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables would be also incorporated in the calculation, when applicable. The Group had considered that the gross domestic growth rate and unemployment rate of respective regions that the customers locate, non-performing loan rate are to be the most relevant factor, and these are applied in the regression model given some expected changes in the market indexes.

In respect of the account receivables from securities dealing and broking business, the Group estimates the ECLs based on (i) the Group's estimates of the market borrowing rates for each of the grouping less risk-free rate, which reflect the credit risk of account receivables from security dealing services; and (ii) the time value of money, and are adjusted by forward-looking information that is reasonable and supportable available without undue costs and effort, such as GDP growth rate, Hang Seng Index, Hang Seng Futures Index, etc. and these are applied in the regression model given some significant changes in the market indexes. Those receivables with significant balances and credit impaired, if any are assessed for ECLs individually.

In respect of the account receivables from asset management business, the Group determines the ECLs on these items individually based on the Group's historical default rates over the expected life of the debtors or by reference to the default rates and recovery rates of credit ratings published by government bodies and monetary authorities and taking into consideration the forward-looking information.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(b) Credit risk (Continued)****(ii) Measurement of ECLs (Continued)****Internal credit risk ratings (Continued)**

The following table shows the Group's credit risk grading framework:

Category	Description	Loan receivables (financial leasing) and account receivables (except for account receivables from margin clients)	Loan receivables (except for financial leasing), account receivables from margin clients and other financial assets
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired	Lifetime ECL – not credit-impaired	12-m ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, such as over 30 days past due	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred, such as over 90 days past due	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The identification of internal credit rating for all financial assets regularly reviewed by the management of the Company to ensure relevant information about specific financial assets is updated.

Analysis of the gross carrying amount of loan and account receivables by the Group's internal credit rating and year ended classification:

	2024 RMB'000	2023 RMB'000
Performing	708,944	691,423
Doubtful	11,106	10,485
Default	97,553	89,653
	817,603	791,561

Loan and account receivables with an aggregate amount of approximately RMB43,016,000 (2023: approximately RMB1,151,000) were written off as bad debts during the year, as disclosed in Note 19(b).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(b) Credit risk (Continued)****(ii) Measurement of ECLs (Continued)***Maximum exposure and year-end staging*

The analysis of the exposure of credit risk and ECLs for loan and account receivables at the reporting date are as follows:

	12-m ECL RMB'000	Lifetime ECL – not credit- impaired RMB'000	Lifetime ECL – credit- impaired RMB'000	Total RMB'000
As at 31 December 2024				
Financial leasing receivables				
Gross amount	2,037	–	8,153	10,190
Less: allowance for ECLs	–	–	(6,480)	(6,480)
Net carrying amount	2,037	–	1,673	3,710
Small loan receivables				
Gross amount	703,506	14,130	84,471	802,107
Less: allowance for ECLs	(10,882)	(9,628)	(67,504)	(88,014)
Net carrying amount	692,624	4,502	16,967	714,093
Other loan receivables				
Gross amount	–	–	4,929	4,929
Less: allowance for ECLs	–	–	(1,710)	(1,710)
Net carrying amount	–	–	3,219	3,219
Account receivables				
Gross amount	–	377	–	377
Less: allowance for ECLs	–	–	–	–
Net carrying amount	–	377	–	377

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(b) Credit risk (Continued)****(ii) Measurement of ECLs (Continued)***Maximum exposure and year-end staging (Continued)*

	12-m ECL RMB'000	Lifetime ECL – not credit- impaired RMB'000	Lifetime ECL – credit- impaired RMB'000	Total RMB'000
As at 31 December 2023				
Financial leasing receivables				
Gross amount	–	–	26,192	26,192
Less: allowance for ECLs	–	–	(17,006)	(17,006)
Net carrying amount	–	–	9,186	9,186
Small loan receivables				
Gross amount	677,970	13,241	63,461	754,672
Less: allowance for ECLs	(8,704)	(1,705)	(60,309)	(70,718)
Net carrying amount	669,266	11,536	3,152	683,954
Other loan receivables				
Gross amount	–	5,312	–	5,312
Less: allowance for ECLs	–	(1,818)	–	(1,818)
Net carrying amount	–	3,494	–	3,494
Account receivables				
Gross amount	–	5,385	–	5,385
Less: allowance for ECLs	–	–	–	–
Net carrying amount	–	5,385	–	5,385

