



Quanzhou Huixin Micro-credit Co., Ltd.*

泉州匯鑫小額貸款股份有限公司

(Established in the People's Republic of China with limited liability)

Stock Code: 1577



**ANNUAL
REPORT
2024**

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Corporate Information

DIRECTORS

Executive Directors

Mr. Wu Zhirui (*Chairman*)
Mr. Zhou Yongwei
Mr. Yan Zhijiang
Ms. Liu Aiqin

Non-executive Directors

Mr. Jiang Haiying
Mr. Cai Rongjun

Independent Non-executive Directors

Mr. Zheng Wenjian
Mr. Yang Dong John
Mr. Yang Zhanghua

SUPERVISORS

Mr. Wang Shijie (*Chairman*)
Mr. Li Jiancheng
Ms. Ruan Cen
Mr. Chen Jinzhu
Mr. Wu Lindi

AUDIT COMMITTEE

Mr. Yang Dong John (*Chairman*)
Mr. Cai Rongjun
Mr. Zheng Wenjian

REMUNERATION COMMITTEE

Mr. Zheng Wenjian (*Chairman*)
Mr. Wu Zhirui
Mr. Yang Zhanghua

NOMINATION COMMITTEE

Mr. Yang Zhanghua (*Chairman*)
Mr. Zhou Yongwei
Mr. Yang Dong John

JOINT COMPANY SECRETARIES

Mr. Yan Zhijiang
Ms. Ng Ka Man (*ACG, HKACG*)

AUTHORISED REPRESENTATIVES

Mr. Wu Zhirui
Mr. Yan Zhijiang

REGISTERED ADDRESS

12/F, Former Finance Building
No. 361 Feng Ze Street
Quanzhou
Fujian
the PRC

HEADQUARTERS/PRINCIPAL PLACE OF BUSINESS IN THE PRC

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No. 105 Daxing Street
Fengze District
Quanzhou
Fujian
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
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1 Matheson Street
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.qzhuixin.net

STOCK CODE

1577

AUDITOR AND REPORTING ACCOUNTANT

Ernst & Young
Certified Public Accountants

LEGAL ADVISER

YYC Legal LLP
(as to Hong Kong laws)

H SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKERS

The Agricultural Bank of China
Jinjiang Jinjing Sub-Branch
No. 200 Zhong Xing Road, Jinjing Town
Jinjiang City
Quanzhou
Fujian
the PRC

China Minsheng Bank
Quanzhou Branch
No. 689 Citong Street
Fengze District
Quanzhou
Fujian
the PRC

Xiamen Bank
Yilong Sub-Branch
No. 857 Xiahe Street
Huli District
Quanzhou
Fujian
the PRC

Xiamen Bank
Quanzhou Branch
No. 474 Huixin Street
Licheng District
Quanzhou
Fujian
the PRC

Chairman's Statement

On behalf of the Board, I would like to present our operating results for 2024 to all Shareholders, and express my gratitude for their support to the Company.

For the year ended 31 December 2024, our net interest income was RMB112.3 million; our net profit was RMB96.3 million; and our balance of loan amounted to RMB727.7 million.

In 2024, global economic growth exhibited a clear divergence. As the world's largest economy, the United States experienced a gradual slowdown in economic growth throughout the year. In terms of international trade, trade protectionism remained a significant obstacle to synergetic development of global economy. Although countries recognize the importance of trade cooperation under the backdrop of economic globalization, trade frictions, in fact, continue to arise due to political relations, trade imbalances and other factors. Meanwhile, emerging economies are steadily gaining prominence in the global economic landscape.

The global economic recovery remained uneven, with rising trade protectionism and frequent geopolitical conflicts, which has brought considerable uncertainties to China's external environment. Domestically, structural challenges persisted in economic operation, coupled with overcapacity in certain industries and insufficient innovation, which gave rise to the ongoing efforts for high-quality development. Additionally, shortcomings remained in livelihood sectors such as education, healthcare and elderly care, while imbalances in urban-rural and regional development remaining prominent.

Over the past year, the Company proactively responded to national financial policies and was dedicated to providing efficient and high-quality financial services to a wide range of small and micro enterprises as well as individuals by adhering to the service philosophy of "small-amount, decentralized, flexible, and convenient". The Company strictly controlled loan risks through a comprehensive risk assessment system and post-loan management mechanism, thereby ensuring a steady improvement in loan quality.

In terms of team building, we organized various activities to promote communication and collaboration among employees. These activities include regularly holding reading sessions to share knowledge and insights and foster a strong learning atmosphere, and arranging for employees to participate in training sessions conducted by industry experts for in-depth learning, so as to keep pace with industry trends and enhance the professional competence of our team. Furthermore, we strongly encourage employees to take professional qualification exams by providing necessary learning resources and time. For those employees aspiring to further their education, the Company offers full understanding and support, including flexible work arrangements and financial assistance, to help them achieve personal growth and career development.

Looking ahead, we will continue to optimize our business processes, strengthen risk control, and drive service innovation to provide even higher quality and more efficient financial services to small and micro enterprises and individuals.

Quanzhou Huixin Micro-credit Co., Ltd.

WU Zhirui

Chairman

26 March 2025

Management Discussion and Analysis

INDUSTRY OVERVIEW

In 2014, the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) designated Quanzhou City as a pilot zone for the comprehensive reform of the private economy, initiating reform programs that include improving the financial services sector as well as increasing the financial support of, and the financing resources available to, private enterprises. In December 2015, the State Council promulgated the *Plan for Promoting the Development of Inclusive Finance (2016–2020)* (Guo Fa [2015] No. 74) (推進普惠金融發展規劃 (2016–2020年) (國發[2015]74號)), which aims to improve the quality and the coverage of inclusive finance service. In 2017, the government of Quanzhou City promulgated the *Opinions on Promoting the Sound and Sustainable Development of Micro-credit Companies, Pawnshop Companies and Financing Guarantee Companies* (泉州市人民政府關於促進小額貸款公司、典當行和融資擔保公司健康持續發展的若干意見), which encourages microfinance companies to develop innovative businesses. In 2018, the Quanzhou Financial Affairs Bureau (泉州市金融工作局) and certain other government departments promulgated *Opinions on the Implementation of Strengthening Financial Services of Real Economy to further Facilitate and Reduce the Cost of the Financing* (關於加強實體經濟金融服務進一步緩解融資難融資貴的實施意見), which allow microfinance companies in Quanzhou to comprehensively carry out microfinance business mainly for SMEs and “agriculture, rural and farmers” (三農) in Quanzhou City. In 2021, to further support the development of microfinance companies in Quanzhou City, Quanzhou Financial Affairs Office promulgated *Opinions on Promoting the Sound and Sustainable Development of Micro-credit Companies* (泉州市金融工作辦公室關於促進小額貸款公司持續健康發展的若干意見).

BUSINESS OVERVIEW

Our Group is principally engaged in loan business. Based in Quanzhou City, we are the largest licensed microfinance company in Fujian Province in terms of revenue in 2024, according to the statistics of the Fujian Financial Supervision Bureau (福建省地方金融監督管理局). We are primarily dedicated to providing local entrepreneurial individuals, SMEs and microenterprises with practical and flexible short-term financing solutions to support their continued development and address their ongoing liquidity needs.

During the Reporting Period, we generated substantially all of our income by charging interest on the loans extended to our customers. For the year ended 31 December 2024, the total loans granted to our customers amounted to RMB888.2 million. Our interest income from loans receivable was RMB112.7 million for the year ended 31 December 2024.

We financed our operations primarily through share capital of our Shareholders. The following table sets out our share capital, net capital, principal amount of outstanding loans, and loan/net capital ratio as of the dates indicated:

	As of 31 December	
	2024	2023
Share capital (RMB in millions)	680.0	680.0
Net capital (RMB in millions) ⁽¹⁾	1,221.2	1,268.5
Principal amount of outstanding loans (RMB in millions)	727.7	925.9
Loan/net capital ratio ⁽²⁾	0.60 times	0.73 times

Notes:

(1) Represents the aggregate of our share capital, reserves and retained profits of our Group.

(2) Represents the principal amount of our outstanding loans divided by our net capital.

Management Discussion and Analysis (continued)

Our Loan Business

Loan Portfolio

The principal amount of our outstanding loans decreased from RMB925.9 million as of 31 December 2023 to RMB727.7 million as of 31 December 2024, primarily due to the adjustment of our loan size as banks have expanded their loan market share because of the easing credit policies.

The following table sets out the balance of our loans by industry as of the dates indicated:

	As of 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Manufacturing	300,425	41.3	363,003	39.2
Wholesale and retail	89,587	12.3	91,988	9.9
Financial	114,177	15.7	157,369	17.0
Construction	103,730	14.3	72,372	7.8
Public facilities and commercial service	56,618	7.8	69,890	7.5
Agriculture	—	—	74,500	8.0
Transportation, warehousing and post	14,900	2.0	2,050	0.2
Others	48,219	6.6	94,695	10.4
Total	727,656	100.0	925,867	100.0

Revolving Loans and Term Loans

We offer two types of loans, namely, revolving loans and term loans, as part of our flexible financing solutions, depending on a customer's repayment and re-borrowing needs. The following table sets out the principal amount of our revolving loans and term loans as of the dates indicated:

	As of 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Principal amount of outstanding loans:				
Revolving loans	525,797	72.3	629,104	67.9
Term loans	201,859	27.7	296,763	32.1
Total	727,656	100.0	925,867	100.0

Management Discussion and Analysis (continued)

Loan Portfolio by Security

Our loans receivable consist of credit loans, guaranteed loans and collateral-backed loans. The following table sets out our loan portfolio by security as of the dates indicated:

	As of 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Principal amount of outstanding loans:				
Credit loans	15,000	2.1	1,400	0.2
Guaranteed loans	36,519	5.0	145,052	15.7
Collateral-backed loans				
— with guarantee	378,674	52.0	381,636	41.1
— without guarantee	297,463	40.9	397,779	43.0
Total	727,656	100.0	925,867	100.0

Our clients primarily include entrepreneurial individuals, SMEs, and microenterprises. As of 31 December 2023, the balance of outstanding loan of our largest client and five largest clients was RMB45.8 million and RMB144.2 million respectively, accounting of 4.9% and 15.6% of our total balance of outstanding loan. RMB0.2 million of interest receivables has been accrued from the five largest clients for the same period. As of 31 December 2024, the balance of outstanding loan of our largest client and five largest clients was RMB37.4 million and RMB131.4 million respectively, accounting of 5.1% and 18.1% of our total balance of outstanding loan. As of 31 December 2024, there was no interest receivables from the five largest clients. The annual interest rates of the five largest clients range from 13.2% to 18.0% with the loan terms ranging from 3 to 24 months. Among the five largest clients, four are SMEs or microenterprises and one is entrepreneurial individual, involving in manufacturing industry, construction industry and finance industry. All the above loans are guaranteed loans or collateral-backed loans.

Collateral-backed Loans

The collateral obtained by our Group under our collateral-backed loans mainly consists of mortgages on land use rights, building ownership rights, pledge of shares and others. The following table sets out the types of collaterals under our collateral-backed loans as of the dates indicated:

	As of 31 December	
	2024	2023
	RMB'000	RMB'000
Building ownership rights	245,185	376,653
Building and land use rights	130,650	111,200
Shares	159,162	157,690
Others	141,140	133,872

Management Discussion and Analysis (continued)

Maturity Profile of Loan Portfolio

As of 31 December 2024, our maturity profiles within one year and over one year accounted for 94.4% and 5.6% of the total principal amount of outstanding loans, respectively. The following table sets out the maturity profile of our loans based on the contractual maturity date of the principal amount as of the dates indicated:

	As of 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Principal amount of outstanding loans:				
Past due	190,078	26.0 ⁽¹⁾	108,295	11.7 ⁽¹⁾
Due within three months	38,385	5.4	179,210	19.4
Due between three months and one year	458,281	63.0	488,547	52.8
Due over one year	40,912	5.6	149,815	16.1
Total	727,656	100.0	925,867	100.0

Note:

- (1) The percentage equals to the default ratio as of the respective dates during the Reporting Period, representing the balance of principal amount of past due loans divided by the total principal amount of our outstanding loans.

Past Due Loans

The principal amount of our past due loans was RMB108.3 million and RMB190.1 million as of 31 December 2023 and 2024, respectively, accounting for 11.7% and 26.0% of the total principal amount of our outstanding loans as of the same dates.

We had 18 past due loans with an aggregate amount of RMB108.3 million as of 31 December 2023. As of 31 December 2024, RMB16.8 million of the principal amount of these past due loans as of 31 December 2023 had been settled. As of 31 December 2024, the remaining portion of the principal amount of past due loans as of 31 December 2023 was RMB91.5 million and the allowance for impairment losses for these loans was RMB22.3 million.

As of 31 December 2024, we had 26 past due loans with an aggregate principal amount of RMB190.1 million, and our allowance for impairment losses for these past due loans as of the same date was RMB53.9 million.

The principal amount of our past due loans increased from RMB108.3 million as of 31 December 2023 to RMB190.1 million as of 31 December 2024, mainly because some of our loans were overdue as a result of the temporary cash flow difficulty of the borrowers. Since most of the past due loans were pledged or guaranteed by collaterals, we expect the loss probability of our past due loans is low.

Management Discussion and Analysis (continued)

Loan Portfolio by Exposure Size

The following table sets out the distribution of the principal amount of our outstanding loans and the number of borrowers by exposure size as of the dates indicated:

	As of 31 December					
	2024			2023		
	Number of borrower ⁽¹⁾	RMB'000	% ⁽²⁾	Number of borrower ⁽¹⁾	RMB'000	% ⁽²⁾
Principal amount of outstanding loans:						
Up to RMB1.0 million	104	44,139	6.1	97	42,682	4.6
Over RMB1.0 million to RMB3.0 million (inclusive)	65	114,580	15.7	54	94,900	10.2
Over RMB3.0 million to RMB5.0 million (inclusive)	52	223,644	30.7	72	314,200	34.0
Over RMB5.0 million to RMB10.0 million (inclusive)	4	184,222	25.3	9	237,581	25.7
Over RMB10.0 million	5	161,071	22.2	8	236,504	25.5
Total	230	727,656	100.0	240	925,867	100.0

Notes:

- (1) Loans granted to a single borrower under multiple loan agreements are aggregated for the purpose of the calculation of loan exposure size to such customer.
- (2) Represents the principal amount of outstanding loans of each category divided by the total principal amount of our outstanding loans.

Management Discussion and Analysis (continued)

We adopted a loan classification approach to manage our loan portfolio risk. We categorize our loans by reference to the “Five-Tier Principle” set forth in the *Guideline for Loan Credit Risk Classification* (貸款風險分類指引) issued by the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會). We make provisions for the anticipated level for loan loss after categorizing the loan according to the “Five-Tier Principle”. According to the “Five-Tier Principle”, our loans are categorized as “normal”, “special-mention”, “substandard”, “doubtful” or “loss” according to their levels of risk. We consider our “substandard”, “doubtful” and “loss” loans as non-performing loans. The following table sets out the breakdown of the total principal amount of our outstanding loans by category as of the dates indicated:

	As of 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Normal	378,801	52.1	479,513	51.7
Special-mention	321,732	44.2	373,628	40.4
Substandard	3,958	0.5	59,828	6.5
Doubtful	21,949	3.0	11,647	1.3
Loss	1,216	0.2	1,251	0.1
Total	727,656	100.0	925,867	100.0

We assess impairment either collectively or individually as appropriate. We assess our loans for impairment at the end of each relevant period, determine a level of allowance, and recognize any related provisions using the concept of impairment under HKFRS 9. For the loans in stage 1 and stage 2 for measurement of ECL which were the “normal” loans and part of “special-mention” loans, given that they are not impaired, we make collective assessment based primarily on factors including prevailing general market and industry conditions and historical impaired ratio. For remaining loans, the impairment losses are assessed individually by evaluating the loss that we expect to incur on the balance sheet date.

Our “substandard” loans decreased from RMB59.8 million as of 31 December 2023 to RMB4.0 million as of 31 December 2024, while our “doubtful” loans increased from RMB11.6 million as of 31 December 2023 to RMB21.9 million as of 31 December 2024. Such changes mainly because (i) part of the past due loans of the Company categorized as “substandard” in 2023 with aggregate amount of RMB10.3 million were downgraded to “doubtful” taking into account of the borrowers’ repayment ability; and (ii) RMB45.5 million of our “substandard” loans in 2023 were collected.

Management Discussion and Analysis (continued)

The following table sets out the key default and loss ratios reflecting the asset quality of our loan business:

	As of/For the year ended 31 December	
	2024 (RMB'000, except for percentage)	2023 (RMB'000, except for percentage)
Non-performing loan ratio⁽¹⁾	3.7%	7.9%
Balance of non-performing loans receivable	27,123	72,726
Balance of gross loans receivable	729,008	928,989
Allowance coverage ratio⁽²⁾	216.9%	92.8%
Allowance for loans losses⁽³⁾	58,823	67,480
Balance of non-performing loans receivable	27,123	72,726
Provision for impairment losses ratio⁽⁴⁾	8.1%	7.3%
Loss ratio⁽⁵⁾	11.7%	18.6%
Net charge of impairment allowance on loans receivable	13,142	26,127
Interest income	112,738	140,166

Notes:

- (1) Represents the balance of non-performing loans receivable divided by the balance of gross loans receivable. Non-performing loan ratio indicates the quality of our loan portfolio.
- (2) Represents the allowance for loans losses for all loans divided by the balance of non-performing loans receivable. The allowance for non-performing loans losses for all loans includes allowances provided for performing loans and allowances provided for non-performing loans. Allowance coverage ratio indicates the level of allowance we set aside to cover probable loss in our loan portfolio.
- (3) Allowance for loans losses reflects our management's estimate of the probable loss in our loan portfolio.
- (4) Represents the allowance for loans losses divided by the balance of gross loans receivable. Provision for loans losses ratio measures the cumulative level of provisions.
- (5) Represents the net charge of impairment allowance on loans receivable divided by our interest income. Loss ratio is a benchmark which our management uses to monitor our financial results in relation to impairment losses incurred.

Our non-performing loans receivable decreased from RMB72.7 million as of 31 December 2023 to RMB27.1 million as of 31 December 2024 mainly as a result of the recovery of the “substandard” loans of RMB45.5 million. Our non-performing loan ratio decreased from 7.9% as of 31 December 2023 to 3.7% as of 31 December 2024 as a result of the recovery of some of our non-performing loans.

Management Discussion and Analysis (continued)

Compliance with Key Regulatory Requirements

The following table summarizes the key statutory capital requirements and lending restrictions applicable to us and our compliance status for the year ended 31 December 2024:

Key requirements	Compliance status
The registered capital of a microfinance company in Fujian Province shall not be lower than RMB100 million.	Our Group complied with such requirement for the year ended 31 December 2024.
The debt to net capital ratio of a microfinance company in Quanzhou City is capped at 100%.	Our Group complied with such requirement for the year ended 31 December 2024.
The Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (2020 Second Amendment) (最高人民法院關於審理民間借貸案件適用法律若干問題的規定 (2020第二次修正)) (the “ 2020 Judicial Interpretation ”, or “ these Provisions ”) promulgated by the Supreme People's Court (最高人民法院) on 29 December 2020 which became effective on 1 January 2021 provide that: (i) these Provisions shall apply to any first-instance case involving a private lending dispute newly accepted by the people's court after these Provisions came into effect; for a first-instance private lending case newly accepted after 20 August 2020, if the loan contract was formed before 20 August 2020, and either party requests that the interest from the formation of the contract to 19 August 2020 be calculated according to the then judicial interpretations, the people's court shall support the request; and (ii) the interest from 20 August 2020 to the date of payment of the loan shall be calculated according to the interest rate protection standard established by these Provisions at the time of bringing the lawsuit.	Our Group complied with such applicable requirement for the year ended 31 December 2024.
A microfinance company shall not grant loans to its own shareholders, directors, senior management and their related parties.	Our Group complied with such requirement for the year ended 31 December 2024.
The outstanding amount of loan made to the same borrower by a microfinance company cannot exceed 10% of the net capital of such microfinance company.	Our Group complied with such requirement for the year ended 31 December 2024.
Upon the listing of the H Shares on the main board of the Stock Exchange on 30 September 2016, the ratio of the balance of outstanding loans of up to a maximum of RMB5.0 million to a single borrower to the total balance of outstanding loans that is applicable to the Company shall not be lower than 70% (the “ Amended 70% Requirement ”).	Our Group complied with the Amended 70% Requirement for the year ended 31 December 2024.

Management Discussion and Analysis (continued)

FINANCIAL OVERVIEW

Interest Income, Net

We generate substantially all of our interest income from interest on loans that we provide to our customers. We incur interest expense on bank loans and margin loans which are principally used to fund our business.

The following table sets out our interest income and interest expense for the years indicated:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Interest income on:		
Loans receivable	112,740	140,179
Interest expense on:		
Bank loans and margin loans	(384)	(627)
Lease liabilities	(54)	(173)
Interest income, net	112,302	139,379

Interest Income

Our interest income from short-term financings provided to entrepreneurial individuals, SMEs and microenterprises primarily consists of interest income from our outstanding performing loans. Interest income from outstanding performing loans is mainly affected by (i) the balance of our outstanding performing loans; and (ii) the effective interest rates that we charge on our performing loans.

The following table sets out the average balance of our outstanding performing loans and corresponding average effective interest rate per annum for the years indicated:

	Year ended 31 December	
	2024	2023
Average balance of outstanding performing loans ⁽¹⁾ (RMB'000)	567,014	760,502
Average effective interests rate per annum ⁽²⁾	14.72%	15.90%

Notes:

- (1) Calculated as the average balance of the principal amount of our outstanding performing loans at the end of each month for the years indicated.
- (2) Calculated by dividing the interest income for the year by the average balance of outstanding performing loans for the years indicated.

Management Discussion and Analysis (continued)

Our loan business is primarily funded by our share capital as well as our borrowings. Our interest income decreased by 19.6% from RMB140.2 million for the year ended 31 December 2023 to RMB112.7 million for the year ended 31 December 2024. The average balance of our outstanding performing loans decreased by 25.4% from RMB760.5 million in 2023 to RMB567.0 million in 2024. Such decreases were primarily because of the decrease in our loan size. For the years ended 31 December 2023 and 2024, our average effective interest rate per annum on our performing loans decreased from 15.9% to 14.7%. Such decrease was primarily due to the decrease in the interest rate of new loans we granted during the Reporting Period.

Interest Expense

The following table sets out the average balance of our borrowings and effective interest rates per annum for the years indicated:

	Year ended 31 December	
	2024	2023
Average balance of borrowings ⁽¹⁾ (RMB'000)	8,162	11,278
Effective interests rate per annum ⁽²⁾	4.71%	5.24%

Notes:

(1) Calculated as the average balance of our borrowings for the years indicated.

(2) Calculated by dividing the interest expense for the year by the average balance of borrowings for the year.

Our average balance of borrowings decreased from RMB11.3 million as of 31 December 2023 to RMB8.2 million as of 31 December 2024, due to the decreased funding demand.

Net Charge of Impairment Allowance on Loans and Accounts Receivable

Net charge of impairment allowance on loans and accounts receivable mainly arose from the balance of allowance for impairment loss we made in relation to our loans and accounts receivable during the relevant periods.

We review our loan portfolios and finance leases periodically to assess whether any impairment losses exist and the amount of impairment losses if there is any evidence of impairment. Our management reviews the methodology and assumptions used in estimating future cash flows regularly to minimize difference between loss estimates and actual loss.

Our net charge of impairment allowance on loans and accounts receivable for the years ended 31 December 2023 and 2024 were RMB26.2 million and RMB13.1 million, respectively. Such decrease was primarily due to (i) the increase in provision of loans as a result of the increase in credit risk of the market; and (ii) the collection of previously impaired loans resulting in the reversal of provisions.

Management Discussion and Analysis (continued)

Operating and Administrative Expenses

Our operating and administrative expenses mainly include taxes and surcharges, staff costs, depreciation and amortization expenses, auditor's remuneration and others. The table below sets out the components of our operating and administrative expenses by nature for the years indicated:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Tax and surcharges	844	953
Staff costs:		
Salaries, bonuses and allowances	10,149	11,216
Other social welfare	2,023	2,114
Depreciation and amortization	4,367	3,407
Auditor's remuneration	1,509	1,509
Others	4,124	4,821
Total operating and administrative expenses	23,016	24,020

Our tax and surcharges primarily comprise city maintenance and construction tax and additional education fee, accounting for 4.0% and 3.7% of our operating and administrative expenses for the years ended 31 December 2023 and 2024, respectively. Staff costs, including salaries, bonuses and allowances paid to employees, other social welfare insurance and benefits, accounted for 55.5% and 52.9% of our operating and administrative expenses for the years ended 31 December 2023 and 2024, respectively.

Our operating and administrative expenses decreased from RMB24.0 million for the year ended 31 December 2023 to RMB23.0 million for the year ended 31 December 2024 mainly because of the decrease in staff costs.

Net Investment Gains

Our net gains on financial instrument consist of dividend and other income, net realized losses, and unrealized gains.

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Gains on disposals of subsidiaries	—	261
Dividend and other income	6,897	7,237
Net realized (losses)/gains	(4,701)	14,924
Unrealized gains/(losses)	52,680	(18,216)
Total	54,876	4,206

The net investment gains of financial instruments increased from RMB4.2 million for the year ended 31 December 2023 to RMB54.9 million for the year ended 31 December 2024 mainly due to (i) the fluctuation of the fair value of financial instruments we hold at fair value; (ii) the loss from disposal of financial assets of RMB4.7 million; and (iii) the dividend from listed securities of RMB6.9 million.

Management Discussion and Analysis (continued)

Other Income and Gains, Net

Our net other income and gains consist of interest from bank deposits, government grants, and other gains.

The following table sets out the details of our net other income and gains for the years indicated:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Government grants	3,641	3,028
Interest from bank deposits	1,034	1,194
Others	1,157	2,096
Total	5,832	6,318

Income Tax Expense

During the years ended 31 December 2023 and 2024, we were subject to the general tax rate of 25% pursuant to the *Enterprise Income Tax Law* (企業所得稅法) which became effective from 1 January 2008, and was amended on 24 February 2017 and 29 December 2018. Our income tax expense for the years ended 31 December 2023 and 2024 was RMB23.4 million and RMB29.8 million, respectively, and our effective tax rate for the same years was 23.5% and 23.6%.

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

Net Profit and Total Comprehensive Income for the Year

As a result of the foregoing, we recorded net profit, defined as net profit and total comprehensive income, of RMB76.2 million and RMB96.3 million for the years ended 31 December 2023 and 2024, respectively. The profit attributable to owners of the parent company for the year ended 31 December 2023 and 2024 was RMB64.8 million and RMB91.7 million.

Liquidity and Capital Resources

We have in the past funded our working capital and other capital requirements primarily by equity contributions from our Shareholders and cash flows from operations. Our liquidity and capital requirements primarily relate to granting loans and other working capital requirements. We monitor our cash flows and cash balance on a regular basis and strive to maintain liquidity that can meet our working capital needs while supporting a healthy level of business scale and expansion.

Our gearing ratio which represented the percentage of our net debt divided by the aggregate of our capital and net debt, increased from -9.6% as of 31 December 2023 to -9.2% as of 31 December 2024, mainly because of the decrease in cash and cash equivalents.