Notes to the Consolidated Financial Statements (Continued)

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet obligations associated with its financial liabilities. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank loans and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturity for its financial assets and financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial assets and financial liabilities and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2024							
Financial assets							
Loan and account receivables	70,828	174,789	390,547	329,423	–	965,587	721,399
Deposits and other receivables	156	–	–	292	–	448	448
Other assets	392	–	–	–	–	392	392
Bank balances and cash	33,354	–	–	–	–	33,354	33,354
Total financial assets	104,730	174,789	390,547	329,715	–	999,781	755,593
Financial liabilities							
Account payables	1,388	–	–	–	–	1,388	1,388
Deposits from financial leasing customers	500	–	–	–	–	500	500
Lease liabilities	–	405	1,200	2,451	446	4,502	3,893
Amounts due to related parties	13,724	–	–	–	–	13,724	13,724
Accruals and other payables	13,325	–	1,157	–	–	14,482	14,482
Dividend payable	2,722	–	–	–	–	2,722	2,722
Bonds payable	9,367	–	19,164	–	–	28,531	28,160
Bank borrowings	–	2,234	144,558	–	–	146,792	142,293
Total financial liabilities	41,026	2,639	166,079	2,451	446	212,641	207,162
Financial assets over financial liabilities	63,704	172,150	224,468	327,264	(446)	787,140	548,431

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(c) Liquidity risk (Continued)**

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023						
Financial assets						
Loan and account receivables	82,723	148,846	266,662	569,759	1,067,990	702,019
Deposits and other receivables	180	–	–	269	449	449
Other assets	386	–	–	–	386	386
Bank balances and cash	26,340	–	–	–	26,340	26,340
Total financial assets	109,629	148,846	266,662	570,028	1,095,165	729,194
Financial liabilities						
Account payables	520	–	–	–	520	520
Deposits from financial leasing customers	500	–	–	–	500	500
Lease liabilities	–	416	857	1,861	3,134	2,839
Amounts due to related parties	12,153	–	–	–	12,153	12,153
Accruals and other payables	8,818	–	–	–	8,818	8,818
Dividend payable	2,066	–	–	–	2,066	2,066
Bonds payable	–	10,259	–	10,259	20,518	18,177
Bank borrowings	–	2,275	144,704	–	146,979	142,320
Promissory note	–	4,690	–	–	4,690	4,186
Total financial liabilities	24,057	17,640	145,561	12,120	199,378	191,579
Financial assets over financial liabilities	85,572	131,206	121,101	557,908	895,787	537,615

Though the Group's current assets exceeded its current liabilities by approximately RMB284,699,000, the Group's current assets consisted of loan and account receivables and bank balances and cash of approximately RMB470,058,000 and RMB33,354,000, respectively whilst the Group's total bank borrowings expire in one year amounted to approximately RMB142,293,000 in aggregate.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (continued)

In view of such circumstances, the directors of the Company have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the cash flow projection of the Group prepared by the management covering a period of not less than twelve months from the date of approval of these consolidated financial statements taking into account the below consideration:

- (i) The management has successfully renewed the banking facilities. Based on the latest communication with the banks, the directors of the Company are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans, and the directors of the Company believe that the existing bank borrowings under the facilities will be renewed given the good track records and relationship the Group has with the banks. There is no condition precedent on the facilities, the Company can re-draw the loan after full repayment within the facility period;
- (ii) The management will consider other financing arrangements and fund-raising alternatives with a view to increasing the Group's capitalisation/equity and to support to financial obligation and continuing growth of the Company;
- (iii) The Group will keep closely monitoring the collection status of existing loan and account receivables taking into consideration contractual terms with customers; and
- (iv) The Group remains committed to implementing stringent expense controls as a continuous effort to manage costs effectively and optimise operational efficiency. By closely monitoring and scrutinising expenses, the Group aims to identify areas for potential savings and ensure that resources are allocated judiciously.

The directors of the Company, after due consideration of the basis of management's plans and measures as well as the reasonably possible downside changes to the cash flow projections, are confident that the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from the date of approval of these consolidated financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Foreign currency risk

Foreign exchange risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group mainly operated in Hong Kong and the PRC with most of the transactions denominated and settled in HK\$ and RMB. No foreign currency risk has been identified for the financial assets and financial liabilities denominated in HK\$, which is the functional currencies of the subsidiaries in Hong Kong to which these transactions relate.