Management Discussion and Analysis (continued)

Cash Flows

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

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Net cash flows from operating activities	200,200	67,607
Net cash flows used in investing activities	(53,704)	(9,355)
Net cash flows used in financing activities	(154,923)	(77,845)
Net decrease in cash and cash equivalents	(8,427)	(19,593)
Cash and cash equivalents at the beginning of year	111,485	131,078
Effect of foreign exchange rate changes, net	(58)	—
Cash and cash equivalents at the end of year	103,000	111,485

Net cash flows from operating activities

Our business involves a substantial amount of operating cash turnover as well as ongoing funding in the ordinary course of business undertaking, given the capital-intensive nature of short-term microfinance business.

Our cash generated from operating activities primarily consists of loans repaid by our customers and interest income from loans that we grant to customers. Our cash used in operating activities primarily consists of that we extend to our customers. Net cash flows from operating activities reflect: (i) our profit before tax adjusted for non-cash and non-operating items, such as unrealized losses, charge on impairment, accreted interest on impairment loans, foreign exchange loss, gain on disposal of property and equipment, as well as depreciation and amortization; (ii) the effects of changes in working capital; and (iii) income tax paid.

Net cash flows from operating activities for the year ended 31 December 2024 was RMB200.2 million. Net cash flows generated from operating activities before working capital adjustment was RMB71.3 million. Cash inflows primarily consisted of: (i) the decrease in financial assets at fair value through profit or loss of RMB21.2 million ;and (ii) the decrease in loans and accounts receivable of RMB207.5 million; Cash outflows primarily consisted of: (i) the increase in securities purchased under agreements to re-sell of RMB60.1 million; (ii) the increase in other assets of RMB11.8 million; and (iii) the decrease in other payables of RMB0.3 million.

Net cash flows used in investing activities

For the year ended 31 December 2024, our net cash flows used in investing activities was RMB53.7 million, which was mainly consisted of the payment under restructuring investment agreement.

Net cash flows used in financing activities

For the year ended 31 December 2024, our net cash flows used in financing activities was RMB154.9 million, which is mainly consisted of: (i) the payment of dividend of RMB34.0 million; (ii) the dividend paid to non-controlling shareholders of JJHX and Huizhixin of RMB8.2 million; (iii) the payment of acquisition of non-controlling interest of JJHX and Huizhixin of RMB101.5 million; (iv) net repayment of borrowings of RMB8.9 million; (v) the payment of interests on interest-bearing borrowing of RMB1.3 million; and (vi) the lease payments of RMB1.0 million.

Management Discussion and Analysis (continued)

Cash management

We have established certain management measures to manage our liquidity. As our business relies primarily on its available cash, we normally set aside a sufficient amount of cash for general working capital needs, such as administrative expenses and payment of interests on borrowings, and use substantially all of the remainder for granting loans to our customers. As of 31 December 2023 and 2024, the total cash and cash equivalents amounted to RMB111.5 million and RMB103.0 million, respectively, which we consider to be adequate based on our actual working capital needs.

Selected Items of the Statements of Financial Position

	As of 31 December	
	2024 RMB'000	2023 RMB'000
Assets		
Cash and cash equivalents	103,000	111,485
Securities purchased under agreements to re-sell	60,098	—
Financial assets at fair value through profit or loss	280,304	249,673
Loans and accounts receivable	670,185	861,549
Property and equipment	8,659	8,055
Investment properties	62,743	—
Right-of-use assets ⁽¹⁾	892	1,829
Goodwill	5,579	14,729
Other Intangible assets	101	106
Deferred tax assets	24,273	32,591
Other assets	23,275	22,861
Total assets	1,239,109	1,302,878
Liabilities		
Interest-bearing borrowings	—	9,895
Financial liabilities at fair value through profit or loss	—	842
Lease liabilities	952	1,743
Income tax payable	3,104	11,549
Deferred tax liabilities	3,890	—
Other payables	9,984	10,327
Total liabilities	17,930	34,356
Net assets	1,221,179	1,268,522

Note:

(1) The right-of-use assets mainly consist of the leases of properties.

Management Discussion and Analysis (continued)

Cash and Cash Equivalents

Cash and cash equivalents primarily consist of our cash in hand and cash at banks. As of 31 December 2023 and 2024, we had cash and cash equivalents of RMB111.5 million and RMB103.0 million, respectively. Such decrease in our cash and cash equivalents was primarily due to the repayment of margin loans.

Loans and Accounts Receivable

Our loans and accounts receivable consist of net lease receivables and loans receivable. We consider a financial asset in default when it is overdue for more than 90 days.

The following table sets out our loans and accounts receivable and allowance for impairment losses as of the dates indicated:

	As of 31 December	
	2024 RMB'000	2023 RMB'000
Net lease receivables	193	237
Loans receivable	729,008	928,989
Total loans and accounts receivable	729,201	929,226
Less: Allowance for impairment losses	(59,016)	(67,677)
Net loans and accounts receivable	670,185	861,549

Our net loans receivable decreased from RMB861.6 million as of 31 December 2023 to RMB670.2 million as of 31 December 2024 because banks have expanded their loan market share due to the easing credit policies.

As of 31 December 2024, our maturity profiles within one year and over one year accounted for 94.4% and 5.6% of the total loans, respectively. The following table sets out a maturity portfolio of our gross loans receivable as of the dates indicated:

	As of 31 December			
	2024 RMB'000	%	2023 RMB'000	%
Past due	190,109	26.1	108,295	11.7
Due within three months	38,988	5.3	181,632	19.6
Due between three months and six months	164,605	22.6	190,890	20.5
Due between six months and one year	294,339	40.4	298,357	32.1
Due over one year	40,967	5.6	149,815	16.1
Total	729,008	100.0	928,989	100.0

Management Discussion and Analysis (continued)

The majority of our loans during the years ended 31 December 2023 and 2024 were guaranteed loans and collateral-backed loans, which accounted for 15.7% and 84.1% of our loans receivables as of 31 December 2023 and 5.0% and 92.9% of our loans receivables as of 31 December 2024, respectively. The following table sets out the balance of our gross loans receivable as of the dates indicated:

	As of 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Credit loans	15,000	2.1	1,403	0.2
Guaranteed loans	36,529	5.0	145,147	15.7
Collateral-backed loans				
— with guarantee	378,709	51.9	384,309	41.4
— without guarantee	298,770	41.0	398,130	42.7
Total	729,008	100.0	928,989	100.0

Financial Assets at Fair Value through Profit or Loss

For the year ended 31 December 2024, our financial assets at fair value through profit or loss primarily consisted of wealth management products, structured deposits, listed securities, unlisted equity investments and private equity funds.

We invest in wealth management products, structured deposits, listed securities, unlisted equity investments and private equity funds with our laid-up capital, and the investment amount should match our capital structure in terms of scale and must not affect our ordinary business operations. All such financial assets, depending on their amounts and types, will be strictly reviewed and approved by our management at different levels. Our securities investment team conducts risk control and supervision over our investments to effectively manage the investment procedures. As of 31 December 2024, the balance of our wealth management products, structured deposits, listed securities, unlisted equity investments and private equity funds were RMB30.3 million, RMB21.0 million, RMB177.6 million and RMB51.4 million, respectively.

Goodwill

Our goodwill decreased from RMB14.7 million as of 31 December 2023 to RMB5.6 million as of 31 December 2024 mainly because we assessed the impairment on goodwill and the recoverable amount is less than the carrying amount, the related difference of RMB9.1 million is recognised in the current profit or loss. Further details of goodwill are disclosed in note 21 to the consolidated financial statements.

Other Intangible Assets

Other intangible assets remained at RMB0.1 million as of 31 December 2023 and 2024.

Deferred Tax Assets

The deferred tax assets decreased from RMB32.6 million as of 31 December 2023 to RMB24.3 million as of 31 December 2024, mainly due to the adjustments of the impairment on loans and fair value of financial assets at fair value through profit or loss.

Management Discussion and Analysis (continued)

Other Assets

Our other assets increased from RMB22.9 million as 31 December 2023 to RMB23.3 million as of 31 December 2024 mainly due to the increase in prepaid corporate income tax. The following table sets out a breakdown of our other assets as of the dates indicated:

	As of 31 December	
	2024 RMB'000	2023 RMB'000
Reposessed assets	8,060	8,060
Prepayments and deposit	11,940	13,000
Other receivables	1,330	1,609
Other	1,946	192
Total other assets	23,276	22,861

Income Tax Payable

Our income tax payable, which represents our current income tax liabilities, was RMB11.5 million and RMB3.1 million, respectively, as of 31 December 2023 and 2024.

Other Payables

Our other payables mainly include payrolls payable, value-added tax and surcharges payable, deposits, securities settlement payable and others. As of 31 December 2023 and 2024, our other payables were RMB10.3 million and RMB10.0 million, respectively. Such decrease was primarily due to the decrease in payrolls payable of RMB1.0 million.

Lease Liabilities

Our lease liabilities decreased from RMB1.7 million as of 31 December 2023 to RMB1.0 million as of 31 December 2024 mainly because of the lease payment of RMB1.0 million.

Contingent Liabilities

We had no significant contingent liabilities as of 31 December 2024.

Capital Expenditures

Our capital expenditures consist primarily of (i) the purchase of intangible assets; (ii) the purchase of fixtures and office furniture and equipment; and (iii) the acquisition of the assets of Sichuan Xianpai Lingzhi Group Limited. The following table sets out our capital expenditures for the years indicated:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Capital expenditures		
— Micro-credit business	65,637	155
Total	65,637	155

Management Discussion and Analysis (continued)

Related Party Transactions

None of the related party transactions set out in note 29 to the consolidated financial statements constitutes connected transactions or continuing connected transactions which are subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Commitment and Contractual Obligations

We did not have any capital commitment during the Reporting Period.

Key Financial Ratios

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

	As of/For the year ended 31 December	
	2024	2023
Return on equity ⁽¹⁾	7.5%	5.6%
Return on assets ⁽²⁾	7.8%	5.8%
Gross loans to total assets ⁽³⁾	58.8%	71.3%
Gearing ratio ⁽⁴⁾	-9.2%	-9.6%

Notes:

- (1) Return on equity is calculated by dividing net profit attributable to owners of the parent for the year by the balance of equity attributable to owners of the parent as of the indicated dates multiplied by 100%.
- (2) Return on assets is calculated by dividing net profit for the year by the balance of total assets as of the indicated dates multiplied by 100%.
- (3) Gross loans to total assets ratio equals the gross loans receivable amount as of the indicated dates divided by the total assets as of the same date and multiplied by 100%. Gross loans receivable represents our total loans receivable before the deduction of allowance for impairment.
- (4) Gearing ratio equals net debt as of the indicated date divided by the aggregate of our capital and net debt as of the same date multiplied by 100%.

Our return on equity reflecting our financial performance increased from 5.6% for the year ended 31 December 2023 to 7.5% for the year ended 31 December 2024 primarily due to the increase of the net gains on financial assets. Our return on assets reflecting our profitability increase from 5.8% for the year ended 31 December 2023 to 7.8% for the year ended 31 December 2024 primarily due to the increase of net gains on financial assets. Our gross loans to total assets reflecting our high capital utilization ratio remained at a high level with a decrease from 71.3% as of 31 December 2023 to 58.8% as of 31 December 2024 primarily due to the decrease in gross loans. Our gearing ratio reflecting our financial leverage increase from -9.6% as of 31 December 2023 to -9.2% as of 31 December 2024, mainly due to the decrease in cash and cash equivalents.

Off-balance Sheet Arrangements

As of 31 December 2024, we did not have any off-balance sheet arrangements.

Foreign Currency Exposure

Our Group did not use any derivative financial instruments to hedge the risk of exchange rate changes since almost all of our revenue was from Mainland China for the year ended 31 December 2024.

Management Discussion and Analysis (continued)

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

As disclosed in the discloseable transactions and connected transactions announcement of the Company dated 25 June 2024 (the “**Announcement**”), on 25 June 2024, the Company and its non wholly-owned subsidiary respectively entered into the sale and purchase agreement with Xiamen Panhong Trading Co., Ltd.* (廈門磐鴻貿易有限公司) in respect of the proposed acquisitions of an aggregate of 23.0% of the entire equity interests of JJHX, a non wholly-owned subsidiary of the Company, for an aggregate consideration of RMB82.96 million. Upon completion of such proposed acquisitions, JJHX will continue to be a non wholly-owned subsidiary of the Company, and will continue to be accounted for and consolidated into the Group’s consolidated financial statements. As at the date hereof, the transaction was completed. For more details, please refer to the Announcement.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

Other than bank loans we obtained from commercial banks, we also consider issuing bonds or conducting income rights transfer and repurchase financing or other investments plans or choices. Nevertheless, as of the date of this annual report, we do not have any firm intention or formulated any specific plan on material external financing in the short term.

Save as disclosed above, our Group had no future plans for material investments or external financing as of 31 December 2024.

CHARGE ON OUR GROUP’S ASSETS

As of 31 December 2024, we did not have any charges on our assets.

EMPLOYMENT AND EMOLUMENTS

As of 31 December 2024, our Group had 51 employees, all of whom were based in the PRC. Our employees’ remuneration has been paid in accordance with relevant laws and regulations in the PRC. Appropriate salaries and bonuses were paid with reference to the actual practices of the Company. Other corresponding benefits include pension, unemployment insurance and housing allowance.

CONTINUING DISCLOSURE REQUIREMENTS UNDER THE LISTING RULES

As of 31 December 2024, our Group was not involved in any circumstances that would give rise to a disclosure requirement under Rules 13.12 to 13.19 of the Listing Rules.

Management Discussion and Analysis (continued)

PROSPECTS

Looking ahead to 2025, the global economy is projected to sustain steady growth, albeit at a slightly slower pace than historical averages. Developed economies such as the United States and Europe, are expected to experience a modest slowdown, while emerging economies such as China and India are expected to maintain robust growth momentum. Trade barriers and technological restrictions may increase, potentially affecting global trade and investment flows. Nevertheless, as the global economy recovers, trade demand is expected to pick up, leading to a moderate expansion in global trade volumes. Global inflationary pressures are expected to ease gradually, with major economies potentially entering a cycle of interest rate cuts, which could provide support for economic growth. However, risks such as geopolitical tensions and energy price volatility may continue to influence inflation dynamics. In 2025, China's economy is expected to maintain a stable and progressive trajectory, although the growth rate may slow down somewhat. Despite the increasing positive factors in the domestic economic landscape, insufficient domestic demand remains the most significant constraint. Given the above, the government will continue to intensify macroeconomic regulation, deepen reforms and opening-up, expand domestic demand, and optimize the economic structure to drive high-quality economic development.

Against the background of complex and ever-changing domestic and international economic landscape in 2025, the Company will keep following regulatory policies closely and ensure compliant operations. It will innovate financial products to meet diverse needs, expand customer channels to enhance brand influence, improve service efficiency to optimize customer experience, and strengthen team building to elevate professional capabilities. The Company is committed to increasing shareholder returns and contributing to society development.

Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Mr. Wu Zhirui (吳智銳), aged 48, has been our executive Director and Chairman since 20 November 2012 and 18 January 2021, respectively. Mr. Wu was our non-executive Director between January 2010 and April 2010. He resigned in April 2010 and rejoined our Group on 1 January 2011 as a deputy general manager of the Company, responsible for participating in the day-to-day management of our business operations. He has been the general manager of the Company from 20 November 2012 to 18 January 2021. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations. Currently, Mr. Wu also serves as a legal representative of Huixinxing. Mr. Wu has approximately 22 years of experience in enterprise management. Prior to joining our Group, from September 2000 to March 2004, he worked as the branch representative of Zhengzhou branch of Xiahua Monitor System Co., Ltd.* (廈華顯示系統有限公司) (being principally engaged in selling colorful monitors), being a subsidiary of Xiamen Overseas Chinese Electronic Co., Ltd.* (廈門華僑電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600870) (being principally engaged in the development, production and manufacturing of the components of electronic devices and hardware fittings). He was responsible for marketing management during the relevant period. From July 2006 to December 2007, Mr. Wu worked as a strategy consultant at Guangzhou Zhenglue Junce Management Consultancy Company Limited* (廣州正略均策管理諮詢有限公司), which was principally engaged in management consultancy. He was responsible for providing strategic planning during the relevant period. From December 2007 to December 2010, he worked as the general manager of the operation and management department of Septwolves Group Holding Co., Ltd.* (七匹狼控股集團股份有限公司) (“**Septwolves Group Holding**”) (a Company principally engaged in project investment and asset management business), where he was responsible for participating in project investment and branch management and control.

Mr. Wu graduated from Xiamen University (廈門大學), the PRC in July 2000 with a bachelor’s degree in management. He subsequently obtained a master’s degree in business administration from Xiamen University (廈門大學), the PRC in June 2006.

Mr. Zhou Yongwei (周永偉) (formerly known as Mr. Zhou Lianqi (周連期)), aged 62, has been our executive Director since 8 January 2010. He is primarily responsible for corporate strategic planning and overall business development and management of our Group. Mr. Zhou has approximately 37 years of experience in finance and investment, and has extensive experience in corporate management and business operations. Mr. Zhou joined our Group on 8 January 2010 as a Director. He served as our Chairman from 8 January 2010 to 18 January 2021. Mr. Zhou worked as a salesperson and deputy branch director in the Jinjing office, Jinjiang branch of the Bank of China from January 1981 to June 1987 and from July 1987 to May 1993, respectively. He was responsible for the daily business operation management during the relevant period. He has worked as a director of Fujian Septwolves Industry Co., Ltd.* (福建七匹狼實業股份有限公司) (formerly known as Fujian Septwolves Clothing Industry Company Limited* (福建七匹狼製衣實業有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002029) and principally engaged in the design, manufacturing, and sale of clothing products and clothing raw materials since May 1993. He was responsible for strategic planning and overall management during the relevant period. Mr. Zhou has been a director and chairman of Fujian Septwolves Group (a company principally engaged in project investment and asset management business) since January 1997 and October 2008, respectively. He was responsible for strategic planning and overall management during the relevant period. He worked as a director of Septwolves Group Holding (a company principally engaged in project investment and asset management business) since February 2000 and he is responsible for strategic planning but does not participate in its daily management. In addition, he has served as a director of various companies invested or controlled by Fujian Septwolves Group, including Fujian Baiying Financing Guarantee Co., Ltd.* (福建百應融資擔保股份有限公司) (formerly known as Jinjiang Financing Guarantee Co., Ltd.* (晉江融資擔保有限責任公司)).

Directors, Supervisors and Senior Management (continued)

Mr. Zhou obtained a bachelor's degree in economics and administration management from the Nanjing Institute of Politics, the PRC (南京政治學院) in December 2013. Mr. Zhou received the Bauhinia Cup Outstanding Entrepreneur Award from the Hong Kong Polytechnic University on 28 November 2013. Mr. Zhou was further recognized as the National Model Worker by the State Council in April 2010. He also served as a member of the People's Congress of Fujian Province* (福建省人民代表大會) for a term, from January 2013 to January 2018, and as a member of the Standing Committee of the People's Congress of Jinjiang City (晉江市人民代表大會) for a term, from December 2011 to December 2016. Mr. Zhou was elected vice president of the Federation of Industry and Commerce of Xiamen City* (廈門市工商業聯合會) for a term from December 2017 and vice chairman of Fujian Overseas Chinese Federation* (福建省僑聯) for a term from September 2017. He was elected as the first president of the Oversea Chinese Businessmen Federation of Quanzhou City* (泉州市僑商聯合會) in December 2012.

Mr. Yan Zhijiang (顏志江), aged 43, was appointed as executive Director, joint company secretary, and general manager on 11 November 2013, 3 September 2014, and 18 January 2021, respectively. He worked as the deputy general manager since 10 July 2014 and was subsequently appointed as the general manager of the Company on 18 January 2021. He is primarily responsible for formulating and implementing our corporate governance measures and risk management policy, implementing operational plans, and participating in the day-to-day management of our business operations. Mr. Yan has approximately 21 years of experience in legal affairs and risk management. Mr. Yan joined our Group on 11 November 2013 as an executive Director and had been the secretary of the Board. Prior to joining our Group, he worked as a legal executive of Xiamen Xintaiyang Import and Export Trading Company Limited* (廈門新泰陽進出口貿易有限公司) (a company principally engaged in import and export, trade and processing) from July 2003 to January 2005 and was responsible for corporate legal matters. From February 2005 to February 2006, he worked as a clerk of Dehua County People's Court* (德化縣人民法院), where he was responsible for assisting the judge and for record keeping. Mr. Yan was a trainee lawyer and a lawyer at Xiamen Jianchang Law Office* (廈門建昌律師事務所) from February 2006 to May 2008. From June 2008 to July 2010, Mr. Yan headed the legal department of Septwolves Group Holding and was responsible for corporate legal matters. From August 2010 and March 2014, he worked as the general manager of the risk management department of Septwolves Group Holding. He was responsible for corporate legal matters and risk management matters during the relevant period.

Mr. Yan received the Legal Professional Qualification Certificate issued by the Ministry of Justice of the PRC in February 2006, and has been a qualified secretary of the Board as accredited by the Shanghai Stock Exchange since 9 August 2013. Mr. Yan obtained a bachelor's degree in law from Sun Yat-sen University, the PRC (中山大學) in July 2003.

Ms. Liu Aiqin (劉愛琴), aged 48, was re-designated as our executive Director on 25 August 2017 and appointed as the secretary to the Board on 2 July 2021. Prior to her re-designation as an executive Director, Ms. Liu was a non-executive Director. Ms. Liu currently serves as the head of our financial department and is primarily responsible for financial management and for providing strategic advice to the business and operations of our Group. From June 2015 to June 2017, she was the senior manager of the budget management department of Septwolves Group Holding. She was a financial manager of Xiamen Septwolves Venture Capital Co., Ltd.* (廈門七匹狼創業投資有限公司) from September 2011 to June 2015. Ms. Liu worked as a remuneration and project accountant at Xiamen Broadcast and Television Group* (廈門廣播電視集團) from July 2008 to August 2011. From July 2000 to September 2004, she was employed by Xiamen Jinyang Harness Industry Company Limited* (廈門金洋馬具工業有限公司), serving as a deputy general manager.

Ms. Liu obtained a bachelor's degree in philosophy from Xiamen University, the PRC (廈門大學) in July 1999 and a master's degree in management from Xiamen University, the PRC in July 2008. She obtained a certificate of intermediate level accountant qualification in August 2011.

Directors, Supervisors and Senior Management (continued)

Non-executive Directors

Mr. Jiang Haiying (蔣海鷹), aged 49, has been our non-executive Director since 12 June 2015. He is primarily responsible for providing strategic advice to the business and operation of our Group. Mr. Jiang has over 30 years of experience in enterprise management. Mr. Jiang worked as the business manager of Fujian Huian Haoda from 1994 to 1997. Since October 2003, Mr. Jiang has worked as the general manager of Quanzhou Haoxiang.

Mr. Jiang graduated from Otemon Gakuin University, Japan (日本大阪追手門學院大學) in 26 March 2003, majoring in international economics. Mr. Jiang has served as the vice president of the Young Entrepreneur Association of Quanzhou City* (泉州市青年企業家協會) and the Junior Chamber of Quanzhou City* (泉州市青年商會) since 2005. He also has been the vice president of the Stoning Trade Council of Huian County* (惠安縣石雕石材同業公會) since 2008. Since 2012, he has served as a member of the Standing Committee of Huian County* (惠安縣常委會) and the vice president of the Stone Association of Fujian Province* (福建省石材行業協會). Mr. Jiang serves as a member of the People's Congress of Quanzhou City (泉州市人民代表大會) and an executive member of the Federation of Industry and Commerce of Quanzhou City* (泉州市工商業聯合會) since January 2017.

Mr. Cai Rongjun (蔡鎔駿), aged 38, has been our non-executive Director since 12 June 2018. He is primarily responsible for providing strategic advice to the business and operation of our Group. From January 2017 up to present, Mr. Cai has served as the general manager of Fujian Panpan Investment LLC (福建盼盼投資有限公司). Mr. Cai is also the general manager of Anhui Junan Real Estate Development LLC (安徽君安房地產開發有限公司) since September 2009. Mr. Cai worked as the general manager of Jinyuan Real Estate Development LLC (金源房地產發展有限公司) of Longyan City from September 2006 to September 2009.

From 2009 up to present, Mr. Cai has served as the standing vice president of the Fujian Chamber of Commerce (福建商會) of Chuzhou City, Anhui Province. Mr. Cai is also a member of the Junior Chamber of Commerce (青商會) of Fujian Province since 2013. He served as a deputy of the 13th People's Congress of Anhui Province (安徽省第十三屆人大代表) in 2018.

Mr. Cai graduated from Jiangxi University of Technology (江西科技學院) in December 2016, majoring in business management.

Independent non-executive Directors

Mr. Zheng Wenjian (鄭文堅), aged 48, has been our independent non-executive Director since 9 June 2023. He is primarily responsible for providing independent opinion and judgement to our Board. He has worked as the head of SMEs' development research center in International Business Institution (國際商務學院) from May 2017. He served as brand and strategy consultant in Xiamen Aoge Intelligent Technology Co., Ltd* (廈門奧格智能科技有限公司) since March 2017. He successively worked as the trainer, consultant and counsel in Xiamen Nantianzhu Management Consultancy Co., Ltd.* (廈門南天竺管理諮詢有限公司) since May 2008. Mr. Zheng also has been successively worked as a lecturer, vice professor and postgraduate mentor of Xiamen University Tan Kah Kee College (廈門大學嘉庚學院) since August 2005.

Mr. Zheng graduated from Xiamen University (廈門大學), the PRC in July 2005 with a master's degree of corporate management.

Directors, Supervisors and Senior Management (continued)

Mr. Yang Dong John (楊東), aged 50, has been our independent non-executive Director since 9 June 2023. He is primarily responsible for providing independent opinion and judgement to our Board, particularly with regard to the financial aspects of our Group. He has accumulated over 21 years of experience in auditing, consolidated accounting, financial management, due diligence investigation, compliance auditing and financial auditing. Mr. Yang Dong John was appointed as a director and chief financial officer of Banyan Pacific Holdings Group Co., Ltd. (榕泉控股集團有限公司) on 1 October 2024. He was appointed as the chief financial Officer of a subsidiary of LH Group Limited (叙福樓集團有限公司), a company listed on the Hong Kong Stock exchange (stock code: 1978), from 11 April 2023 to 30 September 2024. He was appointed as the chief financial officer and company secretary of Hailan Holdings Limited (海藍控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2278), from 1 April 2019 to 3 April 2023 and from 6 May 2020 to 11 April 2023, respectively. Mr. Yang Dong John was appointed as the chief financial officer of Tsui Wah Holdings Limited (翠華控股有限公司) ("Tsui Wah"), a company listed on the Hong Kong Stock Exchange (stock code: 1314), from 4 June 2012 to 31 December 2015 for assisting in the matters relating to Tsui Wah's listing and from 22 August 2016 to 31 March 2019 for overseeing financial reporting functions and specific financial projects, respectively. From March 2014 to March 2017, Mr. Yang Dong John was appointed as Tsui Wah's chief executive officer in the PRC for the management and development of Tsui Wah's business in the PRC. He served as a company secretary and an authorised representative of Tsui Wah from June 2012 to February 2015. He has spent over ten years in KPMG's Hong Kong and Beijing offices and has been engaged in numerous auditing projects involving listed companies on the Stock Exchange.

Mr. Yang Dong John graduated from the City University of Hong Kong (香港城市大學) in November 1999 with a bachelor's degree in business administration (accountancy) and obtained his master's degree in business administration from the Chinese University of Hong Kong (香港中文大學) in November 2015. Mr. Yang Dong John has been a member of the Hong Kong Institute of Certified Public Accountants since 2003 and a non-practicing member of the Chinese Institute of Certified Public Accountants since 2011.

Mr. Yang Zhanghua (楊章華), aged 61, has been our independent non-executive Director since 9 June 2023. He is primarily responsible for providing independent opinion and judgement to our Board. He has worked as a counsel in Xiamen Lvjin Food Co., Ltd.* (廈門綠進食品有限公司) since June 2022. From January 2020 to May 2022, he was the head of the president's office and assistant of the president in China Green (Holdings) Limited (中國綠色食品(控股)有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 904). From August 2018 to December 2019, Mr. Yang worked as consultant of the chairman of the board of Quanzhou Rongqi Food Co., Ltd.* (泉州榮祺食品有限公司). He worked as special assistant to the board in Anji Food Co., Ltd* (安記食品股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603696), from March 2012 to July 2018. From January 2011 to February 2012, Mr. Yang worked as head of president's office and director of R&D and quality control center in China Green (Holdings) Limited (中國綠色食品(控股)有限公司). Mr. Yang was the section chief and deputy division chief in Quanzhou Entry-Exit Inspection and Quarantine Bureau (泉州出入境檢驗檢疫局) and Fujian Entry-Exit Inspection and Quarantine Bureau (福建出入境檢驗檢疫局) from September 1999 to December 2010. From July 1986 to August 1999, he was the deputy section chief in Quanzhou Import and Export Commodity Inspection Bureau (泉州進出口商品檢驗局).

Mr. Yang graduated from Fujian Agriculture and Forestry University (福建農林大學), the PRC in June 1986 with a bachelor degree of plant protection. He is a technical expert at China National Accreditation Service for Conformity Assessment (CNAS) (中國合格評定國家認可委員會), a technical expert on food safety at Market Supervision Administration Bureau of Quanzhou City (泉州市市場監督管理局), and a technical expert on prepared food at Standardization Committee of Xiamen Food Safety Federation (廈門市食品安全聯合會標準化委員會), respectively. Mr. Yang is also a member of National Technical Committee for Standardization of Food Quality Control and Management (全國食品質量控制與管理標準化技術委員會), National Condiment Standardization Technical Committee (全國調味品標準化技術委員會), Professional Committee of Prepared Food of China Food Science and Technology Society (中國食品科學技術學會預製菜專業委員會), Professional Committee of Prepared Food of Fujian Food Industry Association (福建省食品工業協會預製菜專業委員會), Expert Group of China Food Industry Association (中國預製菜產業聯盟專家組), respectively. He is the vice president at Prepared Food Committee of Fujian Catering and Cooking Industry Association (福建省餐飲烹飪行業協會預製菜委員會), and Quanzhou Catering, Food and Beverage Industry Association (泉州外燴餐飲行業協會). He is also an off-campus mentor of postgraduate in Fujian Agriculture and Forestry University (福建農林學院), and a guest professor in Quanzhou Normal University (泉州師範學院).

Directors, Supervisors and Senior Management (continued)

SUPERVISORS

Mr. Wang Shijie (王世杰), aged 37, was reappointed as an employee representative Supervisor on 11 June 2021 and appointed as the chairperson of the Supervisory Committee on the same day. He served as an employee representative Supervisor from March 2016 to 22 August 2017. Mr. Wang joined the Company on 23 June 2014 as a deputy manager of the risk management department and was promoted to manager in March 2018. He was primarily responsible for our legal affairs and risk management. Prior to joining our Group, Mr. Wang worked as a legal executive of Liweisi (Fujian) Sports Products Limited* (李惟斯(福建)體育用品有限公司), from September 2013 to June 2014. He worked as a legal executive of Qibu (China) Company Limited* (起步(中國)有限公司) from September 2011 to August 2013.

Mr. Wang received the Legal Professional Qualification Certificate issued by the Ministry of Justice of the PRC in August 2011. Mr. Wang obtained a bachelor's degree in law from Minnan Normal University, the PRC (閩南師範大學) (formerly known as Zhangzhou Normal College* (漳州師範學院)) in June 2011.

Ms. Ruan Cen (阮岑), aged 44, has been an employee representative Supervisor since 10 July 2014. Ms. Ruan joined our Group on 1 March 2010 as an administration manager of the Company. She is primarily responsible for administrative work and team building. Prior to joining our Group, she worked as a salesperson of Quanzhou Qinggong Gongyi Importing and Exporting (Group) Co., Ltd.* (泉州輕工工藝進出口(集團)公司) (a company principally engaged in exporting and importing goods and technology) from July 2004 to June 2006, where she was responsible for assisting in the business of the company. She worked as a salesperson of Quanzhou Qingyi Co., Ltd.* (泉州輕藝股份有限公司) (a company principally engaged in operating and acting as agent in the import and export of goods and technology) from July 2006 to February 2010, during which time she was responsible for assisting the company with its business operations.

Ms. Ruan obtained a bachelor's degree in international economics and trade from Huaqiao University, the PRC (華僑大學) in July 2004, and an intermediate economist qualification in January 2011.

Mr. Li Jiancheng (李建成), aged 37, has joined our Group as a Shareholder representative Supervisor since 4 February 2016. He resigned as a Shareholder representative Supervisor on 22 August 2017 and rejoined on 12 June 2018. Mr. Li has worked as an office secretary of Septwolves Group Holding since April 2012.

Mr. Li completed his four-year study in art design from Zhejiang University (浙江大學), the PRC in July 2011.

Mr. Chen Jinzhu (陳金助), aged 48, has been an independent Supervisor since 15 December 2015. From October 2000 to April 2002, Mr. Chen worked as a legal executive of Xiamen Xinhua Borui Productivity Development Company Limited* (廈門新華博瑞生產力發展有限公司). He worked as a trainee lawyer and lawyer in Fujian Jianchang Law Office* (福建建昌律師事務所) from May 2002 to October 2011. From November 2011 to January 2017, he worked as a lawyer of the Yingke (Xiamen) Law Firm* (北京盈科(廈門)律師事務所). Since January 2017, he has been a lawyer of Shanghai Co-effort (Xiamen) Law Firm* (上海協力(廈門)律師事務所). Mr. Chen received the Legal Professional Qualification Certificate issued by the Ministry of Justice of the PRC in March 2001.

Mr. Chen obtained a bachelor's degree in law from Northwest University of Politics and Law, the PRC (西北政法大學) in July 2000.

Directors, Supervisors and Senior Management (continued)

Mr. Wu Lindi (吳麟弟), aged 47, has been an independent Supervisor since 15 December 2015. Mr. Wu worked as a marketing engineer in China Unicom Zhangzhou Branch* (中國聯通漳州分公司) from July 2001 to September 2003. From October 2005 to December 2009, he worked as the project investment director of Xiamen International Trade Corporation* (廈門國貿集團股份有限公司). He was the general manager assistant of Xiamen Chuangyi Venture Investment Company Limited* (廈門創翼創業投資有限公司) from December 2009 to September 2015. Since October 2015, he has served as the senior manager of New Times Securities Co., Ltd* (新時代證券股份有限公司).

Mr. Wu obtained the qualification of intermediate economist on 14 August 2009 and is a certified public accountant of the PRC since 20 December 2009. Mr. Wu graduated from Xiamen University, the PRC (廈門大學) in July 2001 with a bachelor's degree in management. He subsequently obtained a master's degree in business administration from Xiamen University, the PRC (廈門大學) in July 2006.

SENIOR MANAGEMENT

For the biographical details of Mr. Wu Zhirui (吳智銳), Mr. Zhou Yongwei (周永偉), Mr. Yan Zhijiang (顏志江) and Ms. Liu Aiqin (劉愛琴), please refer to the sub-section headed "Executive Directors" above.

Report of the Directors

The Directors are pleased to present the annual report together with the audited financial statements of our Group for the year ended 31 December 2024.

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

The Company was incorporated in the PRC on 8 January 2010. Its principal place of business in the PRC is at 35/F, Huijin International Center, No. 105 Daxing Street, Fengze District, Quanzhou City, Fujian Province, the PRC, and its registered office is at 12/F, Former Finance Building, No. 361 Feng Ze Street, Quanzhou City, Fujian Province, the PRC. Its principal place of business in Hong Kong is at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

PRINCIPAL ACTIVITIES

We are primarily dedicated to providing local entrepreneurs, SMEs and microenterprises with practical and flexible short-term financing solutions to support their continued development and address their ongoing liquidity needs.

BUSINESS REVIEW

A review of our Group's business for the year ended 31 December 2024 and a discussion of our Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Certain financial key performance indicators are provided in the section of "Financial Summary" of this annual report.

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

ENVIRONMENT, SOCIAL AND GOVERNANCE

Our Group strictly complies with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Listing Rules which is applicable to the Reporting Period. Our Group is committed to incorporating the sustainable development principle into its corporate development strategies and daily operations and management, and to acting as a responsible corporate citizen. For details, please refer to the section headed "Environmental, Social and Governance Report" in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company persists in maintaining good corporate governance and operating in compliance with applicable laws and regulations of the PRC, the rules and provisions of the Companies Ordinance, the Listing Rules and the SFO. For details, please refer to the sub-section headed "Compliance with Key Regulatory Requirements" set out in the section headed "Management Discussion and Analysis" of this annual report.

SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 December 2024 are set out in note 1 to the financial statements of this annual report.

Report of the Directors (continued)

KEY RELATIONSHIPS

Our Group endeavors to develop sustainably in the long run and to continuously create value for our employees and customers. Our Group understands that employees are a most valuable asset and that the realization and enhancement of employees' interests will facilitate the achievement of our Group's overall goals. We offer a comprehensive benefits package and professional training programs to our employees. Our Group also understands the importance of maintaining good relationships with customers. We provide our customers with efficient and diversified financial solutions, including loans and finance leasing services, to meet their financial needs in this complex economic environment. Our Group also continuously improves the quality of customer service by conducting annual surveys on customers and employees and by reviewing our working practices. During the year ended 31 December 2024, we considered that we maintained a good relationship with our employees, and had no significant and substantial disputes with our customers.

KEY RISK FACTORS

The key risks and uncertainties facing our Group are set out below:

Risks relating to our business

The Company operates in a highly regulated industry that is subject to constantly evolving laws, regulations and policies. To comply with the changes in these laws, regulations and policies, the Company may thus be required to make significant changes to its operations from time to time. Any new developments in the laws, regulations and policies governing the microfinance industry, including developments at the national, provincial or local level, could change or replace the laws, regulations and policies that are currently applicable to the Company. If the Company does not respond to such changes in a timely manner or fails to fully comply with the applicable laws and regulations, its financial condition, results of operations and business prospects could be adversely affected.

The Company mainly relies on the creditworthiness of its customers and/or their guarantors, rather than on collateral, which may limit its ability to recover payments from defaulting customers. If a customer defaults on a credit loan, which is a loan that is neither secured by collateral nor backed by any guarantee, the Company's only option is to go after the customer for collection. However, a customer's ability to repay the loan may be limited by various factors, such as the profitability of the customer's business, the development of industries relating to his business, and the local economy of the regions where he conducts business. If a credit loan customer's ability to repay the loan is adversely affected by any of these factors and such customer's default continues, the Company may suffer losses. If a customer defaults on a guaranteed loan, the Company may demand the customer and the guarantors to repay the principal of the loan and any interest accrued. However, in the event that the Company is unable to locate the guarantor, or the guarantor no longer has sufficient or any financial resources to make full repayment on the customer's behalf, the Company's financial condition and results of operations may be materially and adversely affected.

The sustainability of the Company's business and future growth depends largely on its ability to effectively manage the credit risk of its loans and maintain a low impaired loan ratio. Any deterioration in its loan portfolio quality and increase in the impaired loan ratio could materially and adversely affect its results of operations. If the Company fails to effectively manage the credit risk of its loans and maintain a low impaired loan ratio, its business, financial condition and results of operations may be adversely affected.

Our Group's current operations in China are primarily in Quanzhou City. Any significant deterioration of the economy or business environment of Quanzhou City could materially and adversely affect the Group's financial conditions and results of operations.

Risks relating to employees and senior managements

Our Group may be exposed to fraud or other misconduct committed by its employees, customers or other third parties. Although our Group has established risk management and internal control systems to monitor its operations and overall compliance, our Group can give no assurance that it will be able to identify incidents of non-compliance or suspicious transactions in a timely manner, or at all. Moreover, it may be difficult to determine or prevent fraud or misconduct, such as money laundering activities, and the measures our Group takes to prevent and detect such activities may not be effective, which could lead it to suffer financial losses as well as reputational damage.

Our Group's inability to attract, retain or secure key management and qualified personnel for its operations could hinder its continuing growth and success. Competition for experienced management and other qualified personnel is intense among microfinance companies and financial services providers, and there can be no assurance that our Group will be able to continue attracting and retaining the qualified employees essential for its growth. Under such circumstances, if our Group is unable to recruit and retain replacement personnel with equivalent qualifications in a timely manner or at all, its growth and business prospects could be adversely affected.

Our Group's normal course of business is also exposed to a variety of key risks, including credit risk, foreign currency risk, interest rate risk, price risk and liquidity risk. Details of the aforesaid risks are set out in note 33 to the financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

Interest income from our top five customers combined accounted for less than 30% of our total interest income for the year ended 31 December 2024.

During the year ended 31 December 2024, all of our top five customers were Independent Third Parties and none of our Directors, their close associates or our Shareholders holding more than 5% of the issued share capital of the Company (excluding treasury shares, if any) had, to the knowledge of our Directors, any interest in any of our top five customers.

As a microfinance company, our Group does not have any major supplier.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of our Group for the latest five financial years is set out in the section headed "Financial Summary" of this annual report. This summary does not form part of the financial statements.

FINANCIAL STATEMENTS

The profits of our Group for the year ended 31 December 2024 and the state of our Group's affairs as of the date are set out in the section headed "Financial Statements" of this annual report.

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

Report of the Directors (continued)

RESERVES

Details of movements in reserves of our Group during the year are set out in the section headed “Consolidated Statement of Changes in Equity” of this annual report, of which the details of reserves available for distribution to Shareholders are set out in note 27 to the financial statements of this annual report.

DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB0.05 per Share for the year ended 31 December 2024 (the “**Proposed Final Dividend**”) to Shareholders whose names appear on the Company’s register of members on Thursday, 26 June 2025. Subject to the approval of the Shareholders at the Company’s forthcoming AGM to be held on Thursday, 12 June 2025, the Proposed Final Dividend is expected to be paid on or around Friday, 15 August 2025.

DIVIDEND POLICY

Subject to the applicable laws, rules, regulations and the Articles and Association, the holders of both Domestic Shares and H Shares shall be entitled to dividend distribution or any other forms of distribution.

The Company may distribute the dividend by way of cash or any other form to the Shareholders. Declaration of dividends is subject to the discretion of the Board, depending on the financial results, cash flows, financial conditions, development stages and capital needs in the current period. The proposed distribution plan will be submitted by the Board for the Shareholders’ consideration and approval at the general meeting by way of resolution. The distribution of dividend will be completed within 3 months upon approval by the Shareholders at the general meeting.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholder’s entitlement to attend and vote at the AGM, the register of members of the Company maintained in Hong Kong will be closed from Tuesday, 13 May 2025 to Thursday, 12 June 2025, both days inclusive, during which period no transfers of H Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates and other appropriate documents must be lodged with the H Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (in respect of H Shares), or the Company’s headquarters in the PRC at 35/F, Huijin International Center, No. 105 Daxing Street, Fengze District, Quanzhou City, Fujian Province, the PRC (in respect of Domestic Shares), for registration, no later than 4:30 p.m. on Monday, 12 May 2025.

The Board has recommended the Proposed Final Dividend for the year ended 31 December 2024 and, if such dividend is approved by the Shareholders at the AGM, it is expected to be paid no later than Friday, 15 August 2025 to those Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 26 June 2025. For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company maintained in Hong Kong will be closed from Friday, 20 June 2025 to Thursday, 26 June 2025 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to the Proposed Final Dividend, all transfer documents accompanied by the relevant share certificates and other appropriate documents must be lodged with H Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (in respect of H Shares), or the Company’s headquarters in the PRC at 35/F, Huijin International Center, No. 105 Daxing Street, Fengze District, Quanzhou City, Fujian Province, the PRC (in respect of Domestic Shares), for registration, no later than 4:30 p.m. on Thursday, 19 June 2025.

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank and other borrowings as of 31 December 2024 are set out in note 24 to the financial statements of this annual report.

SHARE CAPITAL

There was no change in share capital of the Company during the year. Details of movements in the share capital of our Group during the year are set out in the section headed “Consolidated Statement of Changes in Equity” of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

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

Our Group has not purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) for the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

Report of the Directors (continued)

DIRECTORS AND SUPERVISORS

The following table sets out information concerning the Directors and Supervisors for the year ended December 2024 and up to the date of this report:

Directors

Name	Age	Position	Appointment Date
Mr. Wu Zhirui (吳智銳)	48	Chairman and executive Director	20 November 2012 (appointed as the Chairman on 18 January 2021)
Mr. Zhou Yongwei (周永偉)	62	Executive Director	8 January 2010
Mr. Yan Zhijiang (顏志江)	43	Executive Director	11 November 2013
Ms. Liu Aiqin (劉愛琴)	48	Executive Director	25 August 2017
Mr. Jiang Haiying (蔣海鷹)	49	Non-executive Director	12 June 2015
Mr. Cai Rongjun (蔡鎔駿)	38	Non-executive Director	12 June 2018
Mr. Zheng Wenjian (鄭文堅)	48	Independent non-executive Director	9 June 2023
Mr. Yang Dong John (楊東)	50	Independent non-executive Director	9 June 2023
Mr. Yang Zhanghua (楊章華)	61	Independent non-executive Director	9 June 2023

Supervisors

Name	Age	Position	Appointment Date
Mr. Wang Shijie (王世杰)	37	Chairman of the Supervisory Committee and employee representative Supervisor	16 March 2016 (resigned on 22 August 2017 due to the change in the number of Supervisors for the Supervisory Committee under the Articles of Association and re-appointed as employee representative Supervisor and Chairman of the Supervisory Committee on 11 June 2021)
Ms. Ruan Cen (阮岑)	44	Employee representative Supervisor	10 July 2014
Mr. Chen Jinzhu (陳金助)	48	Independent Supervisor	15 December 2015
Mr. Wu Lindi (吳麟弟)	47	Independent Supervisor	15 December 2015
Mr. Li Jiancheng (李建成)	37	Shareholder representative Supervisor	4 February 2016 (resigned on 22 August 2017 due to the change in the number of Supervisors for the Supervisory Committee under the Articles of Association and re-appointed on 12 June 2018)

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to the factors as set out in Rule 3.13 of the Listing Rules and considers that all of the independent non-executive Directors are independent of the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors and Supervisors has entered into a service contract with the Company and each service contract is for a term of three years. Save as disclosed above, our Group has not entered, and does not intend to enter, into any service contracts with any of the Directors or Supervisors in their respective capacities as Directors and/or Supervisors which is not terminable by the employer within one year without payment of compensation other than statutory compensation.

INDEMNITY OF DIRECTORS

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

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors and Supervisors and senior management of the Company (being the four executive Directors) are set out in note 10 to the Financial Statements of this annual report.

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

For the year ended 31 December 2024, no Director, Supervisor or senior management of the Company has waived or agreed to waive any emoluments.

MANAGEMENT CONTRACTS

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

Report of the Directors (continued)

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As of 31 December 2024, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Name	Position	Nature of interest	Number of Shares ⁽¹⁾	Percentage in the relevant class of share capital ⁽²⁾	Percentage in the total issued share capital ⁽³⁾
Mr. Zhou Yongwei	Executive Director	Interest in controlled corporation ⁽⁴⁾	203,932,000 Domestic Shares (L)	40.79%	29.99%
Mr. Jiang Haiying	Non-executive Director	Interest in controlled corporation ⁽⁵⁾	50,000,000 Domestic Shares (L)	10.00%	7.35%
Mr. Yang Dong John	Independent non-executive Director	Beneficial owner	14,000 H Shares (L)	0.0078%	0.0021%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.
- (2) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares (as the case may be) as of 31 December 2024.
- (3) The calculation is based on the total number of 680,000,000 Shares in issue, which comprised 180,000,000 H Shares and 500,000,000 Domestic Shares as of 31 December 2024.
- (4) Fujian Septwolves Group is directly interested in approximately 40.79% of the issued Domestic Shares. The disclosed interest represents the interest in the Company held by Fujian Septwolves Group, which is in turn approximately 37.82% owned by Mr. Zhou Yongwei, approximately 31.09% owned by Mr. Zhou Shaoxiong and approximately 31.09% owned by Mr. Zhou Shaoming. Mr. Zhou Yongwei controls more than one-third of the voting rights of Fujian Septwolves Group and is therefore deemed to be interested in the Company by virtue of the SFO.
- (5) Quanzhou Haoxiang is directly interested in approximately 10% of the issued Domestic Shares. The disclosed interest represents the interest in the Company held by Quanzhou Haoxiang, which is in turn approximately 61.08% owned by Fujian Haoxiang Gardening (a company owned as to 63.33% by Mr. Jiang Haiying), approximately 34.05% owned by Mr. Jiang Haiying and approximately 4.87% owned by Fujian Huian Haoda. Therefore, Mr. Jiang Haiying is deemed to be interested in Quanzhou Haoxiang's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 31 December 2024, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As of 31 December 2024, the persons (other than a Director, Supervisor or the chief executive of the Company) or corporations with an interest or short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, were the following:

Shareholders	Nature of interest	Number of shares ⁽¹⁾	Percentage in the relevant class of share capital ⁽²⁾	Percentage in the total issued share capital ⁽³⁾
Fujian Septwolves Group	Beneficial owner	203,932,000 Domestic Shares (L)	40.79%	29.99%
Xiamen Shunyingtong	Beneficial owner	67,932,000 Domestic Shares (L)	13.59%	9.99%
Xiamen Jiayucheng ⁽⁴⁾	Interest in controlled corporation	67,932,000 Domestic Shares (L)	13.59%	9.99%
Xiamen Yulang Gongwu ⁽⁴⁾	Interest in controlled corporation	67,932,000 Domestic Shares (L)	13.59%	9.99%
Mr. Tsai Hiu Chuk ⁽⁴⁾	Interest in controlled corporation	67,932,000 Domestic Shares (L)	13.59%	9.99%
Ms. Wu Di ⁽⁴⁾	Interest in controlled corporation	67,932,000 Domestic Shares (L)	13.59%	9.99%
Quanzhou Yuanpeng	Beneficial owner	57,248,000 Domestic Shares (L)	11.45%	8.42%
Wealth Success ⁽⁵⁾	Interest in controlled corporation	57,248,000 Domestic Shares (L)	11.45%	8.42%
Ms. Hong Jingxiao ⁽⁵⁾	Interest in controlled corporation	57,248,000 Domestic Shares (L)	11.45%	8.42%
Fujian Panpan	Beneficial owner	54,458,000 Domestic Shares (L)	10.89%	8.01%
Mr. Cai Jinan ⁽⁶⁾	Interest in controlled corporation	54,458,000 Domestic Shares (L)	10.89%	8.01%
Quanzhou Haoxiang	Beneficial owner	50,000,000 Domestic Shares (L)	10.00%	7.35%

Report of the Directors (continued)

Shareholders	Nature of interest	Number of shares ⁽¹⁾	Percentage in the relevant class of share capital ⁽²⁾	Percentage in the total issued share capital ⁽³⁾
Fujian Haoxiang Gardening ⁽⁷⁾	Interest in controlled corporation	50,000,000 Domestic Shares (L)	10.00%	7.35%
Mr. Tsai Hiu Chuk ⁽⁸⁾	Interest in controlled corporation	37,453,639 H Shares (L)	20.81%	5.51%
Glory Asiapac Holdings Limited ⁽⁸⁾	Interest in controlled corporation	37,453,639 H Shares (L)	20.81%	5.51%
Cheer Spread Enterprise Limited	Beneficial owner	37,453,639 H Shares (L)	20.81%	5.51%
Ms. Hong Erguan	Beneficial owner	31,336,000 H Shares (L)	17.41%	4.61%
Mr. Cai Jianchu	Beneficial owner	30,954,000 H Shares (L)	17.20%	4.55%
Good Rising Investments Limited	Beneficial owner	29,444,361 H Shares (L)	16.36%	4.33%
Pleasant Advent Limited ⁽⁹⁾	Interest in controlled corporation	29,444,361 H Shares (L)	16.36%	4.33%
Ms. Wong Sze Ying Chloe ⁽⁹⁾	Interest in controlled corporation	29,444,361 H Shares (L)	16.36%	4.33%
Ms. Cheng Chau Yuet ⁽¹⁰⁾	Beneficial owner	330,000 H Shares (L)		
	Interest of spouse	21,782,000 H Shares (L)		
		----- 22,112,000 H Shares (L)	12.28%	3.25%

Report of the Directors (continued)

Shareholders	Nature of interest	Number of shares ⁽¹⁾	Percentage in the relevant class of share capital ⁽²⁾	Percentage in the total issued share capital ⁽³⁾
Mr. Chong Ming Ting ⁽¹¹⁾	Interest in controlled corporation	21,662,000		
		H Shares (L)		
	Beneficial owner	120,000		
		H Shares (L)		
	Interest of spouse	330,000		
		H Shares (L)		
		22,112,000	12.28%	3.25%
		H Shares (L)		
Grand Wealth (HK) Investment Limited	Beneficial owner	21,662,000	12.03%	3.19%
		H Shares (L)		
Mr. Xu Yingyi	Beneficial owner	11,508,000	6.39%	1.69%
		H Shares (L)		

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares or the H Shares (as the case may be).
- (2) The calculation is based on the percentage of shareholding in the Domestic Shares or H Shares (as the case may be) as of 31 December 2024.
- (3) The calculation is based on the total number of 680,000,000 Shares in issue, which comprised 180,000,000 H Shares and 500,000,000 Domestic Shares as of 31 December 2024.
- (4) The disclosed interest represents the interest in the Company held by Xiamen Shunyingtong, which is in turn approximately 50% owned by Xiamen Jiayucheng, a company wholly owned by Ms. Wu Di and approximately 50% owned Xiamen Yulang Gongwu, which is wholly owned by Hoi Pok (Hong Kong) Trading Company (海博(香港)貿易公司), a company wholly owned by Mr. Tsai Hiu Chuk. Therefore, Xiamen Jiayucheng, Xiamen Yulang Gongwu, Ms. Wu Di and Mr. Tsai Hiu Chuk are deemed to be interested in Xiamen Shunyingtong's interest in the Company by virtue of the SFO.
- (5) The disclosed interest represents the interest in the Company held by Quanzhou Yuanpeng, which is wholly owned by Wealth Success, a company 100% owned by Ms. Hong Jingxiao. Therefore, both Wealth Success and Ms. Hong Jingxiao are deemed to be interested in Quanzhou Yuanpeng's interest in the Company by virtue of the SFO.
- (6) The disclosed interest represents the interest in the Company held by Fujian Panpan, which is in turn approximately 80% owned by Mr. Cai Jinan. Therefore, Mr. Cai Jinan is deemed to be interested in Fujian Panpan's interest in the Company by virtue of the SFO.
- (7) The disclosed interest represents the interest in the Company held by Quanzhou Haoxiang, which is in turn approximately 61.08% owned by Fujian Haoxiang Gardening (a company owned as to 63.33% by Mr. Jiang Haiying), approximately 34.05% owned by Mr. Jiang Haiying and approximately 4.87% owned by Fujian Huian Haoda. Therefore, Fujian Haoxiang Gardening is deemed to be interested in Quanzhou Haoxiang's interest in the Company by virtue of the SFO.
- (8) The disclosed interest represents the interest in the Company held by Cheer Spread Enterprise Limited, which is wholly owned by Glory Asiapac Holdings Limited, a company 100% owned by Mr. Tsai Hiu Chuk. Therefore, each of Glory Asiapac Holdings Limited and Mr. Tsai Hiu Chuk is deemed to be interested in Cheer Spread Enterprise Limited's interest in the Company by virtue of the SFO.