During the years ended 31 December 2024 and 2023, the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

(e) Fair value measurement

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

36. OFFSETTING OF FINANCIAL INSTRUMENTS

The disclosure set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the consolidated statement of financial position; or
- no offset in the consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and HKSCC, the Group currently has a legally enforceable right to set off money obligations receivable and payable with HKSCC on the same settlement date and the Group intends to settle on a net basis as account receivables from or account payables to HKSCC.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

36. OFFSETTING OF FINANCIAL INSTRUMENTS (Continued)

Except for the above, the amounts due from/to cash and margin clients that are not to be settled on the same date, the financial collateral including cash and securities received by the Group and deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

	Gross amount after impairment RMB'000	Amount offset RMB'000	Net amount after impairment RMB'000	Related amounts not offset		Net amount RMB'000
				Financial instruments RMB'000	Collateral received (Note) RMB'000	
As at 31 December 2024						
Amount of account receivables from						
– HKSCC	122	(1)	121	–	–	121
– Cash clients	–	–	–	–	–	–
– Margin clients	198	–	198	–	(198)	–
	320	(1)	319	–	(198)	121
Amount of account payables to						
– HKSCC	243	(1)	242	–	–	242
– Cash clients	449	–	449	–	–	449
– Margin clients	697	–	697	–	–	697
	1,389	(1)	1,388	–	–	1,388

36. OFFSETTING OF FINANCIAL INSTRUMENTS (Continued)

	Gross amount after impairment RMB'000	Amount offset RMB'000	Net amount after impairment RMB'000	Related amounts not offset		Net amount RMB'000
				Financial instruments RMB'000	Collateral received (Note) RMB'000	
As at 31 December 2023						
Amount of account receivables from						
– HKSCC	44	(22)	22	–	–	22
– Cash clients	–	–	–	–	–	–
– Margin clients	5,363	–	5,363	–	(5,363)	–
	5,407	(22)	5,385	–	(5,363)	22
Amount of account payables to						
– HKSCC	42	(22)	20	–	–	20
– Cash clients	248	–	248	–	–	248
– Margin clients	252	–	252	–	–	252
	542	(22)	520	–	–	520

Note: The cash and financial collateral received/pledged represent their fair value as at 31 December 2024 and 2023.

No other financial instruments had been offset as at 31 December 2024 (2023: Same).

37. EQUITY-SETTLED SHARE-BASED PAYMENTS

In light of the amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, the directors of the Company proposed to terminate the existing share option scheme of the Company adopted by the Company on 19 June 2017 (the "Previous Share Option Scheme") and adopt a new share option scheme and the directors of the Company has resolved at the extraordinary general meeting on 30 June 2023 (the "2023 Share Option Scheme").

The outstanding options under the Previous Share Option Scheme will remain valid and exercisable after the termination of the Previous Share Option Scheme.

37. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Particulars of the 2023 Share Option Scheme are set out bellows:

Purpose of the 2023 Share Option Scheme

The purpose of the 2023 Share Option Scheme is to enable the Company to grant options to the eligible participants, who have contributed or may contribute to the growth, development and success of the Group and for such other purpose as the Board may approve from time to time as incentive or reward for the eligible participants' contribution to the Group.

The directors of the Company may, at its absolute discretion, invite any person belonging to any director or employee of the Company or any of its subsidiaries (including any person who is granted options under the scheme as an inducement to enter into employment contract with these companies), any director or employee of any of the holding companies, fellow subsidiaries or associated companies of the Company, any person who provides business promotion and marketing services or debt collection services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group where the continuity and frequency of their services are akin to those of employees, but excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity to be an eligible participant of the 2023 Share Option Scheme and to take up an option to subscribe for shares of the Company.

Total number of shares available for issue under the schemes

Under the 2023 Share Option Scheme, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2023 Share Option Scheme shall not exceed 10% of the share capital of the Company in issue from time to time. No options may be granted under the 2023 Share Option Scheme if the grant of such option will result in the limit being exceeded. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2023 Share Option Scheme shall not exceed 10% of the Company's shares in issue from time to time.

Maximum entitlement of each participant

No Participants shall be granted an option if total number of shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant to such Participant would exceed in aggregate 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates abstaining from voting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

37. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Period within which the share must be taken up under an option

An option may be exercised in accordance with the terms of the 2023 Share Option Scheme at any time during a period as the Board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof and the directors of the Company may provide restrictions on the exercise of an option during the period an option may be exercised.