Report of the Directors (continued)

- (9) The disclosed interest represents the interest in the Company held by Good Rising Investments Limited, which is wholly owned by Pleasant Advent Limited, a company 100% owned by Ms. Wong Sze Ying Chloe. Therefore, Pleasant Advent Limited and Ms. Wong Sze Ying Chloe are each deemed to be interested in Good Rising Investments Limited's interest in the Company by virtue of the SFO.
- (10) Ms. Cheng Chau Yuet is deemed to be interested in the 21,782,000 H Shares held by her spouse Mr. Chong Ming Ting by virtue of the SFO.
- (11) The disclosed interest represents the interest in the Company held by Grand Wealth (HK) Investment Limited, a company 100% owned by Mr. Chong Ming Ting. Therefore, Mr. Chong Ming Ting is deemed to be interested in Grand Wealth (HK) Investment Limited's interest in the Company by virtue of the SFO. In addition, Mr. Chong Ming Ting is deemed to be interested in the 330,000 H Shares held by his spouse Ms. Cheng Chau Yuet by virtue of the SFO.

Save as disclosed above, as of 31 December 2024, the Directors were not aware of any other person or corporation having an interest or short position in Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' AND SUPERVISOR'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the sub-section headed "Connected Transaction" in this report, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or Supervisor or an entity connected with a Director or Supervisor had a material interest, either directly or indirectly subsisted as of 31 December 2024 or at any time during the year ended 31 December 2024.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sub-section headed "Connected Transaction" in this report, there had been no contract of significance between the Company and a controlling Shareholder (as defined in the Listing Rules) of the Company during the year ended 31 December 2024.

COMPETING BUSINESS

None of the Directors and their close associates had any interest in any competing business with our Group during the year.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Each of our Substantial Shareholders has confirmed to the Company that he/she/it has complied with the non-competition undertakings given by them to the Company during the year ended 31 December 2024. Pursuant to the non-competition agreement, the Substantial Shareholders, their subsidiaries (other than the Company), and their close associates agreed not to compete, either directly or indirectly, with the principal business of the Company. Shall they engage in any business that competes with the Company, they further agreed to grant the Company the option to seize new opportunities, as well as the option for acquisitions and pre-emptive rights.

Further, the Substantial Shareholders have irrevocably undertaken in the non-competition agreement that, during the term of the non-competition agreement, they will not, and will also procure their subsidiaries (other than the Company) and their close associates not to, alone or with any other entity, in any form, directly or indirectly, engage in, participate in, assist or support a third party to engage in or participate in any business (other than the Finance Businesses) that competes, or is likely to compete, directly or indirectly, with the principal business of the Company. The foregoing restrictions are subject to the Company's right to waive certain new business opportunities pursuant to the terms and conditions under the non-competition agreement.

The foregoing restrictions do not apply to (1) the Finance Businesses; (2) the purchase by Fujian Septwolves Group, its subsidiaries or close associates for investment purpose of not more than 10% equity interest in other listed companies whose business competes or is likely to compete with our principal business; or (3) the holding by Fujian Septwolves Group, its subsidiaries or close associates of not more than 10% equity interest in other companies whose business competes or is likely to compete with our principal business, as a result of a debt restructuring of such companies (collectively referred to as "**Investment Companies**" for scenarios (2) and (3)). For the avoidance of doubt, the exceptions above do not apply to such Investment Companies which Fujian Septwolves Group, its subsidiaries or close associates are able to control their respective board of directors, notwithstanding that not more than 10% of the equity interests of such Investment Companies are being held by Fujian Septwolves Group, its subsidiaries or close associates. The independent non-executive Directors have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that all the undertakings thereunder have been complied with by each of the Substantial Shareholders during the Reporting Period.

ARRANGEMENT FOR DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or Supervisors or their respective spouses or minor children, nor were such rights exercised by them. At no time during the year was the Company or any its subsidiaries a party to any arrangements to enable the Directors or Supervisors to acquire benefits by means of acquisition of Shares in, or debt securities (including debentures) of the Company or any other body corporate.

CONTINUING DISCLOSURE REQUIREMENTS UNDER THE LISTING RULES

As of 31 December 2024, the Directors have confirmed that they are not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.12 to 13.19 of the Listing Rules.

PENSION SCHEME

Our Group participates in pension scheme organized by the government of the PRC for our Group's employees based in the PRC. Contributions to this pension plan are charged to profit or loss as they became payable in accordance with the rules of the central pension scheme. Our Group has no obligation for the payment of pension benefits beyond the contributions described above.

Report of the Directors (continued)

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2024, the Company complied with all code provisions (the “**Code Provisions**”) as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules.

Principal corporate governance practices adopted by the Company are set out in the section headed “Corporate Governance Report” of this annual report.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2024, the Company initiated five new legal proceedings to recover overdue payments from its customers. We were not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against our Group for the year ended 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above and in note 36 to the financial statements of this annual report, the Board is not aware of any events after the Reporting Period.

CONNECTED TRANSACTION

Acquisition of Huizhixin

On 22 January 2024, Huixinxing (a wholly-owned subsidiary of the Company, as the purchaser) entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Hoi Pok (Hong Kong) Trading Company (海博(香港)貿易公司) (the “**Vendor**”) in respect of the acquisition of 24% of the equity interests of Huizhixin held by the Vendor, with an aggregate consideration of approximately RMB18.5 million (the “**Acquisition**”).

This Acquisition provides an opportunity for the Company to strengthen its control over the assets of Huizhixin and will allow more effective implementation of the business strategies and expansion plans devised by the Company in respect of Huizhixin's business.

As of 22 January 2024, the Vendor is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of Huizhixin (a non wholly-owned subsidiary of the Company), and hence the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Acquisition and the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable, and the transaction thereunder is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. Accordingly, pursuant to Rule 14A.101 of the Listing Rules, this connected transaction is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

For more details, please refer to the announcements of the Company dated 22 January 2024 and 23 January 2024, respectively in relation to the connected transaction regarding the Sale and Purchase Agreement.

Report of the Directors (continued)

As of the date of this report, the Acquisition was completed.

Acquisitions of JJHX

On 25 June 2024, Huizhixin (a non wholly-owned subsidiary of the Company) and the Company, respectively entered into the sale and purchase agreement I (the “**Sale and Purchase Agreement I**”) and sale and purchase agreement II (the “**Sale and Purchase Agreement II**”) with Xiamen Panhong Trading Co., Ltd.* (廈門磐鴻貿易有限公司) (the “**Vendor**”) in respect of the acquisition of 23.04% of the equity interests of JJHX held by the Vendor, with an aggregate consideration of approximately RMB82.96 million (the “**Acquisitions**”).

This Acquisitions brings on board a seasoned and adept management team, and capitalizes on its sophisticated risk management framework and efficient operational methods to bolster the Group’s competitive edge in the financial market.

As of 25 June 2024, the Vendor is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of JJHX (a non wholly-owned subsidiary of the Company), and hence the Acquisitions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Board has approved the Acquisitions and the Directors (including all the independent non-executive Directors) have confirmed that the terms of the Sale and Purchase Agreement I and Sale and Purchase Agreement II are fair and reasonable, and the transactions thereunder are on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, pursuant to Rule 14A.101 of the Listing Rules, this connected transaction is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

For more details, please refer to the announcement of the Company dated 25 June 2024 in relation to the connected transactions regarding the Sale and Purchase Agreement I and Sale and Purchase Agreement II.

As of the date of this report, the Acquisitions were completed.

Save as disclosed above, the Company had no connected transactions that are required to be disclosed in compliance with the requirements under Chapter 14A of the Listing Rules.

DONATION

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

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed and discussed with the management and external auditors, Ernst & Young, the accounting principles and practices adopted by our Group, auditing, risk management and internal control systems and the audited financial report matters, including the review of our Group’s annual results for the year ended 31 December 2024.

Report of the Directors (continued)

AUDITOR

The financial statements for the year ended 31 December 2024 have been audited by Ernst & Young, who shall retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Ernst & Young as an auditor of the Company is to be proposed at the AGM. During the past three years, the Company has not changed auditors.

By order of the Board

Wu Zhirui

Chairman and executive Director

26 March 2025

Report of the Supervisory Committee

The Supervisory Committee consists of five Supervisors, comprising one Shareholder representative, namely Mr. Li Jiancheng; two employee representatives, namely Mr. Wang Shijie (Chairman of the Supervisory Committee) and Ms. Ruan Cen; and two independent Supervisors, namely Mr. Chen Jinzhu and Mr. Wu Lindi.

ELECTION AND SERVICE CONTRACTS

Except for the employee representative Supervisors elected by our employees, the Supervisors were elected by our Shareholders for a term of three years, which is renewable upon re-election and re-appointment at general meeting. Each of the Supervisors has entered into a service contract with the Company for the year ended 31 December 2024.

MEETING CONDUCTED BY SUPERVISORY COMMITTEE

The Supervisory Committee convened 2 meetings for the year ended 31 December 2024. Such meetings were held in compliance with the requirements of relevant regulations and the Articles of Association.

WORK OF THE SUPERVISORY COMMITTEE

During the year ended 31 December 2024, for our Group's long term interests and Shareholders' interests, the Supervisory Committee acted in strict compliance with relevant laws, regulations, rules, regulatory documents, the Articles of Association and the Listing Rules, and earnestly performed its duties of supervision as to the following acts of the Directors and senior management of the Company:

Financial information of our Group

The Supervisory Committee has verified our Group's 2024 financial statements, supervised and inspected our Group's implementation of relevant financial policies and legislations, as well as the details of our Group's assets, financial income and expenditure. It is of the opinion that the financial report for 2024 fairly reflects our Group's financial position and operating results.

Operation and internal control of our Group

The Supervisory Committee exercised supervision on a regular basis over the legal compliance and rationality of our Group's operation and management in its ordinary work.

The Supervisory Committee is of the opinion that our Group's operation and internal control are sound and rational, and that our Group is in compliance with all applicable laws, regulations and rules and the Articles of Association, having thus effectively controlled its exposure to various operational risks.

Report of the Supervisory Committee (continued)

Performance and violations of the Directors and other senior management members

The Supervisory Committee exercised supervision over work performance of the Board and senior management of the Company.

The Supervisory Committee is of the opinion that the Directors and senior management of the Company have conscientiously and diligently performed their duties in compliance with the resolutions of the general meetings, and that none of their acts would prejudice the interests of our Group or the Shareholders. No violation of any laws or regulations or Articles of Association or any act adverse to the interests of our Group or the Shareholders has been found in the performance of the Directors and senior management of the Company during the year.

Looking forward, the Supervisory Committee will continue to carry out its duties in strict compliance with the Articles of Association and the relevant laws and regulations and will protect the interests of the Shareholders.

Wang Shijie

Chairman of the Supervisory Committee

26 March 2025

Corporate Governance Report

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

COMPOSITION OF THE BOARD OF DIRECTORS

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

As of 31 December 2024, the Board comprised four executive Directors, namely Mr. Wu Zhirui, Mr. Zhou Yongwei, Mr. Yan Zhijiang and Ms. Liu Aiqin, two non-executive Directors, namely, Mr. Jiang Haiying and Mr. Cai Rongjun, and three independent non-executive Directors, namely, Mr. Zheng Wenjian, Mr. Yang Dong John and Mr. Yang Zhanghua.

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

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

To support the Board's performance of its duties, the Company has (i) enabled the Board, including the Board Committees, to assess all internal resources of the Company, as well as any external resources such as auditors and legal advisers; (ii) arranged the meeting of the audit committee with the external auditors; and (iii) arranged the meeting of the chairman of the Board with the independent non-executive Directors. The management of the Company and any independent professionals will attend Board meetings and will answer to the Board as and when it so requires. The Board is of the view that such arrangements and support from the Company are adequate and sufficient.

DUTIES OF THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

The functions and duties of the Board include but are not limited to: convening Shareholders' general meetings and reporting the Board's work at the Shareholders' general meetings; implementing the resolutions passed at the Shareholders' general meetings; determining our business and investment plans; preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses; preparing plans for the increase or decrease in registered capital and for the issue of bonds; preparing plans for merger, division or dissolution of the Company; hiring or dismissing the general manager, the secretary of the Board, the vice general manager and other senior management, and deciding their remuneration; preparing the plan to amend the Articles of Association and exercising other power, functions and duties as conferred by the Articles of Association.

Corporate Governance Report (continued)

The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of our Group, and for the training and continuous professional development of the Directors and senior management of the Company. The Board also reviews the disclosures in the Company's Corporate Governance Report to ensure compliance.

The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Company's businesses to the executive Directors and members of senior management. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

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

The major duties of the senior management are formulating and implementing our corporate governance measures, risk management, financial management and business management policy and supervising and participating in the daily operations of the Company.

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

During the year, the Board held 5 meetings to develop, review and monitor the policies and practices on corporate governance, and legal and regulatory compliance of the Company. The senior management supervised the daily operations of the Company, identified and reported the potential risks to the Board.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of our Group. Every newly appointed Director receives an induction to ensure that he/she has a proper understanding of the business and operations of our Group and that he is fully aware of his/her duties and responsibilities as a director under applicable rules and requirements.

The Company provided training materials on the latest updates of the Listing Rules to enhance Directors' awareness of good corporate governance practices during the Reporting Period.

All Directors have participated in continuous professional development and provided a record of training they received for the year ended 31 December 2024.

Corporate Governance Report (continued)

A summary of training received by the Directors for the year ended 31 December 2024 is as follows:

Name of Directors	Types of Training
<i>Executive Directors</i>	
Wu Zhirui	A
Zhou Yongwei	A
Yan Zhijiang	A, B
Liu Aiqin	A
<i>Non-executive Directors</i>	
Jiang Haiying	A
Cai Rongjun	A
<i>Independent non-executive Directors</i>	
Zheng Wenjian	A
Yang Dong John	A
Yang Zhanghua	A

Notes:

A: Reading materials

B: Attending seminars and/or conferences and/or fora

CHAIRMAN AND EXECUTIVE OFFICER

Mr. Wu Zhirui is the Chairman responsible for planning our Group's strategies, developing the overall business and managing our Group, providing leadership for the Board, and ensuring that the Board works effectively and acts in the best interest of our Group and all Shareholders. The Chairman is also responsible for ensuring good corporate governance practices.

As the general manager of the Company, Mr. Yan Zhijiang is in charge of formulating and implementing our corporate strategies, overseeing our overall business development, implementing operation plans and participating in the day-to-day management.

DIRECTORS' INSURANCE

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

Corporate Governance Report (continued)

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balance for the Company to protect the overall interests of the Shareholders and the Company. They serve actively on the Board and Board Committees to provide their independent and objective views.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing one-third of the Board. One of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive Director has submitted annual confirmation of his independence to the Company pursuant to the factors as set out in the Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all of the independent non-executive Directors are independent under these independence criteria and are capable of effectively exercising independent judgement.

BOARD COMMITTEES

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee and Remuneration Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. The terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee are respectively available on the websites of the Stock Exchange and the Company.

All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary. The Company has established a comprehensive mechanism to ensure that the Board is provided with independent views and opinions, as well as checks and balances to facilitate the steady development of the Company. The relevant mechanisms are set out in the Rules of Independent Non-Executive Directors of the Company, and are also embodied in the governance structure. The Board reviews the implementation and effectiveness of the mechanism annually.

Audit Committee

The Audit Committee consists of three members, namely Mr. Yang Dong John (independent non-executive Director), Mr. Zheng Wenjian (independent non-executive Director) and Mr. Cai Rongjun (non-executive Director). Mr. Yang Dong John currently serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review financial information and supervise our financial reporting process, risk management and internal control systems, nominate and monitor external auditors, and provide advice and comments to the Board.

The Audit Committee held 2 meetings during the year ended 31 December 2024. The Audit Committee has: (i) reviewed the financial statements and results of the Company for the year ended 31 December 2023 and the interim financial statements and results of the Company for the six months ended 30 June 2024, including the accounting principles and practices adopted by the Company, the report prepared by the external auditor covering major findings in the course of the audit; and (ii) reviewed the policies and practices on corporate governance and the effectiveness of the Audit Committee, selection and appointment of the external auditors and the Company's risk management and internal control procedures and systems.

Corporate Governance Report (continued)

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Zheng Wenjian (independent non-executive Director), Mr. Yang Zhanghua (independent non-executive Director) and Mr. Wu Zhirui (executive Director). Mr. Zheng Wenjian currently serves as the chairman of the Remuneration Committee.

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

The major objective of our remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to review and determine the level of remuneration and compensation packages (including incentive plans) of the Directors, Supervisors and senior management, the Remuneration Committee will make reference to, among other things, the level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors, Supervisors and senior management, and the performance of our Group. No Director takes part in any discussion on his/her own remuneration.

The Remuneration Committee held 1 meeting during the year ended 31 December 2024. The Remuneration Committee has reviewed: (i) the remuneration policy and structure relating to the Directors, Supervisors and senior management of the Company; (ii) the terms of reference of the Remuneration Committee; and (iii) the effectiveness of the Remuneration Committee.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Yang Zhanghua (independent non-executive Director), Mr. Zhou Yongwei (executive Director) and Mr. Yang Dong John (independent non-executive Director). Mr. Yang Zhanghua currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to assess the independence of independent non-executive Directors, make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management, and advise the Board on the appointment or re-appointment of Directors.

The Nomination Committee held 1 meeting during the year ended 31 December 2024. The Nomination Committee has: (i) reviewed the structure, size and composition of the Board and assessed independence of the independent non-executive Directors; and (ii) reviewed the effectiveness of the Nomination Committee.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in the Code Provision A.2.1 of the CG Code.

During the Reporting Period, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Model Code, and the Company's compliance with the CG Code and the disclosures in this Corporate Governance Report.

Corporate Governance Report (continued)

ATTENDANCE RECORD OF DIRECTORS AND SUPERVISORS

The attendance record of each of (i) the Directors at the meetings of the Board and Board Committee; and (ii) the Supervisors at the meeting of Supervisory Committee held during the year ended 31 December 2024 is set out in the table below. The Directors did not authorize any alternate Director to attend Board or Board Committee meetings.

Name of Directors	Board	Attendance/Number of Meetings		
		Nomination Committee	Remuneration Committee	Audit Committee
Mr. Wu Zhirui (<i>Chairman</i>)	5/5	N/A	1/1	N/A
Mr. Zhou Yongwei	5/5	1/1	N/A	N/A
Mr. Yan Zhijiang	5/5	N/A	N/A	N/A
Ms. Liu Aiqin	5/5	N/A	N/A	N/A
Mr. Jiang Haiying	5/5	N/A	N/A	N/A
Mr. Cai Rongjun	5/5	N/A	N/A	2/2
Mr. Zheng Wenjian	5/5	N/A	1/1	2/2
Mr. Yang Dong John	5/5	1/1	N/A	2/2
Mr. Yang Zhanghua	5/5	1/1	1/1	N/A

Name of Supervisors	Attendance/Number of Meetings
Mr. Wang Shijie (<i>Chairman</i>)	2/2
Ms. Ruan Cen	2/2
Mr. Li Jiancheng	2/2
Mr. Chen Jinzhu	2/2
Mr. Wu Lindi	2/2

BOARD PROCEEDINGS

Pursuant to the Articles of Association, the Board is required to hold at least two Board meetings each year, to be convened and hosted by the Chairman. In compliance with Code Provision C.5.3 of CG Code, a notice of at least 14 days shall be dispatched for a regular Board meeting. The notice shall state the time and venue at which the Board meeting will be convened.

The quorum for a Board meeting is the presence of more than half of the total number of Directors. A Director may attend the Board meeting in person, or appoint in writing another Director as his proxy. The secretary of the Board of the Company is responsible for preparing and keeping the documents and records of Board meetings.

During the year ended 31 December 2024, there were 5 Board meetings held and all Directors attended the meetings that they were required to attend.

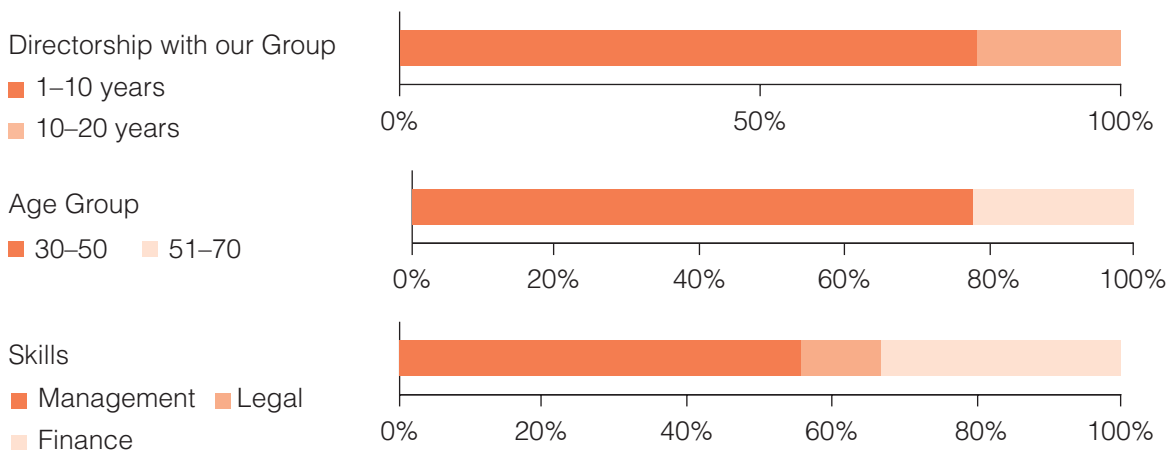
GENERAL MEETINGS

During the year ended 31 December 2024, the Company convened one general meeting (i.e. annual general meeting) held on 7 June 2024. All Directors attended such general meeting.

BOARD DIVERSITY

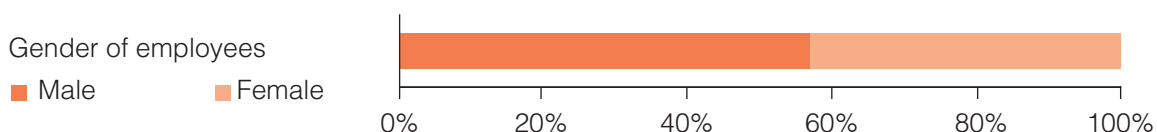
The Board adopted a board diversity policy (the “**Board Diversity Policy**”) on 6 September 2016, in accordance with the requirement set out in the CG Code. The Board Diversity Policy aims to outline the Company’s approach to achieving diversity of the Board. All Board appointments shall be based on meritocracy, and candidates shall be assessed against objective criteria, having due regard to the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and relationship with other Board members and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates could bring to the Board.

Currently, one of the nine Directors of the Board is female, and the Board considers that it has met the gender diversity and targets to maintain at least the current level of female representation. The Board and the Nomination Committee monitor the implementation of the Board Diversity Policy and the measures adopted to develop a pipeline of potential successors to the Board to achieve gender diversity from time to time, and review the policy as appropriate to ensure its effectiveness.



EMPLOYEE DIVERSITY

As of 31 December 2024, the Group had 51 employees, including senior management, of which 22 are female and 29 are male. The Group has built a gender equal workplace by providing training and promotion opportunities, enabling access to resources and offering rewards to all employees equally.



Corporate Governance Report (continued)

SUPERVISORY COMMITTEE

The Supervisory Committee consists of five Supervisors, comprising one Shareholder representative, namely Mr. Li Jiancheng; two employee representatives, namely Mr. Wang Shijie (the chairman of the Supervisory Committee) and Ms. Ruan Cen; and two independent Supervisors, namely Mr. Chen Jinzhu and Mr. Wu Lindi. Except for the employee representative Supervisors elected by our employees, the Supervisors were elected by our Shareholders for a term of three years, a term renewable upon re-election and re-appointment.

The functions and duties of the Supervisory Committee include, but are not limited to: reviewing and verifying financial reports, business reports, and profit distribution proposals prepared by the Board; if in doubt, appointing certified public accountants and practicing auditors to re-examine our Group's financial information; monitoring the financial activities of our Group, supervising the performance of the Directors and other senior management members, and monitoring whether they violated the laws, regulations and Articles of Association in the performance of their duties; requesting the Directors and senior management members to rectify actions which are damaging to our Group's interests; and exercising other rights given to them under the Articles of Association.

NOMINATION POLICY

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

The Nomination Committee has the discretion to nominate any person it considers appropriate for election and to assess the suitability of a proposed candidate using the below criteria as reference:

- Reputation;
- Qualification, accomplishment and experience in financial services industry;
- Commitment in performing the duties as a Director and as a member of the Board committees (if applicable); and
- Board diversity, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, relationship with other Board members and length of service, and the potential contribution brought to the Board.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years. Directors and Supervisors shall be elected by our Shareholders at the Shareholders' general meeting on a three-year term.

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

UPDATES ON DIRECTORS' AND SUPERVISORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in information of the Directors and Supervisors since the Company's last published interim report up to the date of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct for carrying out securities transactions of the Company by the Directors and Supervisors. After specific enquiry, all Directors and Supervisors have confirmed full compliance with the relevant standards stipulated in the Model Code during the Reporting Period.

JOINT COMPANY SECRETARIES

Mr. Yan Zhijiang, an executive Director, is one of the joint company secretaries. Ms. Ng Ka Man, a senior manager of the Listing Services Department of TMF Hong Kong Limited, the external service provider, is our joint company secretary. Mr. Yan Zhijiang is her primary contact person of the Company. Both Mr. Yan and Ms. Ng, as the joint company secretaries, have complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

RESPONSIBILITIES OF FINANCIAL REPORTING

The Board acknowledges its responsibility to prepare our Group's financial statements, which give a true and fair view of our Group's state of affairs, results and cash flows for the year, in accordance with the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Companies Ordinance. Our Group has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. To the best knowledge of the Directors, there are no material uncertainties relating to events or conditions that may affect the business of our Group or cast doubts on its ability to continuing operation.

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

EXTERNAL AUDITOR

Ernst & Young has been appointed as the external auditor of the Company. The Audit Committee has been notified of the nature and the service charges of the audit and non-audit services performed by Ernst & Young and has considered that such services have no adverse effect on the independence of the external auditor.