Amount payable upon acceptance of the option and the period within which the payment must be made HK\$1.00 shall be paid within 21 days from the date of offer of the option.

Basis of determining the exercise price of the option

The exercise price for Shares under the 2023 Share Option Scheme shall be a price determined by the directors of the Company, but in any case will not be less than the highest of:

- (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer, which must be a trading date;
- (2) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading immediately preceding the date of the offer; or
- (3) the nominal value of a share.

The 2023 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption (i.e. 30 June 2023 and ending on 29 June 2033), after which no further options will be granted but the provisions of the Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior to otherwise as may be required in accordance with the provision of the 2023 Share Option Scheme.

37. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Basis of determining the exercise price of the option (Continued)

Details of share options granted under Previous Share Option Scheme and the 2023 Share Option Scheme are as follows:

	Share options granted on 22 January 2020	Share options granted on 14 December 2022	Share options granted on 23 April 2024
Number of ordinary shares issued upon exercise:			
– Director	–	–	–
– Senior management	–	–	–
– Employee	7,700,000	2,725,000	15,000,000
– External consultants	2,500,000	–	–
	10,200,000	2,725,000	15,000,000

For the share options granted on 22 January 2020, neither vesting conditions nor vesting period were imposed on the grantees to exercise their share options at any time within 3 years from the date of grant (i.e. 21 January 2023).

For the share options granted on 14 December 2022, neither vesting conditions nor vesting period were imposed on the grantees to exercise their share options at any time within 3.42 years from the date of grant (i.e. 14 May 2026).

For the share options granted on 23 April 2024, a vesting period of twelve months from the date of grant was imposed on the grantees to exercise their share options and exercisable at any time within 4 years from the vesting date (i.e. 22 April 2029).

In the event the grantee ceases to be the participants, the share options granted to the grantee shall lapse on the date which the grantee ceases to be the participant.

The Group does not have a legal or constructive obligation to repurchase or settle the options in cash.

37. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)**Basis of determining the exercise price of the option (Continued)**

Details in the exercise prices and the movement of number of share options outstanding and exercisable are as follows:

For the year ended 31 December 2024

Grant date	Exercise price per share option HK\$	Equivalent to RMB	Number of share options				As at 31 December 2024
			As at 1 January 2024	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	
14 December 2022 – Employees	5.93	5.30	2,725,000	–	–	–	2,725,000
23 April 2024 – Employees	2.20	2.03	–	15,000,000	–	(1,500,000)	13,500,000
			2,725,000	15,000,000	–	(1,500,000)	16,225,000
Exercisable at the end of the year							2,725,000
Weighted average exercise price on outstanding options							HK\$2.83
Weighted average remaining contractual life							3.82 years

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

37. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Basis of determining the exercise price of the option (Continued)

For the year ended 31 December 2023

Grant date	Exercise price per share option HK\$	Equivalent to RMB	Number of share options				As at 31 December 2023
			As at 1 January 2023	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	
22 January 2020							
– Employees	6.12	5.44	3,540,000	–	–	(3,540,000)	–
– External consultants	6.12	5.44	900,000	–	–	(900,000)	–
14 December 2022							
– Employees	5.93	5.30	2,725,000	–	–	–	2,725,000
			7,165,000	–	–	(4,440,000)	2,725,000
Exercisable at the end of the year							2,725,000
Weighted average exercise price on outstanding options							HK\$5.93
Weighted average remaining contractual life							2.37 years

37. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)**Basis of determining the exercise price of the option (Continued)**

Share options outstanding under the 2023 Share Option Scheme is presented in the table below:

	2024		2023	
	No. of share options	Weighted average exercise price	No. of share options	Weighted average exercise price
At 1 January	2,725,000	HK\$5.93	7,165,000	HK\$6.05
Granted	15,000,000	HK\$2.20	–	–
Forfeited	(1,500,000)	HK\$2.20	–	–
Lapsed	–	–	(4,440,000)	HK\$6.12
At 31 December	16,225,000	HK\$2.83	2,725,000	HK\$5.93
Exercisable at end of year	2,725,000	HK\$5.93	2,725,000	HK\$5.93

The fair values of employee services received in return for share options granted are measured by reference to the fair value of share options granted.