During the year ended 31 December 2024, our Group paid Ernst & Young and its member firms a total fee of RMB1,600,000 (tax inclusive) for audit services and RMB50,000 (tax inclusive) for non-audit service. Our Group's non-audit service fee was environmental, social and governance (the "ESG") report related service fee.

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

Corporate Governance Report (continued)

COMMUNICATION WITH SHAREHOLDERS

Through its corporate governance structure, the Company aims to provide all Shareholders an equal opportunity to exercise their rights in an informed manner and allow all Shareholders to engage actively with the Company. The Company convenes the Shareholders' general meetings in compliance with the relevant rules and shareholders' communication policy, which was adopted by the Company on 25 January 2016, and highly values the opinions, suggestions and concerns of the Shareholders. Directors, Supervisors and senior management of the Company will attend the meetings. Pursuant to the policy, Directors, Supervisors, external auditor and senior management of the Company will attend the meetings to respond the Shareholders' questions. The Company provides information to Shareholders through its financial reports (including interim and annual reports), circulars, announcements and other disclosures published on the websites of the Stock Exchange and the Company. In addition, the Company maintains its website with updates on the corporate governance practice and business development and operations. In order to effectively communicate with Shareholders and better understand their views, the Company also encourages the Shareholders to provide their enquiries to the Company at any time through its investors contact by email at wangshijie@qzhuixin.net, or the electronic means as displayed on the Company's website.

The Board reviewed the Company's Shareholders and investor engagement and communication activities conducted in 2024 and was satisfied with the implementation and effectiveness of the shareholders' communication policy.

SHAREHOLDERS' RIGHTS

Under the Articles of Association, the Shareholders enjoy, among others, the following rights:

- **Participation at general meetings**

The Company encourages the participation of the Shareholders through annual general meetings and other general meetings in which they meet and exchange views with the Board, and exercise their right to vote.

- **Enquires and proposals to the Board**

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

- **Convening extraordinary general meetings**

Pursuant to the Articles of Association, the Board shall convene an extraordinary general meeting within two months since the Shareholder(s) individually or collectively holding 10% or more of the outstanding Shares of the Company carrying voting rights request so in writing. Upon receipt of such written request, the Board shall convene an extraordinary general meeting or class Shareholders' meeting as soon as practicable. The aforesaid number of shareholding shall be calculated as of the date of the submission of the written request by the Shareholder(s). A Shareholder's general meeting shall be convened in accordance with the Articles of Association.

- **Procedures for putting forward proposals at a general meeting**

In overseeing and monitoring the business operation of the Company, the Shareholders have the right to put forward proposals and raise inquiries. Shareholders holding 3% or more of the Company's voting Shares have the right to put forward ad hoc proposals in writing to the convener of the Company, and the Company shall include them into the agenda for such general meeting, if the proposals fall within the functions and powers of the general meeting.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Articles of Association was amended and approved by the Shareholders at the annual general meeting of the Company held on 7 June 2024. The current version of the Articles of Association is available on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

During the year ended 31 December 2024, the Company has maintained corporate transparency and communications with the Shareholders and the investment community through a timely distribution of announcements and/or other publications and well-organized meetings and visits to enhance the understanding of investors. The Company's website provides an effective communication platform to keep the market abreast of the latest developments.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year ended 31 December 2024, the Board complied with the Code Provisions on risk management (including environmental and social risks) and internal control as set out in the CG Code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Company. The systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In addition to the Board's oversight responsibilities, the Company has developed a risk management process to identify, evaluate and manage significant risks (including ESG matters) and to resolve material internal control defects (if any). The senior management of the Company is responsible for the annual risk reporting process. The manager of the risk management department meets with senior management members to review and assess risks and discuss solutions that address material internal control defects (if any), including any changes relevant to a given year. The risk assessment is reviewed by certain members of the senior management of the Company. The senior management of the Company monitors risks, takes measures to mitigate risks in day-to-day operations, and presents the risk assessment results to the Audit Committee and the Board for review.

Credit risk is the most significant risk inherent in our business. We have developed a credit risk management system in accordance with the type and size of our loans, our customer types as well as the local legal and economic environment. Our risk management procedures mainly consist of due diligence reviews on customers, risk assessments, multilevel assessments and approval processes, post-loan grant reviews and collections, with varying levels of scrutiny generally based on the amount and type of loans granted. The Company has adopted the following measures:

- established a sound corporate governance structure with clearly defined duties of the Board, the Supervisory Committee and senior management;
- established a loan assessment committee under the Board and collective decision making procedures to mitigate the risk relating to personal judgment or prejudice of a single decision maker in a loan approval procedure;
- established a vertical risk management system to ensure the independence of our risk management;

Corporate Governance Report (continued)

- established and continuously improved operational procedures and internal control system, and utilizing information technology system to control the implementation of each procedure. In particular, we have adopted and have strictly implemented revolving loans projects annually; and
- providing employees, especially those who are responsible for assessment and approval processes, with professional training.

The Company is fully aware of its obligations under Chapter 13 of the Listing Rules and the SFO and the overriding principle that inside information of the Company should be disclosed in a timely manner. Stringent internal structures have been designed for the handling and dissemination of inside information. From time to time, the Company reviews its internal policies and guidelines on inside information or potentially price-sensitive information with reference to its own and industry circumstances and the Guide on Disclosure of Inside Information issued by the SFO. The Company's policy contains a strict prohibition on the unauthorised use of confidential or inside information, and has established and implemented procedures for responding to external enquiries about the Company's affairs.

During the year ended 31 December 2024, the Company followed the rules and procedures on regulating the disciplines and actions of all employees in external media communications and designated key spokespersons of the Company in all external media communications. The purpose of streamlining the communications of the Company with the media is to regulate all media communication activities, protect the interests of the Company and keep inside information strictly confidential prior to disclosure. The Board has overseen the Group's risk management and internal control systems on an ongoing basis. The Board has reviewed the risk management and internal control systems of the Group annually. The systems are considered to be effective and adequate in reducing the exposure to the various quantifiable risks inherent in our operations. For details of the key risks and uncertainties facing the Company, please refer to the sub-section headed "Key Risk Factors" set out in the section of "Report of the Directors" of this report. The Company does not have in place an independent internal audit function, as the Board is of the view that the appointment is not imminent under current circumstances, taking into account the current structure and scope of the Company's operations.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Overview

This Environmental, Social and Governance (“**ESG**”) report, as the Company’s ninth ESG report (“**ESG Report**”), provides a true and objective overview of our Group’s information of 2024 in three major sectors (including environment, social and governance). All amounts presented in this Report are denominated in RMB.

Reporting period

ESG Report is issued once a year. Unless otherwise stated, information included in the ESG Report is collected within the period from 1 January 2024 to 31 December 2024, which is consistent with the Company’s fiscal year.

Reporting scope

Unless otherwise stated, this ESG Report covers information of the Company and its subsidiaries.

Compilation guideline

- ESG Reporting Guide of the Stock Exchange applicable to the Reporting Period (“**ESG Reporting Guide**”)
- GRI (Global Reporting Initiative) Standards (“**GRI Standards**”)

Reporting language

The simplified Chinese version, traditional Chinese version and English version of the ESG Report are provided for your reference.

Reporting principles

- Materiality: this ESG Report, based on stakeholders’ research and information analysis, identifies and addresses the important ESG issues that influence the Group’s sustainable development.
- Quantitative: this ESG Report discloses the quantitative KPIs for the Company’s ESG.
- Consistency: this ESG Report ensures that the indicators used for different reporting periods are as consistent as possible. If there are changes in KPIs, explanations shall be made to such changed KPIs.
- Balance: this ESG Report content mirrors the objective facts, as well as discloses positive and negative indicators.

Data description

Data in this ESG Report derives from the Company’s internal system.

Approval by the Board

After being reviewed by the management, this ESG Report has been approved of by the Board on 26 March 2025.

I ESG

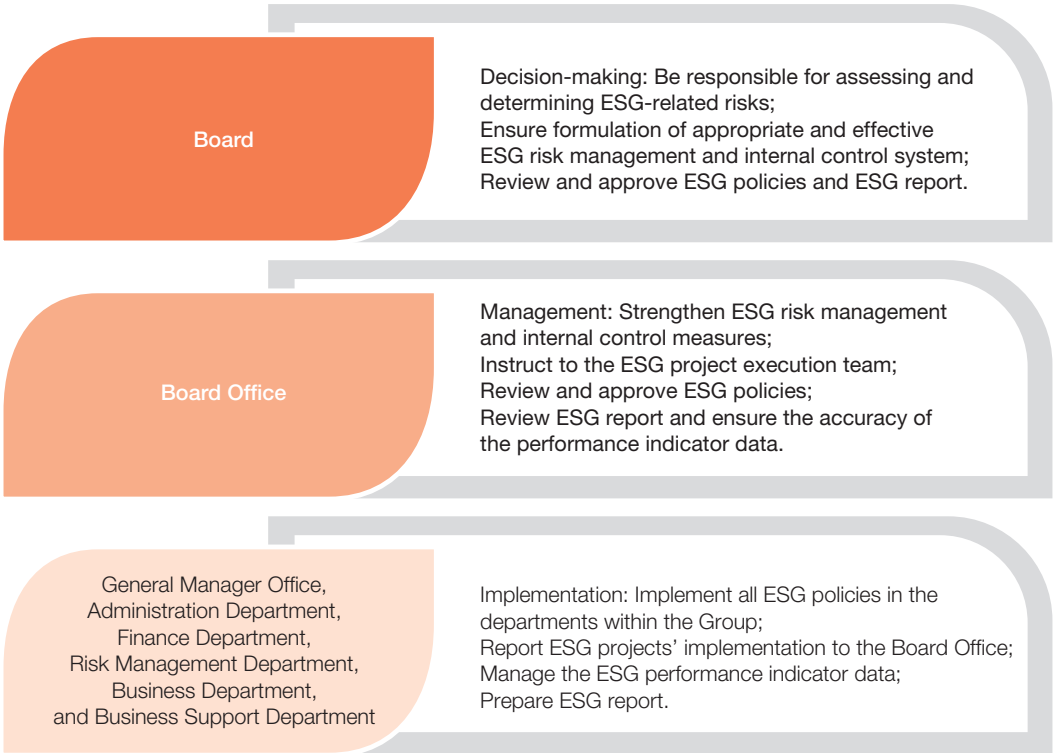
1.1 ESG structure

A sound ESG structure is an important cornerstone for the Company to implement its sustainable development strategy. Therefore, the Company has established an ESG structure covering three levels as “decision-making, management and implementation” to clarify the responsibilities and division of labor at each level, ensuring that ESG goals can be integrated throughout the entire process of decision-making, management and implementation. By constructing an management mechanism with connection between the upper and lower level, the Company continually optimizes the systematic and scientific nature of ESG governance, laying a solid foundation for the creation of long-term value.

Board Statement

The Company strictly complies with the ESG requirements issued by the Stock Exchange. The Board is fully responsible for the review and determination of material ESG-related matters, including determining ESG development objectives, formulating ESG strategies, reviewing major ESG issues, monitoring the progress of ESG-related work, reviewing and approving ESG policies and ESG reports.

To further strengthen management efficiency, the Board and Audit Committee meet at least once a year to effectively fulfill their supervisory responsibilities and steadily advance ESG efforts as well as the review and approval of the annual ESG report. To better implement the annual ESG plan, the Company actively brings in external resources by engaging professional ESG consulting institutions and legal advisors each year to form an expert team for supporting the Company’s annual ESG work plan and complying with the ESG-related policy requirements set by regulatory authorities. In 2024, the Board considered and approved the 2024 ESG Report and other documents. During the course of business operations, the Company gives priority to ESG related factors to facilitate business activities being in with ESG requirements to achieve synergies in economic, environmental and social benefits.



Environmental, Social and Governance Report (continued)

1.2 Communication with stakeholders

The Company actively develops diversified communication channels in all processes of its daily operations and services and keeps close contact with stakeholders to carefully listen to their views and feedback and continuously enhance the quality of communication and the effectiveness of interaction. With reference to guideline documents such as ESG Reporting Guide issued by the Stock Exchange and GRI Standards, the Company, in view of its nature of business and industry attributes, has established a communication mechanism based on “identification, analysis and verification”, which covers six major core stakeholders, namely government and regulatory body, Shareholder and investor, customer, employee, supplier, and community, and fully focuses on and responds to the key ESG priorities of all stakeholders.

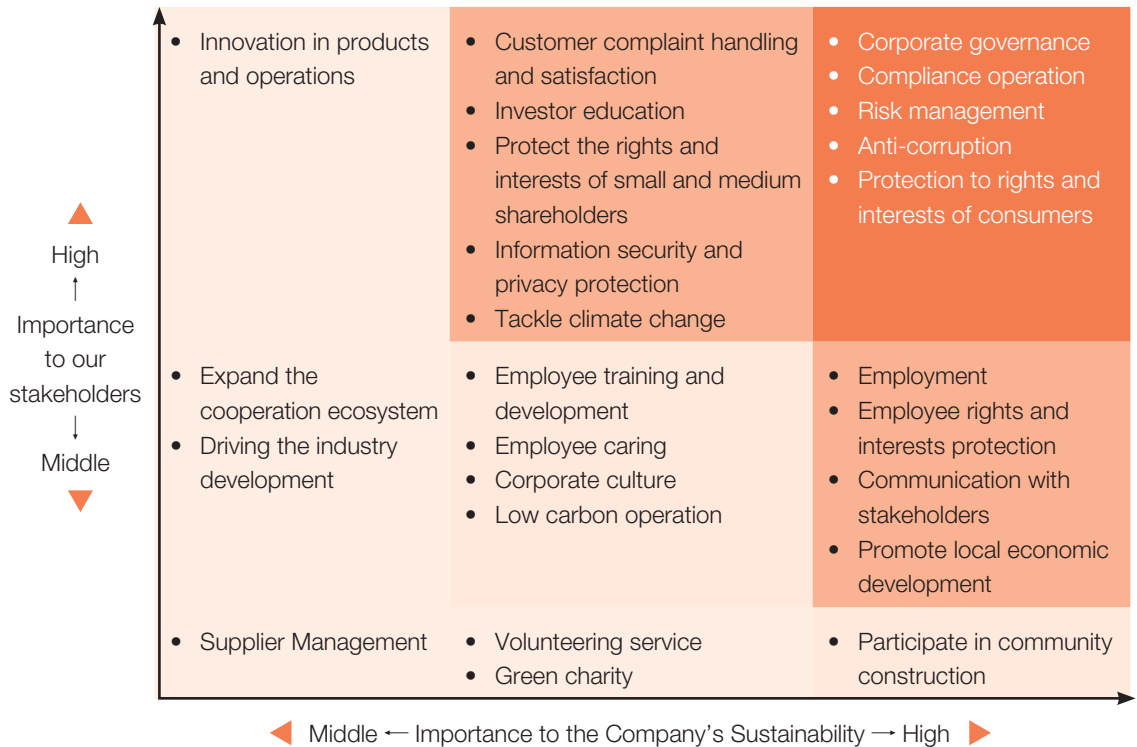
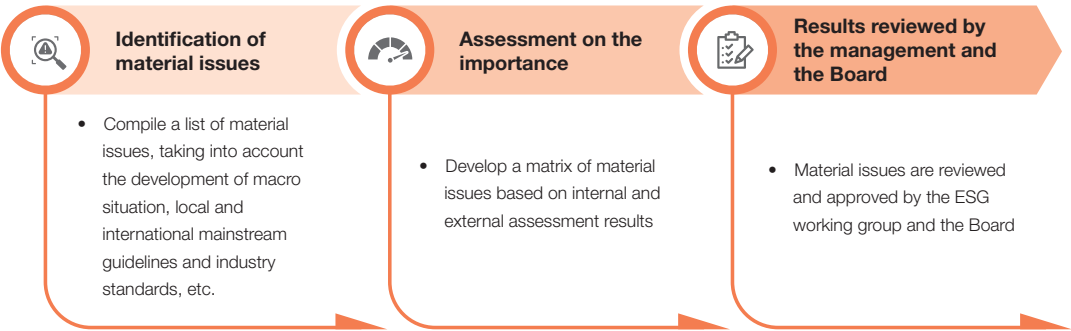


Stakeholders	Issues of concern	Communication and feedback
Government and Regulatory Body	<ul style="list-style-type: none"> Promote economic development Against embezzlement and corruption Compliance management Risk management Tackle climate change 	<ul style="list-style-type: none"> Promote local economic development Regular information disclosure Partake in government surveys and meetings Improve risk management
Shareholder and Investor	<ul style="list-style-type: none"> Corporate governance Business development 	<ul style="list-style-type: none"> Hold annual general meetings Hold investors' meetings
Customer	<ul style="list-style-type: none"> Customer rights protection Quality services Information security 	<ul style="list-style-type: none"> Organize investor education activities Responsible communication Information security and customers' privacy protection
Employee	<ul style="list-style-type: none"> Rights and benefits protection Promotion and development Education and training Health and safety 	<ul style="list-style-type: none"> Against workplace discrimination Establish incentive systems Organize employee training Employee caring activities Promote green office
Supplier	<ul style="list-style-type: none"> Responsible procurement Supply chain safety 	<ul style="list-style-type: none"> Practice responsible procurement Manage supplier's ESG risk
Community	<ul style="list-style-type: none"> Localization of operation Community communication 	<ul style="list-style-type: none"> Localization of operation Participate in community construction

Environmental, Social and Governance Report (continued)

1.3 Analysis of material issues

Based on the strategic objectives and industry characteristics, the Company identified 25 material issues relating to the Company by following the materiality principle as required by ESG Reporting Guide issued by the Stock Exchange with reference to the Company’s business characteristics and the assessment made by both internal and external stakeholder on the potential issues and the Company’s business characteristics, and mapped the material issue matrix for 2024 after analysis to comprehensively demonstrate the priorities of different issues in terms of stakeholder concerns and the Company’s operation.



II COMPLIANCE OPERATION

2.1 Improving corporate governance

To comply with the requirements of the *Company Law of the PRC* (中華人民共和國公司法) and other relevant laws and regulations, the Company maintains a corporate governance structure of “three committees and one level” in which the authority, decision-making body, supervisory body and executive body perform their respective duties, operate effectively and maintain mutual checks and balances. The Board is the highest decision-making body of the Company and is responsible to the general meeting of Shareholders. The Supervisory Committee is the supervisory body of the Company and is responsible to the general meeting and continues to improve the quality of its supervision performance.

To strictly comply with laws and regulations and related policies such as the *Guiding Opinions of the People’s Bank of China on the Pilot Operation of Microfinance Companies* (中國人民銀行關於小額貸款公司試點的指導意見), the *Interim Measures of Fujian Province for the Administration of Microfinance Companies* (福建省小額貸款公司暫行管理辦法), the *Pilot Measures of Cross-county Operation of Microfinance in Quanzhou* (泉州市小額貸款公司跨縣域經營試點實施方案) and the *Opinions on Promoting the Sound and Sustainable Development of Micro-credit Companies, Pawnshop Companies and Financing Guarantee Companies promulgated by the government of Quanzhou City* (泉州市人民政府關於促進小額貸款公司、典當行和融資擔保公司健康持續發展的若干意見) and the *Interim Measures for the Supervision and Administration of Microfinance Companies* (小額貸款公司監督管理暫行辦法), the Company formulated the Articles of Association accordingly. The Company consistently upholds the core values of integrity and responsibility, continuously refines its compliance governance system, and persistently enhances its capabilities in risk identification and prevention. This ensures the realization of long-term, efficient, and sustainable corporate value on the foundation of stable operations.

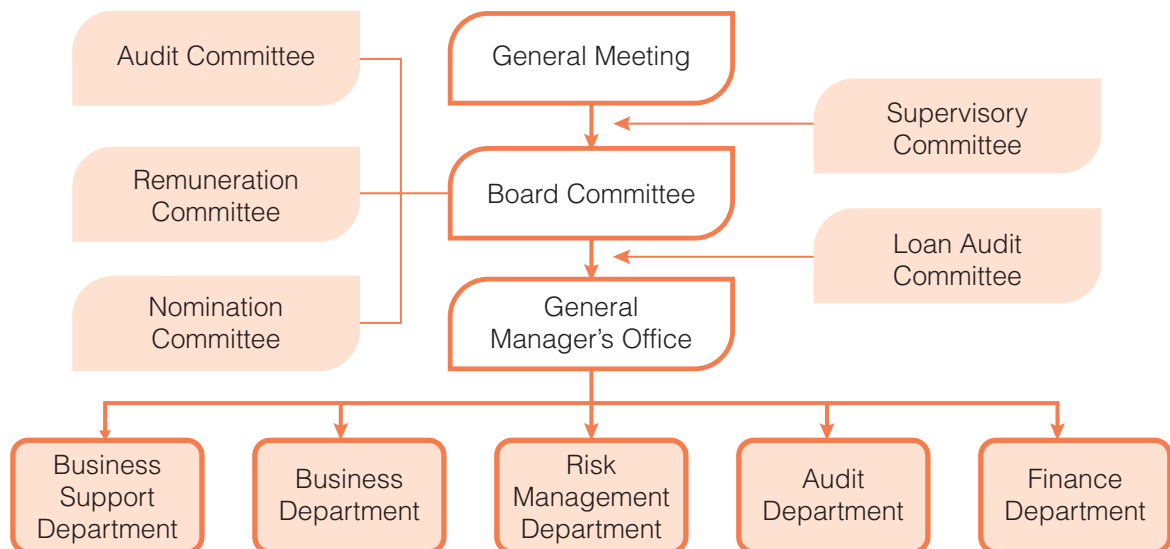


Chart: Organizational Structure of the Company

Environmental, Social and Governance Report (continued)

Board Diversity

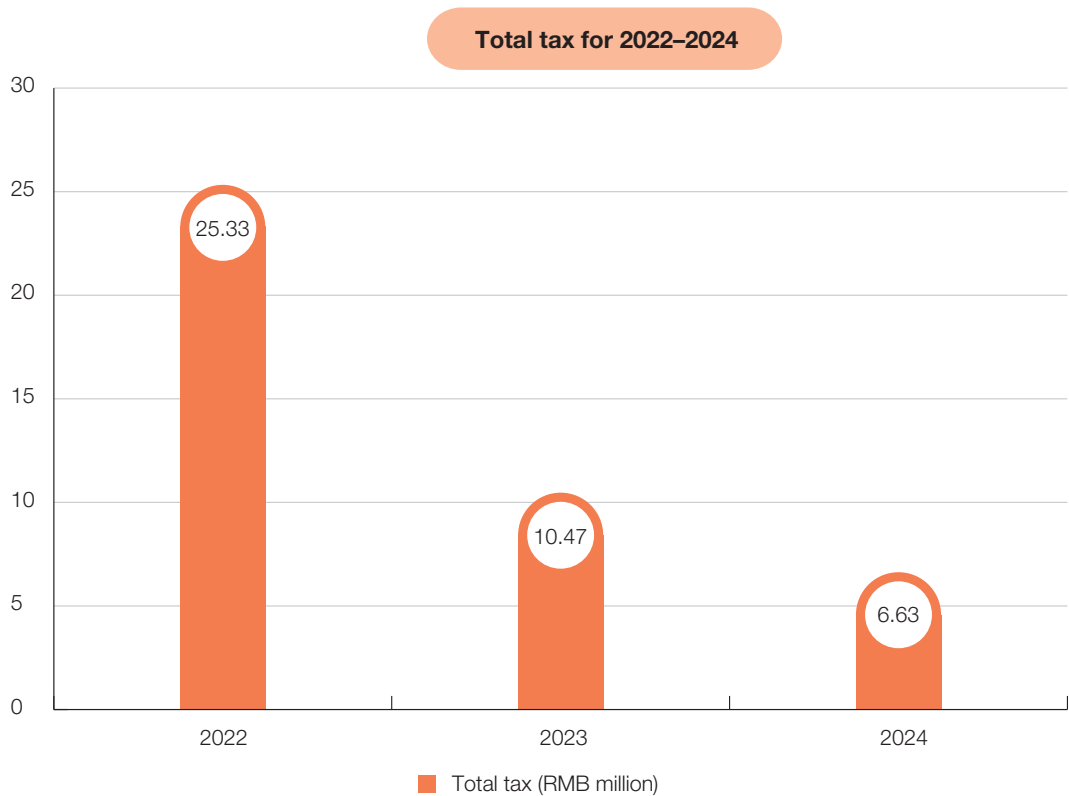
The Company attaches great importance to the issues of diversity and inclusion and believes that it is important to have a diverse membership at the board level for the long-term development of the Company. In determining the composition of the Board, the Company considers the diversity of the Board from various aspects, including but not limited to physiological characteristics such as gender, age, height, and social characteristics such as ethnicity, nationality, religious beliefs, and economic conditions and expertise as criteria or bases for selecting Directors.

During the Reporting Period,

- The Board consists of 9 Directors, including 4 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors. The Company has one female Director among its Board members.
- The Supervisory Committee consists of 5 supervisors, including 1 Shareholder representative Supervisor, 2 employee representative Supervisors and 2 independent Supervisors.
- The percentage of female executives among the Company's senior management reached 28.51%.

2.2 Strictly fulfilling tax obligations

In 2024, the Company continued to improve its governance structure and strictly fulfilled its tax obligations in active cooperation with tax authorities. As a result, the Company was awarded as the District-Level Key Enterprise in 2024.



Environmental, Social and Governance Report (continued)

2.3 Disclosing information in a timely and quality manner

In accordance with the requirements of the Stock Exchange, the Company completed its information disclosure in a timely and quality manner. The Company also coordinated with relevant institutions and departments to complete the preparation and release of important information disclosure documents such as 2023 Annual Results Announcement of the Company, 2023 Annual Report of the Company, and 2023 ESG Report of the Company, with high efficiency within the specified time. For the year ended 31 December 2024, the Company has simultaneously published 30 documents on the Stock Exchange's and the Company's official websites.

2.4 Promoting anti-corruption

The Company is committed to developing an anti-corruption culture, and has integrated anti-corruption and anti-bribery principles into its daily operations and management. The Company continuously develops its anti-corruption management concept and improves its anti-corruption compliance policies and processes to create a fair, just, and healthy business environment. To strengthen internal management, the Company has signed duty agreements with its employees, explicitly prohibiting their solicitation or acceptance of gifts or benefits. The Company also conducted periodic anti-corruption awareness campaigns to educate employees on the importance of integrity and the severe consequences of corrupt behavior, thereby enhancing the legal awareness and professional ethics of all employees. In addition, regular questionnaires were sent to customers, and customers provided feedbacks on whether there was any corruption during the work of employees, which further strengthened external oversight. No employees were involved in legal proceedings for violating anti-corruption policies or professional ethics in 2024.



III RISK MANAGEMENT

3.1 Loan risk management

As a specialized microfinance company, preventing loan risks is our top priority in comprehensive risk management. The Company has established strict loan risk control procedures and set up a dedicated risk management team, including risk management managers and employees, to oversee the entire loan process. The team conducts a series of reviews, including risk assessments on loan applications, loan review meetings, and assessments and approvals by the chairman of the Board or the Board. Through precise identification and thorough management, the Company effectively reduces business risks throughout the entire loan application and approval process.