Certain external consultants were engaged to advise on the business expansion through strategic development in the money lending business, enhancing corporate strategy and branding, as well as the potential acquisition, etc. In the opinion of the directors of the Company, the fair value of services cannot be measured reliably and the Group should measure the services rendered the external consultants by reference to the fair value of share options granted. For those external business partners who provided the referral services, the fair value of share options granted are measured by reference to the fair value of the services received.

The Group granted 2,500,000 share options to external consultants during 22 January 2020 which entitle the grantee to subscribe for a total of 2,500,000 new shares of HK\$0.01 each at an exercise price of HK\$6.12 per share.

37. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Basis of determining the exercise price of the option (Continued)

For the fair value of services measured indirectly by reference to the fair value of the share options granted, the fair value is determined by the directors of the Company with reference to the valuation performed by an independent valuer, International Valuation Limited using the Binomial Option Pricing Model, significant inputs considered in the model were as follows:

	Share options granted on 22 January 2020	Share options granted on 14 December 2022	Share options granted on 23 April 2024
Price per share at grant date	HK\$6.01	HK\$5.92	HK\$2.00
Expected volatility	35.01%	16.51%	132.94%
Expected option life	3 years	3.42 years	5 years
Expected dividend yield	0.61%	0.41%	0.43%
Annual risk-free interest rate	1.54%	3.66%	3.66%
Fair value	HK\$5,269,320	HK\$1,041,412	HK\$15,012,493
Fair value per option	HK\$0.517	HK\$0.382	HK\$1.0008

The expected volatility reflects the assumption that the historical volatility of future trends, adjusted for any expected changes to future volatility based on publicly available information, which may also not necessarily be the actual outcome. No other feature of the options was incorporated into the measurement of the fair value.

The variables and assumptions used in estimating the fair value of the share options were the directors' best estimates. Change in subjective input assumptions can materially affect the fair value.

During the year ended 31 December 2024, share-based payment expense of approximately RMB8,648,000 (Note 9) for the share option scheme was recognised in the consolidated statement of comprehensive income with a corresponding credit in share-based payment reserve (2023: Nil).

No share options are exercised during the year ended 31 December 2024 (2023: Nil). At the time when the share options are subsequently exercised, the amount previously recognised in share-based payment reserve will be transferred to share capital and 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 the share option reserve will be transferred to retained profits. During the year ended 31 December 2024, 1,500,000 share options forfeited due to resignation of the grantees during the vesting period (2023: During the year ended 31 December 2023, 4,440,000 share options lapsed as they were not exercised at the expire dates or due to resignation of the grantees after vesting period, the amount of approximately RMB2,038,000 was transferred from share option reserve to retained profits accordingly).

38. EMPLOYMENT RETIREMENT BENEFITS

Defined contribution retirement plans

The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

Defined benefit retirement plans

LSP obligation

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) $\times 2/3 \times$ Years of service

Last monthly wages are capped at HK\$22,500 (equivalent to approximately RMB21,000) while the amount of long service payment shall not exceed HK\$390,000 (equivalent to approximately RMB368,000). This obligation is accounted for as a post-employment defined benefit plan. Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on 17 June 2023, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR has introduced a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date.

The Group has determined that the Amendment Ordinance cause immaterial impacts to the Group's LSP liability with respect to Hong Kong employees. In the opinion of the directors of the Company, there is no significant actuarial assumption for determination of the LSP obligation.

39. CAPITAL 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 the equity holders of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which included bank borrowings and bonds payable and net of bank balances and cash and total equity, comprising equity attributable to equity owners of the Company.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues and raise of new borrowings.

Certain subsidiaries of the Group are regulated by the SFC and are required to comply with certain minimum capital requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group has established a legal and compliance department which is operated by experienced compliance officers and is monitored by management. The principal roles of the legal and compliance department are to monitor the daily financial status and to review internal control of the Group regularly to ensure that the Company's regulated subsidiaries are in compliance with related regulations. Those subsidiaries have been in compliance with the capital requirement imposed by the SF(FR)R throughout the year.

No material changes were made in the objectives, policies or processes for managing capital during the years.