Environmental, Social and Governance Report (continued)

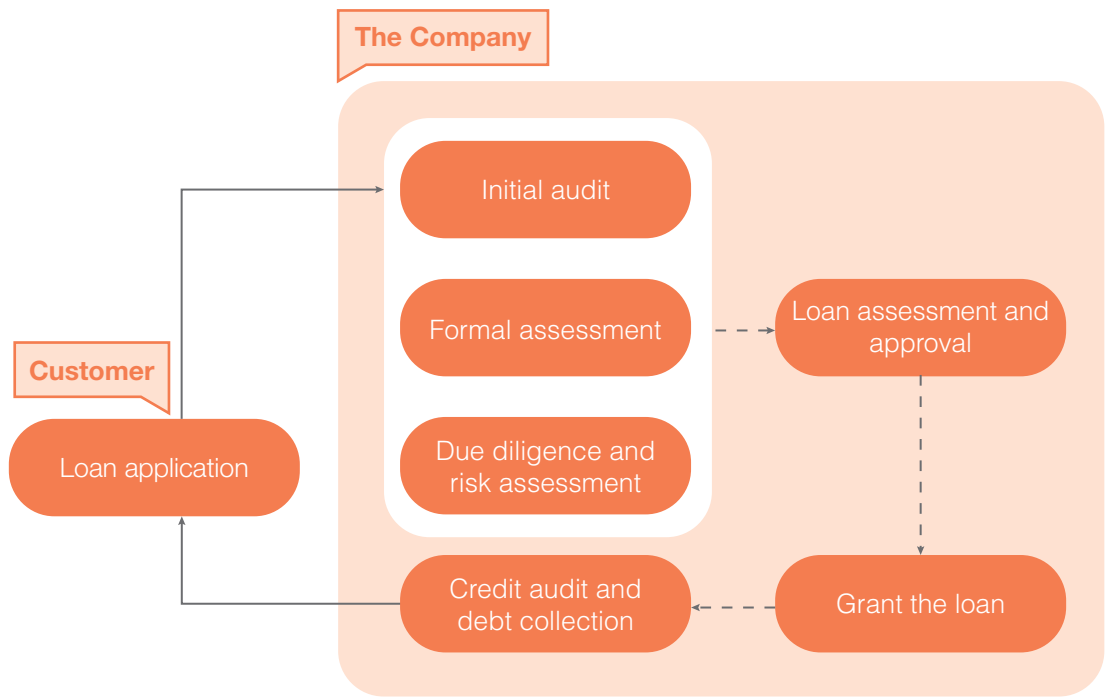


Chart: Risk Control Procedure

3.2 ESG risk management

The Company attaches great importance to the identification of and response to ESG risks, regularly follows up on ESG risk management and control policies and comprehensively evaluates the possible impact of relevant risks on business development. Moreover, the Company actively implements relevant measures to address related risks, including but not limited to providing customers with risk prevention suggestions, strengthening guarantee measures, strictly reviewing customers’ environmental assessment reports and pollution licences, evaluating whether customers have any record of pollution penalties or risk of being shut down, or evaluating whether there will be adverse social risks due to collective rights defense actions.

Case: The Company focused on activities of risk awareness and control enhancement in 2024

- In March 2024, the Company participated in a special training session on “Common Civil-Criminal Cross-Legal Issues and Risk Prevention” organised by Quanzhou Local Finance Association;
- In April 2024, the Company attended a thematic sharing session on “The Impact of the New Company Law on Local Financial Institutions and Response Measures” organised by Quanzhou Local Finance Association;
- In November 2024, the Company participated in a special training session on “Credit Legal Risk Prevention and Non-Performing Loan Recovery” organised by Quanzhou Local Finance Association.

The Company organised industry sharing sessions from time to time to enhance employees’ judgments on the industry, strengthen their professionalism, and raise their awareness of and control capability on risks.

Environmental, Social and Governance Report (continued)

3.3 Compliance risk management

The compliance governance structure of the Company is centered on and led by the Board and Supervisory Committee. It is coordinated and supervised by the senior management, and managed by the general manager and risk management department, achieving efficient coordination among all internal control departments. Such framework ensures the comprehensive coverage and effective implementation of the compliance governance system. The Board, Supervisory Committee and senior management fully assume the ultimate responsibility for the effectiveness of compliance governance.

All employees of the Company are required to comply with laws and regulations and internal rules and regulations. They shall sign letter of compliance commitment, abide by the standards of business conduct and fulfill compliance obligations, to jointly build up the cornerstone of the Company's sound development.

Protect the intellectual property rights

The Company is strictly in compliance with the provisions of the *Trademark Law of the PRC* (中華人民共和國商標法), the *Patent Law of the PRC* (中華人民共和國專利法), the *Copyright Law of the PRC* (中華人民共和國著作權法) and other laws and regulations to ensure the legitimate and compliant use of trademarks. The Company protects its intellectual property rights in accordance with law, while also respecting the intellectual property rights of others. By adopting effective measures to prevent any form of infringement, the Company makes strives to create a fair competition and a healthy and ordered market environment.

To further promote brand publicity and enhance corporate influence, the Company actively operates its WeChat official account. When reproducing articles from other WeChat official accounts, the Company strictly complies with the norms of intellectual property protection, and actively communicates and negotiates with the original publishing platform, so as to ensure that the re-publication is carried out after obtaining explicit authorization. If the Company fails to obtain the authorization, the article will only share by hyperlink to eliminate any risk of infringement and effectively protect the intellectual property rights of third parties. In 2024, there was no risk event arising from intellectual property disputes.

3.4 Anti-money laundering

The Company attaches great importance to anti-money laundering work and strictly fulfills its anti-money laundering responsibility of a financial institution. By comprehensively implementing relevant requirements of laws and regulations such as the *Anti-Money Laundering Law of the PRC* (中華人民共和國反洗錢法) and the *Administrative Measures for the Reporting of Large-value and Suspicious Transactions by Financial Institutions* (金融機構大額交易和可疑交易報告工作管理辦法), the Company has formulated a sound Administrative Measure for Anti-money Laundering Work of Quanzhou Huixin Micro-credit Co., Ltd. (泉州匯鑫小額貸款股份有限公司反洗錢工作管理辦法).

The Company clarifies the money laundering risk assessment, monitoring procedures and related workflows in accordance with external regulatory requirements and internal management. By closely monitoring the latest developments in anti-money laundering policies and regulatory requirements, the Company actively promotes the effective integration of anti-money laundering management and business operations.

Additionally, to further enhance the effectiveness of anti-money laundering work, the Company arranges anti-money laundering training and publicity for all employees to enhance their awareness of anti-money laundering responsibilities and risk sensitivity, and effectively improve their capabilities to identify and prevent money laundering.

IV SERVICE FOR CUSTOMERS

4.1 Protecting consumers’ rights and interests

4.1.1 Information security and privacy protection

The Company thoroughly implements the *Law of the PRC on the Protection of Consumer Rights and Interests* (中華人民共和國消費者權益保護法), and considers the protection of customers’ privacy and information security management as one of the core responsibilities in the course of the Company’s development. In 2024, the Company further improved the privacy data protection system, strengthened its management mechanisms and comprehensively enhanced the capability to prevent sensitive information leakage. By posting a list containing loan information at operational premises, the Company delineates the scope of information collection, and strictly follows the principles of necessity and legality in information acquisition to avoid excessive collection of customers’ information.

The Company continues to perfect the confidentiality management mechanism, and signs confidentiality agreement with customers and all employees, which stipulates their obligation to keep trade secrets such as project information and client list confidential. To prevent information leakage, the Company implements the archives borrowing approval policy and adopts hierarchical management on the access to customer data, which ensure that employees are only being able to access the customer information directly relating to their business. If there is a need to access other customer information, the Company will follow a strict approval process in order to guarantee the traceability of information accessing, thereby further strengthening the rigorousness and effectiveness of customer information protection.

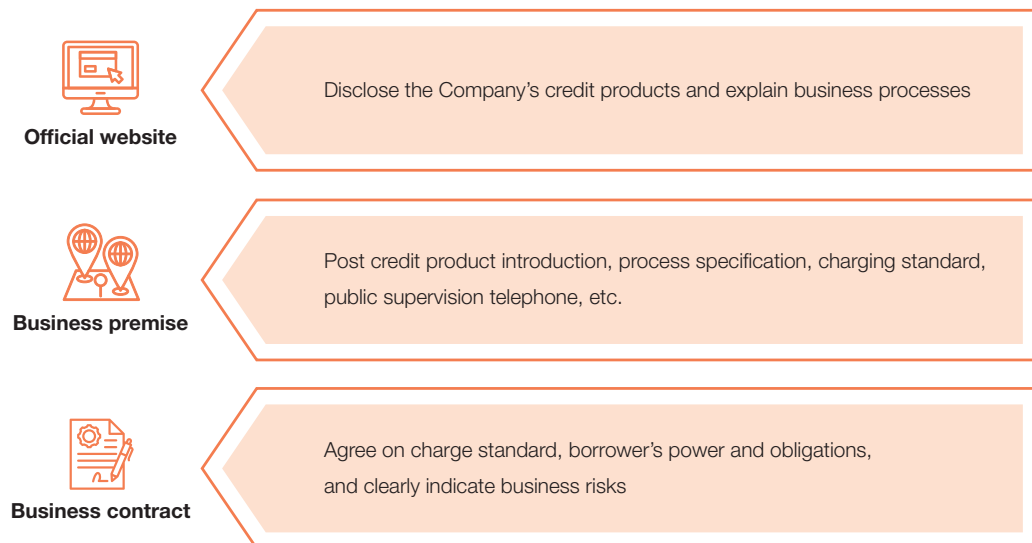
- | | |
|--|---|
| Delineating the scope of information collection | <ul style="list-style-type: none">• Clarify the scope of information collection by posting a list containing loan information at business premises |
| Signing confidentiality agreements | <ul style="list-style-type: none">• Signing confidentiality agreements with clients• Signing confidentiality agreements with employees |
| Refining access management | <ul style="list-style-type: none">• Only persons relating to the project can access customer data and privacy• No irrelevant person is allowed for accessing customer data and privacy |

Environmental, Social and Governance Report (continued)

4.1.2 Responsible customer communication

The Company adheres to being customer-oriented, and strictly complies with the *Law of the PRC on the Protection of Consumer Rights and Interests* (中華人民共和國消費者權益保護法) and the *Anti-unfair Competition Law of the PRC* (中華人民共和國反不正當競爭法) and other relevant laws and regulations, so as to effectively safeguard the legitimate rights and interests of customers, such as the right to know and the right to choose. To enhance the transparency in customer services, the Company fully discloses information about its operations, products, services, etc., explicitly agrees on the structure of the transaction in the contract and actively issues alerts of potential risks to provide adequate protection of borrowing customers' rights to know and decide.

By establishing smooth and effective communication channels, the Company continues to strengthen positive interaction with customers, constantly improves risk management system for transactions with customers and made product risk disclosure at the Company's official website, business premises and contract signing to improves customers' risk prevention awareness and risk prevention ability. We served a total of 24 customers with a 100% customer satisfaction, and no customer filed any complaint in 2024.



4.2 Supporting local industry development

Adhering to its original aspiration and mission of serving the real economy, the Company earnestly fulfills its corporate social responsibility and continuously optimizes its financial resources allocation. The Company actively diverts capital to the core areas in real economy and the inadequate areas of people's livelihood, making every effort to drive the economy and society towards a new stage of high-quality and sustainable development.

Environmental, Social and Governance Report (continued)

As one of the co-organizers, the Company assisted, prepared and established the Fujian Provincial Local Finance Association, and offered advises and suggestions to promoting the construction of an ecosystem of local finance and actively creating a first-class benchmark for social talent organizations in the financial sector.

Year	Total amount of support for the real economy/RMB million
2024	150.91
2023	311.99
2022	514.70

V ENVIRONMENT PROTECTION

5.1 Green operation

The Company implements the concept of green operation and strictly complies with the *Environmental Protection Law of the PRC* (中華人民共和國環境保護法), the *Energy Conservation Law of the PRC* (中華人民共和國節約能源法) and other environmental protection laws and regulations to minimize the impact of its operation on the environment and thereby achieve sustainable enterprise development.

The Company operates in the financial industry. During the course of operations, energy consumption and carbon emissions from office operations are primarily from electricity, gasoline and other energy sources; water resource consumption is primarily from office activities, with municipal water supply being the primary source; materials consumption is primarily from paper products such as contracts, invoices and documents; and waste generated is primarily non-hazardous waste such as office waste. The Company continuously optimizes its resource utilization system by vigorously promoting conservation of water and electricity consumption in office areas, implementing the practice of “turning off power when leaving”, and comprehensively carrying out green transformation in business operations. Waste is strictly classified and disposed of in accordance with regulatory requirements, with cleaning and transportation handled by the property management company at the office premises, effectively reducing environmental pollution risks. In 2024, there were no confirmed violations related to environmental protection that had a significant impact on the Company.

Resource consumption category	Unit	2023		2024	
		Total	Per capita	Total	Per capita
Electricity consumption	KWH	64,809	1,270.76	63,730	1,249.61
Water consumption	ton	366	7.18	388	7.61
Gasoline					
92#	Liter	9,048.91	177.43	10,506.63	206.01
95#	Liter	15,482.06	303.57	13,960.80	273.74
98#	Liter	203.07	3.98	72.29	1.42
Total gasoline consumption	Liter	24,734.04	484.98	24,539.72	481.17

Environmental, Social and Governance Report (continued)

Greenhouse gas emissions	Unit	2023		2024	
		Total	Per capita	Total	Per capita
Direct greenhouse gas emissions (Scope 1)	Tons of CO ₂ equivalent	53.96	1.06	53.73	1.05
Indirect greenhouse gas emissions (Scope 2)	Tons of CO ₂ equivalent	37.19	0.73	34.20	0.67
Total greenhouse gas emissions	Tons of CO ₂ equivalent	91.15	1.79	87.93	1.72

Solid waste	Unit	2023		2024	
		Total	Per capita	Total	Per capita
Solid waste (household waste)	Kg	8,650	169.61	7,195	141.08
Paper consumption	ton	1.22	0.02	1.29	0.03

5.2 Responsible procurement

Suppliers mainly provide the Company with decoration services and office supplies, which include copier, scanner, ink cartridges and papers. In accordance with the *Law of the PRC on Tenders and Bids* (中華人民共和國投標招標法) and the Procurement Management Measures (採購管理辦法) of the Company, the Company strictly controls the purchase cost, continuously optimizes the selection mode of goods procurement, refines supplier selection process, prioritizes partnerships with suppliers meeting low-pollution and low-energy-consumption standards, and promotes the development of a green supply chain.

In 2024, no negative impacts were found due to the suppliers' misconducts in ESG like business ethnics, environmental protection and labor measures, etc. If any improper conduct is identified, the Company will terminate the cooperations with them.

Number of suppliers by region in 2024 (unit: companies)	
Number of suppliers from Chinese mainland	62
Number of suppliers from Hong Kong, Macao, Taiwan and overseas	0

VI CARE FOR EMPLOYEES

6.1 Employment policy

The Company fully complies with the requirements of laws and regulations, such as the *Labor Law of the PRC* (中華人民共和國勞動法), the *Labor Contract Law of the PRC* (中華人民共和國勞動合同法), the *Employment Promotion Law of the PRC* (中華人民共和國就業促進法), the *Law on Safeguarding Women's Interests and Rights of the PRC* (中華人民共和國婦女權益保障法) and the *Special Provisions on the Labor Protection of Female Employees* (女職工勞動保護特別規定), effectively safeguarding the legitimate rights and interests of employees. By standardizing recruitment processes and employment management, the Company eliminates any discrimination on gender, age, race, family status, social origin and other aspects, resolutely prohibits any form of discriminatory requirements and practices, and actively promotes the development of a diversified talent team.

Labor contracts are lawfully signed between the Company and all its employees to define the labor relationship, and any form of forced labor is prohibited to guarantee the legality and compliance throughout the recruitment process. The Company strictly complies with the *Protection of Minors Law of the PRC* (中華人民共和國未成年人保護法), the *Provisions on the Prohibition of Using Child Labor* (禁止使用童工規定) and other laws and regulations. During the recruitment stage, the age and background review mechanism for candidates is strengthened so that illegal incidents like employing child labor can be prevented at the source.

All of the Company's employees are based in China and have signed formal labor contracts with the Company, with no other means of employment.

Environmental, Social and Governance Report (continued)

In 2024, the Company's labor contract signing rate reached 100%, and there was no child labor or forced labor.

	2022	2023	2024
Staff structure from 2022 to 2024 (by gender) (Unit: person)			
Male	30	31	29
Female	21	20	22
Staff structure from 2022 to 2024 (by age) (Unit: person)			
Aged 30 and below	5	6	7
Aged 31 to 40	35	33	29
Aged 41 and over	11	12	15
Staff structure from 2022 to 2024 (by position hierarchy) (Unit: person)			
Senior management	/	7	7
Intermediate management	/	10	7
General employees	/	34	37
Staff structure from 2022 to 2024 (by educational background) (Unit: person)			
Below bachelor's degree	/	11	8
Bachelor's degree	/	34	37
Master's degree and above	/	6	6
Staff structure from 2022 to 2024 (by ethnic group) (Unit: person)			
Employees from ethnic minority groups	/	0	0
Staff structure from 2022 to 2024 (by employment category) (Unit: person)			
Full-time employees	/	/	51
Part-time employees	/	/	0
Staff structure from 2022 to 2024 (by geographical region) (Unit: person)			
Employees working in Mainland China	/	/	51
Employees working in Hong Kong, Macao, Taiwan and overseas	/	/	0
Total employee turnover rate from 2022 to 2024	22.22%	16.00%	11.76%
Employee turnover rate from 2022 to 2024 (by gender)			
Male	24.32%	16.67%	16.13%
Female	13.92%	14.29%	5.00%
Employee turnover rate from 2022 to 2024 (by age)			
Aged 30 and below	9.10%	0	16.67%
Aged 31 to 40	28.57%	17.14%	12.12%
Aged 41 and over	10.00%	18.18%	8.30%
Employee turnover rate from 2022 to 2024 (by geographical region)			
Employees working in Mainland China	/	/	11.76%
Employees working in Hong Kong, Macao, Taiwan and overseas	/	/	0

Environmental, Social and Governance Report (continued)

6.2 Rights and benefits

The Company clings to the core notion of “people-oriented”, follows the principle of equal compensation system, establishes a system of position hierarchy, clarifies the direct linkage between compensation and position hierarchy, continues to improve the welfare security system of employees, and effectively enhances employees’ sense of gain and satisfaction. In addition, the Company has formulated the Annual Advanced and Outstanding Evaluation Management Measures (年度評先評優管理辦法) and the Daily Performance Evaluation Standards for Business Departments (業務部門日常績效考核工作規範), strictly regulating performance indicators and assessment standards. It has implemented an employee incentive mechanism that is oriented towards overall performance and combines spiritual encouragement with material rewards, further strengthening the Company’s centripetal force and cohesion. The Company’s social insurance coverage rate reached 100% in 2024.

In addition to basic social and medical insurance, the Company also provides employees with diversified and personalized benefits, such as birthday bonuses, food subsidies, and Spring Festival gifts. For special circumstances such as employees’ marriage, childbirth, or bereavement, the Company also offers special condolences, additional maternity allowances and other caring benefits.

6.3 Health and safety

The Company strictly complies with relevant laws and regulations, such as the *Work Safety Law of the PRC* (中華人民共和國安全生產法) and the *Labor Law of the PRC* (中華人民共和國勞動法). It attaches great importance to the safety and health of employees, comprehensively implements relevant management measures, and is committed to creating a healthy and safe working environment. In terms of employees’ physical health, the Company provides accident insurance coverage and annual health check-ups. In terms of workplace safety, the Company strictly follows commercial office standards and national fire safety requirements for decoration, and posts emergency evacuation maps in prominent locations in the office to improve employees’ escape efficiency in crisis situations. In terms of safety awareness cultivation, the Company regularly organizes fire drills and fire safety knowledge trainings to ensure that employees are proficient in using equipment such as fire extinguishers, fire blankets, and escape masks.

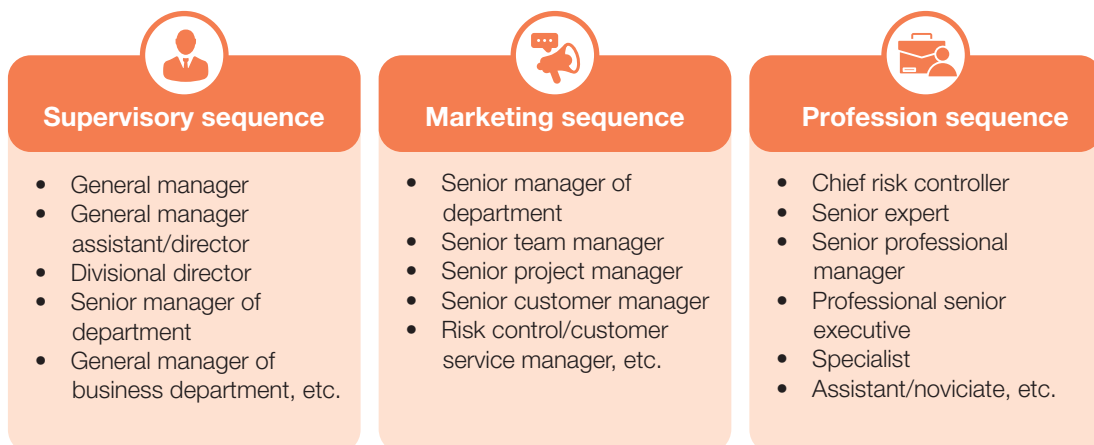
From 2022 to 2024, no work-related injury and death accident occurred in the Company.

Environmental, Social and Governance Report (continued)

6.4 Training and career development

The Company continuously improves staffing level system. Adhering to the fundamental principles of “competency-based orientation, performance consideration, fairness and transparency, objectivity and rigor”, the Company has formulated the Qualification and Promotion Management Regulations(任職資格與晉升管理辦法), which clearly stipulates the vertical and horizontal development directions of employees and standardizes talent cultivation and selection, ensuring that the talent cultivation aligns with business growth needs. The Company proactively creates a learning culture within the corporate to fulfill the needs of employees to broaden their horizons, exchange knowledge and improve their skills, thereby building a proficient and professional team.

With the purpose of “reading to cultivate oneself, learning to practice”, the Company has established a targeted and practical training system for employees at all levels. The Company has internal and external training programs in place, launching lessons covering legal affairs, risk control, taxation, finance and industrial information accessible to the personnel of business departments; leadership and team building courses targeting the intermediate and senior management; lessons on development history, product introduction, corporate culture and rules and regulations suitable to new employees. By doing so, the Company provides a smooth path for them to develop professional skills and exchange experience.



In addition to training, the Company has set up a book sharing club, striving to create a learning atmosphere of “reading to cultivate oneself, learning to practice”. It has improved the comprehensive ability of employees in terms of industry knowledge accumulation, presentation and logical thinking by providing typical project reviews, industry research analysis and reading tips on a regular and irregular basis, thereby laying a solid foundation for personal development and comprehensive competitiveness of the Company.

In 2024, the total staff training expenses of the Company amounted to nearly RMB100,000.

Environmental, Social and Governance Report (continued)

Staff training	2022	2023	2024
Category			
Total training times (person-times)	475	326	206
Total training hours (hours)	1,765.00	1,073.50	426.00
Total training percentage (%)	69.40	100.00	76.19
Classified by gender			
Average training hours of male staff (hours)	29.43	21.08	7.48
Training percentage of male staff (%)	82.22	100.00	77.50
Average training hours of female staff (hours)	16.94	10.20	5.52
Training percentage of female staff (%)	46.15	100.00	73.91
Classified by level			
Average training hours of senior management (hours)	11.67	16.96	4.92
Training percentage of senior management (%)	77.78	100.00	33.33
Average training hours of intermediate management (hours)	28.92	28.28	8.55
Training percentage of intermediate management (%)	75.00	100.00	100.00
Average training hours of general staff (hours)	26.26	14.60	6.83
Training percentage of general staff (%)	68.00	100.00	82.50

6.5 Caring campaign

The Company has built a harmonious working atmosphere by organizing various festive and caring campaigns to enhance cohesive force of the Company and motivate the employees, demonstrating the Company's high priority on humanistic care.

In 2024, the Company held the "Year-End Party" to recognize outstanding employees and teams, as well as to look forward to the work direction and development goals of the new year, enhancing employees' sense of honor and belonging; promoted the work of care and concern for female employees, gave female employees statutory maternity leave, breastfeeding leave, maternity examination leave and maternity allowance in accordance with laws and regulations. The Company also selected gifts for female employees, the mothers of the employees, the children during festivals such as Women's Day on the 8th of March, Mother's Day and Children's Day; held a traditional Bo Bing dice game evening to enrich the cultural life of employees during the Mid-Autumn Festival. Moreover, the Company organized various activities such as quarterly birthday parties and Christmas gift exchange parties, fully improving employees' happiness and sense of belonging.

In 2024, the Company spent more than RMB74,500 on organizing various employee activities.

Environmental, Social and Governance Report (continued)

INDEX OF ESG REPORTING GUIDE

Aspect, General Disclosure and KPI	Description	Section
A1: Emissions		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Green operation
KPI A1.1	The types of emissions and respective emissions data	Green operation
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green operation
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Due to the type of business and the way it operates, the Company produces little hazardous waste and therefore does not keep statistics on the amount of hazardous waste produced
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green operation
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Due to the type of business and the manner in which it operates, the Company's emissions are minimal and therefore no targets have been set
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Green operation Due to the type of business and the manner in which it operates, the Company generates very little wastes and therefore has not set a waste reduction target

Environmental, Social and Governance Report (continued)

Aspect, General Disclosure and KPI	Description	Section
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Green operation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Green operation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Green operation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	The Company is actively practicing low-carbon operations. Due to the nature of the industry in which the Company operates, energy efficiency is not an important issue and no energy efficiency target has been set for the time being.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	This KPI is not applicable to the Company's business as the Company is not a production-oriented enterprise and uses less water in its daily operations.
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	The Company is not a production-oriented enterprise and the KPI is not applicable to the Company's business.
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources	Due to the nature of the Company's business, no such policy has yet been formulated.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green operation
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	Green operation The Company responds to climate change by practicing low-carbon office. Due to the nature of the Company's business, no such policy has yet been formulated.
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Green operation The Company responds to climate change by practicing low-carbon office.

Environmental, Social and Governance Report (continued)

Aspect, General Disclosure and KPI	Description	Section
Employment and Labor Practices		
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 policy Rights and benefits Caring campaign
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Employment policy
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment policy
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
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and safety
KPI B2.2	Lost days due to work injury	Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Health and safety

Environmental, Social and Governance Report (continued)

Aspect, General Disclosure and KPI	Description	Section
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Training and career development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Training and career development
KPI B3.2	The average training hours completed per employee by gender and employee category	Training and career development
B4: Labor Standards		
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 or forced labor	Employment policy
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor	Employment policy
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Employment policy
Operation Practice		
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Responsible procurement
KPI B5.1	Number of suppliers by geographical region	Responsible procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	The Company has a relatively small number of suppliers and plans to gradually improve its supplier management in the future.
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Responsible procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	The Company has a relatively small number of suppliers and plans to gradually improve its supplier management in the future.

Environmental, Social and Governance Report (continued)

Aspect, General Disclosure and KPI	Description	Section
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	Protecting consumers' rights and interests
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	The Company is not a production-oriented enterprise and this indicator is not applicable.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Protecting consumers' rights and interests
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Compliance risk management
KPI B6.4	Description of quality assurance process and recall procedures	The Company is not a production-oriented enterprise and this indicator is not applicable.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Protecting consumers' rights and interests
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	Promoting anti-corruption Anti-money laundering
KPI 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	Promoting anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Promoting anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff	Promoting anti-corruption Anti-money laundering

Environmental, Social and Governance Report (continued)

Aspect, General Disclosure and KPI	Description	Section
Community		
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	Supporting local industry development
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Supporting local industry development
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Supporting local industry development

Independent Auditor's Report



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To the shareholders of Quanzhou Huixin Micro-credit Co., Ltd.

(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Quanzhou Huixin Micro-credit Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 90 to 160, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditor's Report (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<i>Allowance for impairment of loans and accounts receivables</i>	
<p>HKFRS 9 Financial Instruments (hereinafter referred to as "HKFRS 9") requires the impairment of financial assets to be measured using the "expected credit loss model".</p> <p>The measurement of expected credit losses ("ECLs") increases complexity and requires the application of significant judgement, regarding, for example, the identification of exposures with a significant deterioration in credit quality, and the use of assumptions in the ECL model (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors.</p> <p>As at 31 December 2024, the Group's loans and accounts receivables consisted of loans receivable and lease receivables, and accounted for 54% of the total assets of the Group. The determination of allowance for impairment of loans and accounts receivables was a key area of judgement.</p> <p>The disclosures relating to the loans and accounts receivables and allowance for impairment of loans and accounts receivables are included in note 6 and note 17 to the consolidated financial statements.</p>	<p>We obtained an understanding of the controls over the approval, recording and monitoring of loans and accounts receivables and assessed such controls. We also assessed the effectiveness of key controls over the application of the impairment methodology, the governance for the ECL model, and inputs and assumptions used by the Group in calculating the ECLs.</p> <p>For the collectively assessed ECLs, we evaluated and tested the Group's ECL models, including the model input, model design, and model performance for significant portfolios. We evaluated the Group's criteria for assessing whether there has been a significant increase in credit risk so that allowance for impairment of loans and accounts receivables should be measured on a lifetime ECL basis. We also assessed whether historical experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the forward-looking information used to determine expected credit losses.</p> <p>For the allowance for impaired loans and accounts receivables determined on an individual basis, we assessed the indicators and assumptions for impairment, and the quantification of allowance for impairment including the forecasts of future cash flows, the valuation of underlying collateral and estimates of recoverable amounts.</p> <p>We also assessed the adequacy of the disclosures relating to loans and accounts receivables and the allowance for impairment of loans and accounts receivables, which are included in note 6 and note 17 to the consolidated financial statements.</p>

Independent Auditor's Report (continued)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

Independent Auditor's Report (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

Independent Auditor's Report (continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Bing Yin Benny.

Ernst & Young

Certified Public Accountants

Hong Kong

26 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

	Notes	2024	2023
Interest income	5	112,739,941	140,179,323
Interest expense	5	(438,232)	(800,379)
Interest income, net		112,301,709	139,378,944
Impairment losses on loans and accounts receivables, net	6	(13,145,705)	(26,197,544)
Impairment losses on goodwill	21	(9,149,858)	—
Operating and administrative expenses		(23,016,044)	(24,019,699)
Foreign exchange (losses)/gains, net		(57,384)	169
Net gains on financial assets	7	54,875,596	4,206,024
Provision for a contingent liability		—	(116,531)
Other income and gains, net	8	5,831,586	6,317,694
Other expenses		(1,513,637)	(14)
PROFIT BEFORE TAX	9	126,126,263	99,569,043
Income tax expense	12	(29,793,166)	(23,379,308)
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		96,333,097	76,189,735
Attributable to:			
Owners of the parent		91,713,602	64,814,928
Non-controlling interests		4,619,495	11,374,807
		96,333,097	76,189,735
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic		0.13	0.10
Diluted		0.13	0.10

Consolidated Statement of Financial Position

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	15	103,000,233	111,484,915
Securities purchased under agreements to re-sell		60,097,641	—
Financial assets at fair value through profit or loss	16	280,304,315	249,672,915
Loans and accounts receivables	17	670,185,381	861,548,743
Property, plant and equipment	18	8,658,634	8,054,647
Investment properties	19	62,743,372	—
Right-of-use assets	20	892,037	1,829,348
Goodwill	21	5,579,423	14,729,281
Other intangible assets		101,092	105,733
Deferred tax assets	22	24,272,833	32,590,525
Other assets	23	23,274,528	22,861,438
TOTAL ASSETS		1,239,109,489	1,302,877,545
LIABILITIES			
Interest-bearing borrowings	24	—	9,894,844
Financial liabilities at fair value through profit or loss		—	842,127
Lease liabilities	20	951,565	1,742,671
Income tax payable		3,104,029	11,549,013
Deferred tax liabilities	22	3,889,862	—
Other payables	25	9,984,250	10,327,378
TOTAL LIABILITIES		17,929,706	34,356,033
NET ASSETS		1,221,179,783	1,268,521,512
EQUITY			
Share capital	26	680,000,000	680,000,000
Reserves	27	175,987,158	170,210,456
Retained profits		363,717,164	308,884,907
Equity attributable to owners of the parent		1,219,704,322	1,159,095,363
Non-controlling interests		1,475,461	109,426,149
TOTAL EQUITY		1,221,179,783	1,268,521,512

Wu Zhirui
Director

Yan Zhijiang
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Reserves							
	Share capital	Capital reserve	Surplus reserve	General reserve	Retained profits	Total		
Balance as at 1 January 2023	680,000,000	75,390,551	69,662,030	17,912,377	285,315,477	1,128,280,435	111,037,742	1,239,318,177
Net profit and total comprehensive income for the year	—	—	—	—	64,814,928	64,814,928	11,374,807	76,189,735
Appropriation to surplus reserve	—	—	6,103,462	—	(6,103,462)	—	—	—
Appropriation to general reserve	—	—	—	1,142,036	(1,142,036)	—	—	—
Distribution to shareholders (Note 13)	—	—	—	—	(34,000,000)	(34,000,000)	(12,986,400)	(46,986,400)
Balance as at 31 December 2023	680,000,000	75,390,551	75,765,492	19,054,413	308,884,907	1,159,095,363	109,426,149	1,268,521,512
Balance as at 1 January 2024	680,000,000	75,390,551	75,765,492	19,054,413	308,884,907	1,159,095,363	109,426,149	1,268,521,512
Net profit and total comprehensive income for the year	—	—	—	—	91,713,602	91,713,602	4,619,495	96,333,097
Appropriation to surplus reserve	—	—	2,881,345	—	(2,881,345)	—	—	—
Distribution to shareholders (Note 13)	—	—	—	—	(34,000,000)	(34,000,000)	(8,177,677)	(42,177,677)
Equity transactions with non-controlling interests	—	2,895,357	—	—	—	2,895,357	(104,392,506)	(101,497,149)
Balance as at 31 December 2024	680,000,000	78,285,908	78,646,837	19,054,413	363,717,164	1,219,704,322	1,475,461	1,221,179,783

Consolidated Statement of Cash Flows

Year ended 31 December 2024
(Amounts expressed in RMB unless otherwise stated)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		126,126,263	99,569,043
Adjustments for:			
Unrealised fair value changes in financial instruments			
at fair value through profit or loss		(52,679,756)	18,215,466
Depreciation of property and equipment		1,670,689	1,970,312
Depreciation of repossessed assets		—	40,536
Depreciation of right-of-use assets		1,061,402	868,467
Amortisation of other intangible assets		147,640	527,429
Depreciation of investment properties		1,486,925	—
Impairment of loans and accounts receivables	6	13,145,705	26,197,544
Impairment of goodwill		9,149,858	—
Accreted interest on impaired loans		(29,300,030)	(19,283,028)
Provision for a contingent liability		—	116,531
Foreign exchange loss/(gain), net		57,384	(169)
Gain on disposal of subsidiaries		—	(260,715)
Gain on disposal of items of property and equipment		(25,766)	(130,765)
Interest expense	5	438,232	800,379
		71,278,546	128,631,030
Decrease in financial assets at fair value through profit or loss		21,206,229	49,877,553
Increase in securities purchased under agreements to re-sell		(60,097,641)	—
Decrease/(increase) in loans and accounts receivables		207,517,687	(69,069,619)
(Increase)/decrease in other assets		(11,825,409)	10,723,959
Decrease in financial liabilities at fair value through profit or loss		—	(9,224,440)
Decrease in other payables		(280,419)	(12,791,844)
Net cash flows from operating activities before tax		227,798,993	98,146,639
Income tax paid		(27,599,205)	(30,538,855)
Net cash flows from operating activities		200,199,788	67,607,784
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment,			
other intangible assets and other long-term assets		(54,302,027)	(258,379)
Disposal of items of property and equipment,			
other intangible assets and other long-term assets		598,040	642,202
Prepayment of restructuring investment agreement	23	—	(10,000,000)
Disposal of subsidiaries		—	260,715
Net cash flows used in investing activities		(53,703,987)	(9,355,462)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		—	19,000,000
Repayment of bank and other borrowings		(8,919,251)	(48,432,876)
Interest paid		(1,360,014)	(218,418)
Principal portion of lease payments		(969,008)	(1,207,599)
Dividends paid	13	(34,000,000)	(34,000,000)
Dividends paid to non-controlling shareholders		(8,177,677)	(12,986,400)
Acquisition of non-controlling interests		(101,497,149)	—
Net cash flows used in financing activities	28	(154,923,099)	(77,845,293)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		111,484,915	131,077,717
Effect of foreign exchange rate changes, net		(57,384)	169
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	103,000,233	111,484,915

Notes to Financial Statements

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

1. CORPORATE AND GROUP INFORMATION

Quanzhou Huixin Micro-credit Co., Ltd. (the “**Company**”) was established as a limited liability company in the People’s Republic of China (the “**PRC**”) on 8 January 2010. The Company is a joint stock company incorporated in the PRC and its registered office is located at 12th Floor, Former Finance Building, No. 361, Feng Ze Street, Quanzhou City, Fujian Province, the PRC.

During the year, the principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) were the provision of loans to small and medium enterprises (“**SMEs**”), micro-enterprises and entrepreneurial individuals, treasury operation and investment consulting services.

Information about subsidiaries

The following table contains particulars of the main subsidiaries which affected the results, assets or liabilities of the Group:

Name	Place of incorporation and kind of legal entity	Registered capital	Paid-up capital	Percentage of ownership interest held by the Company		Principal activities and place of operations
				Direct	Indirect	
Quanzhou Huixinxing Investment Co., Ltd. (“ Huixinxing ”)	Quanzhou, China Corporation	Renminbi (“ RMB ”) 50,000,000	RMB50,000,000	100.0%	—	Investment and advisory services, Quanzhou
Quanzhou Huizhixin Investment Co., Ltd. (“ Huizhixin ”)*	Quanzhou, China Corporation	United States dollars (“ USD ”) 10,000,000	USD10,000,000	—	99.0%	Investment, Quanzhou
Jinjiang Huixin Microfinance Co., Ltd. (“ JJHX ”)**	Jinjiang, China Corporation	RMB320,000,000	RMB320,000,000	99.8%	—	Provision of micro-credit, Jinjiang
Fujian Huishangxing Asset Operation Co., Ltd.	Jinjiang, China Corporation	RMB10,000,000	RMB500,000	—	100.0%	Investment, Jinjiang
Jinjiang Houdexin Information Service Co., Ltd.	Jinjiang, China Corporation	RMB5,000,000	RMB500,000	—	100.0%	Information technology advisory services, Jinjiang
Xiamen Huihengcheng Trading Co., Ltd.	Xiamen, China Corporation	RMB5,078,000	RMB5,078,000	—	100.0%	Wholesale, Xiamen
Jinjiang Huijincheng Investment Consulting Co., Ltd.	Jinjiang, China Corporation	RMB5,000,000	RMB500,000	—	100.0%	Management advisory services, Jinjiang
Sichuan Puquan Trading Co., Ltd.	Sichuan, China Corporation	RMB10,000,000	RMB10,000,000	—	100.0%	Wholesale, Sichuan
Sichuan Xianpai Lingzhi Group Limited (“ Sichuan Xianpai ”)**	Sichuan, China Corporation	RMB40,000,000	RMB40,000,000	—	100.0%	Food manufacturing, Sichuan

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

- * In January 2024, the Group acquired an aggregate of 24% of the equity interests in Huizhixin from other shareholders with a consideration of RMB18.55 million. Upon completion of the acquisition, the percentage of equity interests held by the Group has increased to 99%.
- ** In June 2024, the Group acquired an aggregate of 23% of the equity interests in JJHX from Xiamen Panhong Trading Co., Ltd. with a consideration of RMB82.96 million. In August 2024, equity change registration procedures were completed and the percentage of equity interests in JJHX held by the Group has increased to 99.8%.
- *** In February 2024, as from the date when the Group fully settled the consideration of RMB65.0 million, the bankruptcy administrator of Sichuan Xianpai was applying to the Chengdu Intermediate Court for the release of equity pledge and sequestration, and assisting the Group in the transfer of the legal title of the shareholding. In April 2024, equity change registration procedures were completed and the Group has obtained the entire equity interests of Sichuan Xianpai.
- **** A subsidiary of the Group, Fujian Huichangfu Real Estate Agency Co., Ltd., was dissolved on 12 June 2024.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial instruments which have been measured at fair value. These financial statements are presented in RMB.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the " 2020 Amendments ")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRS Accounting Standards are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.2 Changes in Accounting Policies and Disclosures (Continued)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but not yet Effective HKFRS Accounting Standards

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Annual Improvements to HKFRS Accounting Standards — Volume 11 HKFRS	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

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

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet Effective HKFRS Accounting Standards (Continued)

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet Effective HKFRS Accounting Standards (Continued)

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group’s financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet Effective HKFRS Accounting Standards (Continued)

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material Accounting Policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than deferred tax assets and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The estimated useful lives, residual rates and annual depreciation rates used for this purpose are as follows:

Categories	Estimated useful life	Estimated residual rate	Annual depreciation rate
Buildings	20 years	5%	5%
Plants and machineries	3 to 5 years	5%	19% to 32%
Furniture and others	3 to 10 years	0 to 5%	10% to 33%
Leasehold improvements	Shorter of the remaining period of the lease and the useful life of the assets	0%	Over the shorter period of the lease term and the useful life of the assets

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives after taking into account their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life. The estimated useful life and principal annual rates used for this purpose are as follows:

Category	Estimated useful life	Estimated residual rate	Annual depreciation rate
Land and buildings	27.4 years	5%	3.5%

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The estimated useful lives of intangible assets are as follows:

Category	Estimated useful life
Software	1 to 3 years

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

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.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is 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 recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in profit or loss so as to provide a constant periodic rate of return over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognised an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

The Group shall measure ECLs of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When measuring ECLs, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Financial liabilities

Initial recognition and measurement

The Group's financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include financial liabilities at fair value through profit or loss, other payables and interest-bearing borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts 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.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, which are not restricted as to use.

Securities purchased under agreements to re-sell

The Group enters into purchases of securities under agreements to re-sell substantially identical securities. The amounts advanced under these agreements are classified as financial assets measured at amortised cost, and reflected as assets in the statement of financial position. The Group does not take physical possession of securities purchased under agreements to resell. In the event of default by the counterparty to repay the loan, the Group has the right to the underlying securities.

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 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.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, 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, and the carryforward 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, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, 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.

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 and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. When a loan has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash receipts for the purpose of measuring the impairment loss, i.e., the original effective interest rate.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Employee benefits

Employee retirement scheme

The employees of the Group which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The entities are required to contribute a certain percentage of payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The provision and contributions have been included in profit or loss upon incurrence. The Group has no obligation for the payment of pension benefits beyond the contributions described above.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Renminbi Yuan, which is the Group's functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. 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 profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Reposessed assets

Reposessed assets are initially recognised at fair value on the date of repossession, and the related loans receivable together with the related impairment allowances are derecognised from the statement of financial position. Subsequently, reposessed assets are measured at the lower of their cost and fair values less costs to sell and are presented as other assets.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

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 management 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.

The Group has tax losses of RMB2,058,604 (2023: Nil) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB102,930. Further details on deferred taxes are disclosed in note 22 to the financial statements.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

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.

Provision for expected credit losses on loans and accounts receivables

The Group's ECL calculations for loans and accounts receivables are outputs of internal models with a number of underlying assumptions regarding the choice of variable inputs. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns the probability of default ("PD") to the individual grades;
- The Group's criteria for assessing whether there has been a significant increase in credit risk;
- The segmentation of loans and accounts receivables when their ECLs are assessed on a collective basis;
- The development of the ECL models, including the various formulas and the choice of inputs; and
- The selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs to the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and to adjust them when necessary. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair values of financial instruments determined using valuation techniques

If the market for a financial instrument is not active, the Group estimates the fair value by using valuation techniques. These include the use of recent arm's length transactions, option pricing models, and other valuation techniques commonly used by market participants.

The Group uses the valuation techniques commonly used by market participants to price financial instruments. For the description of valuation techniques, please refer to note 35. Using different valuation techniques and parameter assumptions may lead to some differences of fair value estimations.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

4. SEGMENT REPORTING

Almost all of the Group's revenue was generated from the micro-credit business. The Company's chief operating decision makers focus on the operating results of the Group as a whole. Accordingly, no segment analysis or information about the Group's products and services is presented.

Geographical information

Almost all of the Group's revenue generated from external customers and assets were located in Quanzhou, Fujian Province in the PRC during the year.

5. INTEREST INCOME

	2024	2023
Interest income on:		
Loans and accounts receivables	112,739,941	140,179,323
Interest expense on:		
Bank loans and margin loans	(384,421)	(626,948)
Lease liabilities	(53,811)	(173,431)
Interest income, net	112,301,709	139,378,944

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

6. IMPAIRMENT LOSSES ON LOANS AND ACCOUNTS RECEIVABLES

The table below shows the ECL charges on the financial instruments for the year recorded in profit or loss:

Year ended 31 December 2024

	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Loans and accounts receivables	(2,535,722)	(2,716,189)	18,397,616	13,145,705
Total impairment losses	(2,535,722)	(2,716,189)	18,397,616	13,145,705

Year ended 31 December 2023

	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Loans and accounts receivables	2,115,194	554,227	23,528,123	26,197,544
Total impairment losses	2,115,194	554,227	23,528,123	26,197,544

7. NET INVESTMENT GAINS

	2024	2023
Gain on disposal of subsidiaries	—	260,715
Dividend and other income	6,896,996	7,236,615
Net realised (losses)/gains	(4,701,156)	14,924,160
Financial assets at fair value through profit or loss	(3,859,029)	14,924,160
Financial liabilities at fair value through profit or loss	(842,127)	—
Unrealised gains/(losses)	52,679,756	(18,215,466)
Financial assets at fair value through profit or loss	51,837,629	(18,505,238)
Financial liabilities at fair value through profit or loss	842,127	289,772
Total	54,875,596	4,206,024

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

8. OTHER INCOME AND GAINS, NET

	2024	2023
Government grants	3,641,074	3,027,697
Interest from bank deposits	1,034,456	1,193,886
Gain on disposal of items of property and equipment	25,766	130,765
Others	1,130,290	1,965,346
Total	5,831,586	6,317,694

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2024	2023
Depreciation and amortisation	4,366,656	3,406,744
Staff costs:		
Salaries, bonuses and allowances	10,148,572	11,216,351
Other social welfare	2,023,138	2,114,447
Impairment losses on loans and accounts receivables	13,145,705	26,197,544
Impairment losses on goodwill	9,149,858	—
Auditor's remuneration	1,509,434	1,509,434

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

10. DIRECTORS' AND SUPERVISORS' REMUNERATION

The Company did not have a chief executive at any time during the year. Directors' and supervisors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities of Hong Kong Limited (the "Stock Exchange"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Name	Year ended 31 December 2024			
	Fees	Salaries, allowances and benefits in kind	Contributions to a defined contribution scheme	Total
Executive Directors				
Wu Zhirui	—	934,192	73,793	1,007,985
Zhou Yongwei	—	—	—	—
Yan Zhijiang	—	622,211	73,793	696,004
Liu Aiqin	—	508,058	73,793	581,851
Non-executive Directors				
Jiang Haiying	—	—	—	—
Cai Rongjun	—	—	—	—
Independent Non-executive Directors				
Zheng Wenjian	90,878	—	—	90,878
Yang Dong John	90,878	—	—	90,878
Yang Zhanghua	90,878	—	—	90,878
Supervisors				
Wang Shijie	10,000	365,846	44,710	420,556
Li Jiancheng	—	—	—	—
Ruan Cen	10,000	186,906	39,742	236,648
Chen Jinzhu	20,000	—	—	20,000
Wu Lindi	20,000	—	—	20,000
Total	332,634	2,617,213	305,831	3,255,678

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

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

10. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Name	Year ended 31 December 2023			
	Fees	Salaries, allowances and benefits in kind	Contributions to a defined contribution scheme	Total
Executive Directors				
Wu Zhirui	—	971,640	71,247	1,042,887
Zhou Yongwei	—	—	—	—
Yan Zhijiang	—	609,640	71,303	680,943
Liu Aiqin	—	566,300	71,486	637,786
Non-executive Directors				
Jiang Haiying	—	—	—	—
Cai Rongjun	—	—	—	—
Independent Non-executive Directors				
Zheng Wenjian ¹	51,540	—	—	51,540
Yang Dong John ¹	51,540	—	—	51,540
Yang Zhanghua ¹	51,540	—	—	51,540
Zhang Lihe ²	38,818	—	—	38,818
Lin Jianguo ²	38,818	—	—	38,818
Sun Leland Li Hsun ²	38,818	—	—	38,818
Supervisors				
Wang Shijie	10,000	398,495	41,364	449,859
Li Jiancheng	—	—	—	—
Ruan Cen	10,000	199,675	38,339	248,014
Chen Jinzhu	20,000	—	—	20,000
Wu Lindi	20,000	—	—	20,000
Total	331,074	2,745,750	293,739	3,370,563

¹ Appointed as a director in June 2023

² Resigned as a director in June 2023

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

11. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included three directors (2023: three directors), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining two (2023: two) highest paid employees who are neither a director nor supervisor of the Company are as follows:

	2024	2023
Salaries, allowances and benefits in kind	693,211	864,526
Contributions to a defined contribution scheme	111,786	101,462
Total	804,997	965,988

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following band is as follows:

	Number of Individuals	
	2024	2023
Nil to RMB1,000,000	2	2

12. INCOME TAX EXPENSE

	2024	2023
Current income tax	17,585,612	29,663,792
Deferred income tax	12,207,554	(6,284,484)
Total	29,793,166	23,379,308

The Group conducts all of its businesses in Mainland China and the applicable income tax rate is generally 25% in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

12. INCOME TAX EXPENSE (Continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the Group is domiciled to the tax expense at the effective tax rate is as follows:

	2024	2023
Profit before tax	126,126,263	99,569,043
Tax at the applicable tax rate of 25%	31,531,566	24,892,261
Lower tax rate for specific provinces or enacted by local authority	(1,563,699)	(371,481)
Adjustments in respect of current tax and deferred tax of previous periods	(1,643,155)	28,775
Income not subject to tax	(951,120)	(1,168,342)
Expenses not deductible for tax purposes	2,316,644	16,081
Tax losses utilised from previous periods	—	(17,986)
Tax losses not recognised	102,930	—
Total tax expense for the year at the Group's effective tax rate	29,793,166	23,379,308

13. DIVIDENDS

Pursuant to the resolution of the annual general meeting of the Company held on 7 June 2024, the Company distributed a cash dividend of RMB34.0 million to its shareholders for the year ended 31 December 2023.

Pursuant to the resolution of the board of directors of the Company passed on 26 March 2025, a final dividend of approximately RMB34.0 million (equivalent to RMB0.05 per share (including tax)) was proposed after the appropriation of the statutory surplus reserve and general reserve and is subject to approval by shareholders at the forthcoming annual general meeting.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to shareholders of the parent, and the weighted average number of ordinary shares outstanding during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the year in respect of a dilution as the Company had no potentially dilutive ordinary shares outstanding during the year.

	2024	2023
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	91,713,602	64,814,928
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	680,000,000	680,000,000
Basic and diluted earnings per share	0.13	0.10

15. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash on hand	23,450	1,675
Cash at banks	101,244,498	110,075,853
Cash equivalents	1,732,285	1,407,387
Cash and cash equivalents in the statement of cash flows	103,000,233	111,484,915

At the end of the Reporting Period, the cash and banks balances of the Group denominated in USD amounted to RMB2,876,273 (2023: RMB4,588,031). Cash at banks earns interest at floating rates based on daily bank deposit rates.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	31 December 2024	31 December 2023
At fair value through profit or loss			
Wealth management products	(a)(b)	30,265,314	70,327,086
Structured deposits	(b)	21,000,000	—
Listed equity investments	(c)	177,612,999	127,650,290
Listed funds		—	4,265,539
Designated as at fair value through profit or loss	(d)		
Unlisted equity investments and private equity funds		51,426,002	47,430,000
Total		280,304,315	249,672,915

- (a) Wealth management products purchased from time to time, which are held for a relatively short period of time, were offered by licensed commercial banks in the PRC.
- (b) Wealth management products and structured deposits were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (c) The listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.
- (d) The unlisted equity investments and private equity funds were designated as at fair value through profit or loss on the basis that they are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group.

17. LOANS AND ACCOUNTS RECEIVABLES

	31 December 2024	31 December 2023
Loans receivable	729,008,189	928,988,756
Lease receivables	247,674	292,791
Less: Unearned finance income	(54,702)	(56,392)
Net lease receivables	192,972	236,399
Less: Allowance for impairment	(59,015,780)	(67,676,412)
Net carrying amount	670,185,381	861,548,743

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

17. LOANS AND ACCOUNTS RECEIVABLES (Continued)

The Group seeks to maintain strict control over its outstanding loans receivable to minimise credit risk. Overdue balances are reviewed regularly by management.

The Group's loans receivable consisted of credit loans, guaranteed loans and collateral-backed loans. As at 31 December 2024, 2.1% (31 December 2023: Nil) of loans receivable were credit loans, 5.0% (31 December 2023: 15.7%) of loans receivable were guaranteed loans, and 92.9% (31 December 2023: 84.1%) of loans receivable were collateral-backed loans. As at 31 December 2024, the Group's loans receivable included an amount of RMB81.1 million (31 December 2023: RMB130.9 million) to customers for their purpose of purchasing non-performing loans ("NPLs") and the related collateral items from asset management companies and banks.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and accounts receivables is as follows:

	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Gross carrying amount as at 1 January 2023	510,697,660	124,035,824	223,382,554	858,116,038
New	1,148,620,581	—	—	1,148,620,581
Repayment	(1,042,769,956)	(6,350,151)	(30,430,855)	(1,079,550,962)
Transfer to Stage 1	24,000,000	(24,000,000)	—	—
Transfer to Stage 2	(94,658,269)	94,658,269	—	—
Transfer to Stage 3	(66,220,000)	(12,850,000)	79,070,000	—
Recovery of loans and accounts receivables written off	—	—	2,039,498	2,039,498
At 31 December 2023	479,670,016	175,493,942	274,061,197	929,225,155
New	854,501,910	—	—	854,501,910
Repayment	(933,076,786)	(27,109,406)	(101,833,405)	(1,062,019,597)
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(21,552,961)	21,552,961	—	—
Transfer to Stage 3	—	—	—	—
Write-off	—	—	(29,998)	(29,998)
Recovery of loans and accounts receivables written off	—	—	7,523,691	7,523,691
At 31 December 2024	379,542,179	169,937,497	179,721,485	729,201,161

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

17. LOANS AND ACCOUNTS RECEIVABLES (Continued)

The Group has conducted an assessment of ECLs according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards, such as criteria for judging significant increases in credit risk, definition of credit-impaired financial assets, parameters for measuring ECLs and forward-looking information.