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as below:

Name of the company	Place of incorporation/ Principal place of Operation	Particulars of issued and fully paid-up share capital/ registered capital	Attributable equity interest		Principal activities
			2024	2023	
Directly held					
Wealthy Way Holdings Limited	The BVI/ The BVI	100 ordinary shares of US\$1 each	100%	100%	Investment holding
Wealth Ton Finance Group Limited (滙通金融集團有限公司)	The BVI/ The BVI	100 ordinary shares of US\$1 each	100%	100%	Investment holding
Indirectly held					
China Wealthy Way Group Limited (中國富道集團有限公司)	Hong Kong/ Hong Kong	Ordinary shares of HK\$274,579,569	100%	100%	Investment holding
Wealthy Way International Finance Limited (富道國際金融有限公司)	Hong Kong/ Hong Kong	Ordinary shares of HK\$2	100%	100%	Investment holding
Wealthy Way (China) Finance Lease Limited (富道（中國）融資租賃有限公司)	The PRC/ The PRC	RMB333,330,000	100%	100%	Provision of financial leasing, factoring and advisory services
Shenzhen Wealthy Way Investment Holdings Company Limited (深圳市富道投資控股有限公司*)	The PRC/ The PRC	RMB561,450,000	100%	100%	Provision of financial advisory services
Shenzhen Yuli Information Technology Company Limited (深圳市裕利信息技術有限公司)	The PRC/ The PRC	RMB1,000,000	100%	100%	Not yet commenced business
Wealthy Way Commercial Limited (formerly known as “Wealthy Way Commercial Factoring Limited”) (深圳市富道商業有限公司(前稱 “深圳市富道商業保理有限公司”*))	The PRC/ The PRC	RMB100,000,000	100%	100%	Provision of factoring
Wealth Way Information Technology Limited (深圳市富道信息科技有限公司*)	The PRC/ The PRC	RMB50,000,000	100%	100%	Provision of loan facilitation services
Shenzhen Haosen Small Loan Co., Ltd. (“Shenzhen Haosen”) (深圳市浩森小額貸款股份有限公司*)	The PRC/ The PRC	RMB400,000,000	100%	100%	Provision of small loans
Grand Partner Limited (利盟控股有限公司)	Hong Kong/ Hong Kong	Ordinary shares of HK\$5,300,000	100%	100%	Investment holding

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of the company	Place of incorporation/ Principal place of Operation	Particulars of issued and fully paid-up share capital/ registered capital	Attributable equity interest		Principal activities
			2024	2023	
Grand Partners Asset Management Limited (利盟資產管理有限公司)	Hong Kong/ Hong Kong	Ordinary shares of HK\$6,846,500 (2023: HK\$6,366,500)	100%	100%	Provision of investment management and advisory services
Grand Partners Investment Consultants Limited (利盟投資顧問有限公司)	Hong Kong/ Hong Kong	Ordinary shares of HK\$250,000	100%	100%	Provision of advising on securities services
Grand Partners Finance Limited (利盟財務有限公司)	Hong Kong/ Hong Kong	Ordinary shares of HK\$30,000,000	100%	100%	Provision of money lending business
Grand Partners Securities Limited (利盟證券有限公司)	Hong Kong/ Hong Kong	Ordinary shares of HK\$30,000,000	100%	100%	Provision of securities dealing and broking services
Grand Partners Capital Limited (利盟融資有限公司)	Hong Kong/ Hong Kong	Ordinary shares of HK\$10,000,000	100%	100%	Not yet commenced business
Shenzhen Qianhai Grand Partners Equity Investment Fund Management Company Limited (深圳前海利盟股權投資基金管理有限公司*)	The PRC/ The PRC	US\$2,000,000	100%	100%	Provision of asset management services
Shenzhen Haosen Technical Operations Company Limited (深圳市浩森技術運營有限公司*)	The PRC/ The PRC	RMB180,000,000	100%	100%	Provision of information technology services advisory services
Shenzhen Wealthy Way Consulting Services Company Limited (深圳市富道諮詢服務有限公司*)	The PRC/ The PRC	RMB5,000,000	100%	100%	Provision of financial leasing and other

* The English name of the subsidiaries established in the PRC represent management's best effort at translating the Chinese name of such subsidiaries as no English name has been registered.

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

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of approximately RMB2,586,000 (2023: RMB503,000) and RMB2,586,000 (2023: RMB503,000) in respect of lease arrangements for the properties (Note 15).

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**(b) Reconciliation of liabilities arising from financial activities**

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

	Due to related parties RMB'000 (Note 20)	Bank borrowings RMB'000 (Note 25)	Promissory note RMB'000 (Note 26)	Bonds payable RMB'000 (Note 27)	Lease liabilities RMB'000 (Note 15(b))	Dividend payable RMB'000
At 1 January 2023	2,552	100,023	4,186	17,688	1,581	1,449
Changes from financing cash flows:						
Advance from related parties	1,010	–	–	–	–	–
Advanced from a former director of the Company	8,466	–	–	–	–	–
Proceeds from bank loans	–	242,000	–	–	–	–
Repayment of bank loans	–	(199,703)	–	–	–	–
Interest paid	–	(8,799)	–	–	–	–
Repayment of lease liabilities (including interest paid)	–	–	–	–	(1,777)	–
Dividend paid	–	–	–	–	–	(3,582)
Total changes from financing cash flows	9,476	33,498	–	–	(1,777)	(3,582)
Other changes:						
Interest expenses (Note 8)	–	8,799	–	1,444	185	–
Interest payable (included in accruals)	–	–	–	(1,454)	–	–
Final dividend (Note 12)	–	–	–	–	–	4,154
Additions of lease liabilities	–	–	–	–	503	–
Modification of a lease	–	–	–	–	2,322	–
Total other changes	–	8,799	–	(10)	3,010	4,154
Exchange realignments	125	–	–	499	25	45
At 31 December 2023	12,153	142,320	4,186	18,177	2,839	2,066

Notes to the Consolidated Financial Statements (Continued)

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41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financial activities (Continued)

	Due to related parties RMB'000 (Note 20)	Bank borrowings RMB'000 (Note 25)	Promissory note RMB'000 (Note 26)	Bonds payable RMB'000 (Note 27)	Lease liabilities RMB'000 (Note 15(b))	Dividend payable RMB'000
At 1 January 2024	12,153	142,320	4,186	18,177	2,839	2,066
Changes from financing cash flows:						
Advance from related parties	132	-	-	-	-	-
Advanced from a former director of the Company	1,023	-	-	-	-	-
Proceeds from bank loans	-	142,000	-	-	-	-
Proceeds from issuance of bond	-	-	-	18,536	-	-
Repayment of bank loans	-	(142,000)	-	-	-	-
Repayment of promissory note	-	-	(4,690)	-	-	-
Repayment of bonds	-	-	-	(9,207)	-	-
Interest paid	-	(10,257)	-	-	-	-
Repayment of lease liabilities (including interest paid)	-	-	-	-	(1,620)	-
Dividend paid	-	-	-	-	-	(3,693)
Total changes from financing cash flows	1,155	(10,257)	(4,690)	9,329	(1,620)	(3,693)
Other changes:						
Gain on early redemption of bonds payable	-	-	-	(7)	-	-
Gain on non-substantial modification of bonds payable	-	-	-	(52)	-	-
Gain on early termination of lease	-	-	-	-	(7)	-
Interest expenses (Note 8)	-	10,230	-	1,972	278	-
Interest payable (included in accruals)	-	-	-	(1,979)	-	-
Final dividend (Note 12)	-	-	-	-	-	4,269
Additions of lease liabilities	-	-	-	-	2,586	-
Derecognition upon early termination of lease	-	-	-	-	(237)	-
Total other changes	-	10,230	-	(66)	2,620	4,269
Exchange realignments	416	-	504	720	54	80
At 31 December 2024	13,724	142,293	-	28,160	3,893	2,722

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**(c) Total cash outflow for leases**

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities (Note 15(c))	156	399
Within financing activities	1,620	1,777
	1,776	2,176

42. EVENTS AFTER REPORTING PERIOD

There were no material subsequent events during the period from 31 December 2024 to the date of approval of these consolidated financial statements by the directors of the Company on 24 March 2025.

Financial Summary

The following is a summary of the published results and assets and liabilities of the Group for the last four financial years prepared on the basis set out in the notes below.

RESULTS

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	107,313	113,132	99,588	113,871	176,094
Profit/(loss) before income tax	16,877	27,150	34,953	57,777	(140,982)
Income tax (expense)/credit	(11,269)	(3,977)	(10,841)	(17,558)	34,149
Profit/(loss) for the year	5,608	23,173	24,112	40,219	(106,833)
Profit/(loss) attributable to the equity holders of the Company	5,608	23,173	24,112	30,582	(111,642)

ASSETS AND LIABILITIES

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	803,149	784,682	729,553	796,085	1,368,887
Total liabilities	(221,759)	(210,982)	(175,166)	(255,028)	(695,011)
	581,390	573,700	554,387	541,057	673,876
Equity attributable to the equity holders of the Company	581,390	573,700	554,387	541,057	503,250