	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowance as at 1 January 2023	3,392,291	4,593,262	50,736,845	58,722,398
Net charge/(reversal) of impairment	2,703,732	(829,747)	9,382,771	11,256,756
Transfer to Stage 1	855,975	(855,975)	—	—
Transfer to Stage 2	(509,254)	509,254	—	—
Transfer to Stage 3	(320,992)	(537,772)	858,764	—
Accreted interest on impaired loans	—	—	(19,283,028)	(19,283,028)
Impact on year end ECLs of exposures transferred between stages during the year	(614,267)	2,268,467	13,286,588	14,940,788
Recovery of loans and accounts receivables written off	—	—	2,039,498	2,039,498
At 31 December 2023	5,507,485	5,147,489	57,021,438	67,676,412
Net charge/(reversal) of impairment	(2,284,672)	(3,347,020)	18,397,616	12,765,924
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(251,050)	251,050	—	—
Transfer to Stage 3	—	—	—	—
Accreted interest on impaired loans	—	—	(29,300,030)	(29,300,030)
Impact on year end ECLs of exposures transferred between stages during the year	—	379,781	—	379,781
Write-off and transfer out	—	—	(29,998)	(29,998)
Recovery of loans and accounts receivables written off	—	—	7,523,691	7,523,691
At 31 December 2024	2,971,763	2,431,300	53,612,717	59,015,780

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plants and machineries	Furniture and others	Total
Cost:					
At 1 January 2023	7,128,280	5,280,826	—	5,428,853	17,837,959
Additions	—	49,805	—	70,034	119,839
At 31 December 2023	7,128,280	5,330,631	—	5,498,887	17,957,798
Additions	—	—	—	2,077,247	2,077,247
Acquisition*	—	—	769,703	—	769,703
Disposals	—	—	(661,501)	(338,061)	(999,562)
At 31 December 2024	7,128,280	5,330,631	108,202	7,238,073	19,805,186
Accumulated depreciation:					
At 1 January 2023	702,050	3,890,784	—	3,340,005	7,932,839
Depreciation charge for the year	338,565	843,754	—	787,993	1,970,312
At 31 December 2023	1,040,615	4,734,538	—	4,127,998	9,903,151
Depreciation charge for the year	338,565	571,190	128,202	632,732	1,670,689
Disposals	—	—	(105,297)	(321,991)	(427,288)
At 31 December 2024	1,379,180	5,305,728	22,905	4,438,739	11,146,552
Net carrying amount:					
At 31 December 2024	5,749,100	24,903	85,297	2,799,334	8,658,634
At 31 December 2023	6,087,665	596,093	—	1,370,889	8,054,647

* As disclosed in note 1 to the consolidated financial statements, the Group acquired the plants and machineries after obtaining the entire equity interests of Sichuan Xianpai in April 2024. The carrying values of the plants and machineries are allocated at their relative fair values at the acquisition date based on the acquisition consideration of Sichuan Xianpai.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

19. INVESTMENT PROPERTIES

	Land and buildings
Cost:	
At 1 January 2024	—
Acquisition	64,230,297
At 31 December 2024	64,230,297
Accumulated depreciation:	
At 1 January 2024	—
Depreciation charge for the year	(1,486,925)
At 31 December 2024	(1,486,925)
Net carrying amount:	
At 31 December 2024	62,743,372
Fair value	
At 31 December 2024	92,580,000

Investment properties are located at Chengdu, Sichuan Province in the PRC. As disclosed in note 1 to the consolidated financial statements, the Group obtained the properties after the acquisition of the entire equity interests of Sichuan Xianpai in April 2024.

The certificates of some properties have not been obtained. The Directors believe that this has had no significant impact on the Group's financial statements. The fair values of the investment properties as at 31 December 2024 were estimated by the Group, based on valuations performed by independent valuers. They fall within Level 3 in the fair value hierarchy.

The fair value of investment properties is determined using discounted cash flow method with unobservable inputs including estimated rental value and discount rate, etc. This method involves the projection of a series of cash flows from valuation date to economic life maturity date. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

20. LEASES

The Group as a lessee

The Group has lease contracts for various items of property used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(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:

	Properties
At 1 January 2023	1,112,194
Additions	1,585,621
Depreciation charge	(868,467)
At 31 December 2023	1,829,348
Additions	124,091
Depreciation charge	(1,061,402)
At 31 December 2024	892,037

(b) Lease liabilities

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

	Lease liabilities
Carrying amount at 1 January 2023	1,191,218
New leases	1,585,621
Accretion of interest recognised during the year	173,431
Payments	(1,207,599)
Carrying amount at 31 December 2023	1,742,671
New leases	124,091
Accretion of interest recognised during the year	53,811
Payments	(969,008)
Carrying amount at 31 December 2024	951,565

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

20. LEASES (Continued)

The Group as a lessee (Continued)

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

	2024	2023
Interest on lease liabilities	53,811	173,431
Depreciation charge for right-of-use assets	1,061,402	868,467
Expense relating to leases of low-value assets (included in operating and administrative expenses)	276,511	161,655
Total amount recognised in profit or loss	1,391,724	1,203,553

(d) The total cash outflow for leases is disclosed in note 28(c) to the financial statements. At 31 December 2024, there were no future cash outflows relating to leases that have not yet commenced.

21. GOODWILL

Cost at 1 January 2023, net of accumulated impairment	14,729,281
Impairment during the year	—
At 31 December 2023	14,729,281
At 31 December 2023:	
Cost	16,950,298
Accumulated impairment	(2,221,017)
Net carrying amount	14,729,281
Cost at 1 January 2024, net of accumulated impairment	14,729,281
Impairment during the year	(9,149,858)
At 31 December 2024	5,579,423
At 31 December 2024:	
Cost	16,950,298
Accumulated impairment	(11,370,875)
Net carrying amount	5,579,423

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

21. GOODWILL (Continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the acquired subsidiaries as the cash-generating unit for impairment testing.

- Finance lease cash-generating unit; and
- Micro-credit cash-generating unit.

Finance lease cash-generating unit

In 2019, the Group assessed the impairment of goodwill and determined that the carrying amount of goodwill of RMB2,221,017 arising from the acquisition of Huizhixin (formerly known as Quanzhou Lianche Finance Leasing Co., Ltd.* (泉州市連車融資租賃有限公司)) was higher than its recoverable amount. As a result, an impairment loss of RMB2,221,017 was recognised.

Micro-credit cash-generating unit

The recoverable amount of the micro-credit cash-generating unit is determined at the higher of the fair value less costs of disposal and value in use. The recoverable amount has been determined based on a value-in-use calculation using cash flow projections based on financial forecast covering a five-year period approved by senior management. The discount rate (after tax) applied to the cash flow projections is 12% and cash flows beyond the five-year period were extrapolated using a growth rate of 2%. As at 31 December 2024, the recoverable amount is less than the carrying amount, as a result, an impairment loss of RMB9,149,858 was recognised.

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	31 December 2024	31 December 2023
Finance lease	2,221,017	2,221,017
Micro-credit	14,729,281	14,729,281
Less: Accumulated impairment	(11,370,875)	(2,221,017)
	5,579,423	14,729,281

Assumptions were used in the value-in-use calculation for 31 December 2024. The following describes the key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate — The discount rate used reflects specific risks relating to the relevant unit.

The values assigned to the discount rate is comparable with external information sources.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

22. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Gross deferred tax assets

	Impairment allowance for loans	Fair value adjustments of financial assets at fair value through profit or loss	Fair value adjustments of financial liabilities at fair value through profit or loss	Provision for a contingent liability	Deductible tax loss	Lease liabilities	Total
At 1 January 2023	16,284,074	7,615,260	282,975	3,278,564	—	—	27,460,873
Recognised in profit or loss	1,945,016	3,074,743	(72,443)	29,133	153,203	457,337	5,586,989
At 31 December 2023	18,229,090	10,690,003	210,532	3,307,697	153,203	457,337	33,047,862
Recognised in profit or loss	(56,765)	(7,508,178)	(210,532)	—	(47,281)	(234,328)	(8,057,084)
At 31 December 2024	18,172,325	3,181,825	—	3,307,697	105,922	223,009	24,990,778

Gross deferred tax liabilities

	Right-of-use assets	Fair value adjustments of financial assets at fair value through profit or loss	Total
At 1 January 2023	—	1,154,832	1,154,832
Recognised in profit or loss	(457,337)	(1,154,832)	(1,612,169)
At 31 December 2023	(457,337)	—	(457,337)
Recognised in profit or loss	234,328	(4,384,798)	(4,150,470)
At 31 December 2024	(223,009)	(4,384,798)	(4,607,807)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024	2023
Net deferred tax assets recognised in the consolidated statement of financial position	24,272,833	32,590,525
Net deferred tax liabilities recognised in the consolidated statement of financial position	(3,889,862)	—

The Group had tax losses arising in Mainland China of RMB2,058,604 during the year (for the year ended 31 December 2023: Nil) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

Notes to Financial Statements (continued)

31 December 2024
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23. OTHER ASSETS

	Notes	31 December 2024	31 December 2023
Reposessed assets	(a)	8,060,000	8,060,000
Prepayment and deposit	(b)(c)	11,940,000	13,000,000
Other receivables		1,329,086	1,609,249
Other		1,945,442	192,189
Total		23,274,528	22,861,438

Notes:

- (a) Reposessed assets are properties located at Quanzhou City, Fujian Province in the PRC. The contracts which effect the repossession of the properties have been signed and registered with the local authority. The certificates of some properties with a carrying amount of RMB8,060,000 (31 December 2023: RMB8,060,000) have not been obtained because these properties are still under development.
- (b) As at 31 December 2024, a deposit of RMB10.0 million was paid to the bankruptcy administrator (the “Administrator”) of Sichuan Haoji Food Group Co., Ltd. (“Sichuan Haoji”), a company that was undergoing bankruptcy and restructuring. In October 2024, the Administrator initiated a process to publicly solicit investors (the “Investor”) to participate in the restructuring of Sichuan Haoji. A deposit of RMB10 million was required in order to participate in this process. As at the date of approval of the consolidated financial statements, the Group has not been selected as the Investor and the deposit has been returned to the Group.
- As at 31 December 2023, a prepayment and deposit of RMB13.0 million were paid to the bankruptcy administrator of Sichuan Xianpai for the acquisition of the entire equity interests of Sichuan Xianpai as disclosed in note 1 to the consolidated financial statements.
- (c) As at 31 December 2024, the Group entered into agreements to purchase NPL portfolios from a third party and paid deposits of RMB1,940,000. At the same time, the Group transferred part of the to-be-acquired NPL portfolios to some individual investors and received deposits of RMB3,250,000 as disclosed in note 25. As at the date of approval of the financial statements, this transaction has been completed.

24. INTEREST-BEARING BORROWINGS

	31 December 2024	31 December 2023
Margin loans payable: Within one year	—	9,894,844

As at 31 December 2023, the annual interest rate of the above loans was 5.00%.

The margin loans payable of RMB9.9 million as at 31 December 2023 were secured by the pledge of certain listed equity investments amounting to RMB25,159,011.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

25. OTHER PAYABLES

	31 December 2024	31 December 2023
Payrolls payable	2,618,167	3,603,799
Value-added tax, and surcharges payable	1,108,996	1,666,111
Deposits received*	3,285,450	200,000
Securities settlement payable	1,070,000	—
Others	1,901,637	4,857,468
Total	9,984,250	10,327,378

* As at 31 December 2024, the balance mainly included deposits of RMB3,250,000 received in connection with the transfer of part of the NPL portfolios, as disclosed in note 23(c).

26. SHARE CAPITAL

	31 December 2024	31 December 2023
Issued and fully paid ordinary shares of RMB1 each	680,000,000	680,000,000

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

27. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

Capital reserve

The capital reserve comprises share premium, which represents the difference between the par value of the shares of the Group and the proceeds received from the issuance of the shares of the Group.

Surplus reserve

The surplus reserve comprises the statutory surplus reserve and the discretionary surplus reserve.

The entities established in the PRC are required to appropriate 10% of their net profit, as determined under China Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC, to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity holders of the entities established in the PRC, the statutory surplus reserve may be used to net off against accumulated losses, if any, and may be converted into capital, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

After making the appropriation to the statutory surplus reserve, the Company and its subsidiaries may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders. Subject to the approval of shareholders, the discretionary surplus reserve may be used to make good previous years' losses, if any, and may be converted into capital.

General reserve

In accordance with the relevant regulations, the Company and one of its subsidiaries JJHX are required to set aside a general reserve through appropriations of profit after tax on an annual basis, and the balance of the general reserve should reach 1.5% of its risk assets. Such reserve is not available for profit distribution or transfer to capital. As at 31 December 2024, the balance of the general reserve of the Group was RMB19.1 million (31 December 2023: RMB19.1 million), which is not lower than 1.5% of its risk assets.

Notes to Financial Statements (continued)

31 December 2024
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28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB124,091 (2023: RMB1,585,621) and RMB124,091 (2023: RMB1,585,621), respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Interest-bearing borrowing and interest payable	Lease liabilities	Amounts due to shareholders	Amounts due to non-controlling shareholders
At 1 January 2024	9,894,844	1,742,671	—	—
Changes from financing cash flows	(10,279,265)	(969,008)	(34,000,000)	(109,674,826)
New leases	—	124,091	—	—
2023 final dividends payable	—	—	34,000,000	8,177,677
Acquisition of non-controlling interests	—	—	—	101,497,149
Interest expense	384,421	53,811	—	—
At 31 December 2024	—	951,565	—	—

	Bank borrowings and interest payable	Lease liabilities	Amounts due to shareholders	Amounts due to non-controlling shareholders
At 1 January 2023	38,919,190	1,191,218	—	—
Changes from financing cash flows	(29,651,294)	(1,207,599)	(34,000,000)	(12,986,400)
New leases	—	1,585,621	—	—
2022 final dividends payable	—	—	34,000,000	12,986,400
Interest expense	626,948	173,431	—	—
At 31 December 2023	9,894,844	1,742,671	—	—

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024	2023
Within operating activities	276,511	161,655
Within financing activities	969,008	1,207,599

Notes to Financial Statements (continued)

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29. RELATED PARTY DISCLOSURES

(a) Name and relationship

Name of related party	Relationship with the Group
Septwolves Group	Major shareholders
Fujian Baiying Pawn Co., Ltd.	Member of the group controlled by the major shareholder
Xiamen Siming Baiying Micro-credit Co., Ltd ("Siming Baiying")	Member of the group controlled by the major shareholder
Xiamen Septwolves Asset Management Co., Ltd.	Member of the group controlled by the major shareholder
Quanzhou Henghe Investment Development Co., Ltd.	Member of the group controlled by the major shareholder
Fujian Septwolves Group Finance Co., Ltd	Member of the group controlled by the major shareholder
Xiamen Huakaifugui Property Management Co., Ltd.	Member of the group controlled by the major shareholder
Quanzhou JixiangFugui Property Management Co., Ltd.	Member of the group controlled by the major shareholder
Xiamen Huakajixiang Property Management Co., Ltd.	Member of the group controlled by the major shareholder

(b) Compensation of key management personnel of the Group

	2024	2023
Salaries and other short-term employee benefits	2,285,839	2,361,615

Further details of non-executive directors' and supervisors' emoluments are included in note 10 to the consolidated financial statements.

(c) Loan guarantee

There was no interest-bearing borrowing (31 December 2023: Nil) as at 31 December 2024 guaranteed by Septwolves Group. The guarantee fee of RMB69,802 (2023: RMB35,943) was accrued during the year, which was based on fixed rates of the balance of the interest-bearing borrowings and used credit line respectively.

(d) Loan facilitation services

During the year, the Group provided loan facilitation services to related parties, Fujian Baiying Pawn Co., Ltd. (formerly known as Fujian Yuanheng Pegadaian Co., Ltd.), and received a fee of RMB27,021 (2023: RMB149,059).

(e) Entrust loans

Siming Baiying was contracted to manage the administration and collection of entrusted loans, on behalf of the Group. In this regard, Siming Baiying granted loans to borrowers, as an intermediary, at the direction of the Group. The Group determined both the underwriting criteria for and all terms of the entrusted loans, including their purposes, amounts, interest rates, and repayment schedules. As at 31 December 2024, the outstanding balance of the loans administered by Siming Baiying was RMB5.2 million (31 December 2023: RMB6.0 million).

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

29. RELATED PARTY DISCLOSURES (Continued)

(f) Lease payments and property management fees

	2024	2023
Lease payments		
Xiamen Septwolves Asset Management Co., Ltd.	133,432	133,425
Quanzhou Henghe Investment Development Co., Ltd.	835,576	1,044,470
Lease income		
Fujian Septwolves Group Finance Co., Ltd	54,445	54,445
Property management fees		
Xiamen Huakaifugui Property Management Co., Ltd.	—	32,907
Quanzhou Jixiangfugui Property Management Co., Ltd.	155,502	75,432
Xiamen Huakajixiang Property Management Co., Ltd.	43,277	10,266

30. CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liability, guarantee or any other material litigation or claim outstanding or threatened against the Group that could have a material adverse effect on its business, financial condition or results of operations.

31. COMMITMENTS

As at 31 December 2024, the Group did not have any significant contractual commitments.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Reporting Period are as follows:

	31 December 2024	31 December 2023
Financial assets		
Financial assets at fair value through profit or loss	280,304,315	249,672,915
Financial assets at amortised cost		
— Cash and cash equivalents	103,000,233	111,484,915
— Securities purchased under agreements to re-sell	60,097,641	—
— Loans and accounts receivables	670,185,381	861,548,743
— Other receivables	13,269,086	14,520,547
	1,126,856,656	1,237,227,120
Financial liabilities		
Financial liabilities at fair value through profit or loss	—	842,127
Financial liabilities at amortised cost		
— Interest-bearing borrowings	—	9,894,844
— Other payables	6,257,087	5,057,468
	6,257,087	15,794,439

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments include credit risk, foreign currency risk, interest rate risk, price risk and liquidity risk. The Group has no significant exposures to other financial risks except as disclosed below. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. The Group manages the loans granted to SMEs, microenterprises and entrepreneurial individuals with the same policies and procedures.

The principal features of the Group's credit risk management function include:

- Centralised credit management procedures; and
- Risk management policies and procedures that focus on risk control throughout the entire credit business process, including customer investigation and credit assessment, granting of credit limits, loan evaluation, loan review and approval, granting of loans and post-disbursement loan monitoring.

In the lending business, the Group adopts a loan classification approach to manage its loan portfolio risk. The Group's loans are categorised as "normal", "special-mention", "substandard", "doubtful" or "loss" according to their levels of risk. The core definitions of the five categories of loans receivable are set out below:

- Normal: Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay the principal and interest in full on a timely basis.
- Special-mention: Borrowers are currently able to service their loans and interest, although repayment may be adversely affected by specific factors.
- Substandard: Borrowers' ability to service their loans is in question and they cannot rely entirely on normal business revenues to repay the principal and interest. Losses may ensue even when collateral or guarantees are invoked.
- Doubtful: Borrowers cannot repay the principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked.
- Loss: Principal and interest of loans cannot be recovered or only a small portion of them can be recovered after taking all possible measures or resorting to all necessary legal procedures.

To strengthen the credit risk management practices, the Group also launches training programmes periodically for credit officers at different levels.

The Group is exposed to credit risk primarily associated with cash at banks, securities purchased under agreements to re-sell, loans and accounts receivables and other receivables. The credit risk of these assets mainly arises from the counterparties' failure to discharge their contractual obligations and the maximum exposure equals the carrying amount.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Impairment assessment

The main consideration for the loan impairment assessment includes whether any payments of principal or interest are overdue or whether there are any liquidity problems of counterparties, credit rating downgrades, or infringement of the original terms of the contract.

The Group conducts an assessment of ECLs according to forward-looking information and uses complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards such as:

- Criteria for judging significant increases in credit risk
- Definition of credit-impaired financial assets
- Parameters for measuring ECLs
- Forward-looking information

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at the end of each reporting period. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and supportable information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, internal rating grade, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the end of each reporting period with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

- At the reporting date, the increase in the remaining lifetime probability of default is considered significant comparing with the one at initial recognition.

Qualitative criteria

- Significant adverse change in debtors' operation or financial status
- Be classified into the Special Mention category within the five-tier loan classification

Backstop criteria

- The debtor's contractual payments (including principal and interest) are more than 30 days past due.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Impairment assessment (Continued)

Definition of credit-impaired financial asset

The standard adopted by the Group to determine whether a credit impairment occurs under HKFRS 9 is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- Internal rating of the borrower indicating default or near-default;
- Significant financial difficulty of the issuer or the customer;
- The debtor leaves any of the loans receivable of the Group overdue for more than 90 days; and
- It is becoming probable that the customer will enter bankruptcy or other financial restructuring.

The credit impairment of a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event. For credit-impaired financial assets, the Group mainly evaluate the future cash flows (including the recoverable value of the collateral held) in different circumstances on an individual basis. Expected credit losses are measured as the differences between the present value of estimated cash flows discounted at the original effective interest rate and the asset's gross carrying amount. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Parameters of ECL measurement

Based on whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss on different assets with ECLs of 12 months or the entire lifetime respectively. The key measuring parameters of ECLs include PD, loss given default ("LGD") and exposure at default ("EAD"). The Group takes into account the quantitative analysis of historical statistics (such as the internal rating grade, manners of guarantees and types of collateral, and repayments) and forward-looking information in order to establish the models of PD, LGD and EAD.

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the internal rating grade, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time PD under the current macroeconomic environment.
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of the counterparty, the method and priority of the recourse, and the type of collateral, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime.
- EAD is the amount that the Group should reimburse at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Impairment assessment (Continued)

Forward-looking information

Both of the assessment of a significant increase in credit risk and the calculation of ECLs involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECLs, such as GDP growth, central bank base rates and price indices.

Collateral and other credit enhancements

The amount and the type of collateral required depend on the assessment of the credit risk of the counterparty.

Guidelines are in place covering the acceptability and valuation of each type of collateral.

The collateral obtained by the Group mainly consists of mortgages on land use rights, building ownership rights or equipment and pledges of shares. All collateral is registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of the collateral regularly.

Although collateral can mitigate credit risk to a certain extent, the Group mostly grants loans based on the assessment of the borrowers' ability to meet obligations out of their cash flows, instead of the value of collateral. The necessity of collateral is dependent on the nature of the loan. In the event of default, the Group might sell the collateral for repayment. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim.

The tables below summarise the gross carrying amount of impaired loans by type of collateral, guarantee and overdue period.

	31 December 2024				
	Not overdue	Overdue for 3 months or less	Overdue for 3 to 12 months	Overdue for more than 1 year	Total
Guaranteed loans	—	—	—	9,574,003	9,574,003
Collateral-backed loans with guarantees	—	—	87,220,000	82,927,482	170,147,482
Total	—	—	87,220,000	92,501,485	179,721,485

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Collateral and other credit enhancements (Continued)

	31 December 2023				
	Not overdue	Overdue for 3 months or less	Overdue for 3 to 12 months	Overdue for more than 1 year	Total
Guaranteed loans	—	—	—	84,251,829	84,251,829
Collateral-backed loans with guarantees	—	60,195,898	43,220,000	86,393,470	189,809,368
Total	—	60,195,898	43,220,000	170,645,299	274,061,197

Credit quality of loans receivable

A loan or advance is identified as an impaired loan if there is objective evidence indicating that the loan's estimated future cash flows are influenced by one or several factors and the impact can be estimated reliably. The Group closely monitors the credit quality of the loans, and uses measures such as disposal of impaired loans to mitigate the overall credit risk exposure.

The Group manages the credit quality of financial assets using credit ratings. The table below shows the credit quality of loans receivable exposed to credit risk, based on the Group's credit rating system. The amounts presented are gross of impairment allowances.

	Neither past due nor impaired	Past due but not impaired	Impaired loans	Total
31 December 2024	449,152,823	100,326,853	179,721,485	729,201,161
31 December 2023	655,163,958	—	274,061,197	929,225,155

According to past experience, the Group does not recognise individual allowance for these loans receivable that are neither past due nor impaired or past due but not impaired since there is no significant change in credit quality and the amount is expected to be recovered in full.

As at 31 December 2024, the loans past due but not impaired related to the individual customers with no default history. According to past experience, the Group does not recognise individual allowance for these loans receivable since there is no significant change in credit quality and the amount is expected to be recovered in full.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Analysis of risk concentration

Since the loans are granted to third parties whose creditworthiness has been assessed by the Group, no collateral is required in certain cases. The Group manages its exposure to the concentration of credit risk by diversifying its portfolio in terms of customer type and industry. Because its business operations are subject to the geographic restrictions of its operating licence, the Group is exposed to the credit risk of geographic concentration. However, although its customers are concentrated in Quanzhou City, the Group provides loans to a wide variety of customers that operate in different industries in order to mitigate its exposure to such risk.

Maximum exposure to credit risk before collateral held or other enhancements

The table below shows the maximum exposure to credit risk based on the Group's credit policy.

	31 December 2024	31 December 2023
Cash and cash equivalents*	102,976,783	111,483,240
Securities purchased under agreements to re-sell	60,097,641	—
Loans and accounts receivables	670,185,381	861,548,743
Other receivables	13,269,086	14,520,547
Total	846,528,891	987,552,530

* Excluding cash on hand

The table above represents the worst-case scenario of credit risk exposure of the Group as at 31 December 2024 and 2023, without taking into account any collateral held, or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Foreign currency risk

The Group operates principally in the PRC with only limited exposure to foreign exchange rate risk arising primarily from certain bank deposits and listed equity investments denominated in HKD and USD.

The following table demonstrates the sensitivity at the end of the Reporting Period to a reasonably possible change in the HKD and USD exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets) and the Group's equity.

2024

Changes in exchange rates	Impact on profit before tax	Impact on equity
5% appreciation against RMB	4,756,475	4,756,475
5% depreciation against RMB	(4,756,475)	(4,756,475)

2023

Changes in exchange rates	Impact on profit before tax	Impact on equity
5% appreciation against RMB	2,375,465	2,375,465
5% depreciation against RMB	(2,375,465)	(2,375,465)

The above impact on equity represents adjustments to profit before tax.

(c) Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its cash at banks, securities purchased under agreements to re-sell, loans and accounts receivables and interest-bearing borrowings. The majority of the Group's loans and accounts receivables bear interest at fixed rates. They are mostly influenced by the mismatch of the repricing dates of interest-generating assets and interest-bearing liabilities. The Group does not use derivative financial instruments to manage its interest rate risk.

The table below analyses the Group's interest rate risk exposure on financial assets and liabilities.

The assets and liabilities are included at the carrying amount and categorised by the earlier of the contractual repricing and the maturity date.

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk (Continued)

	31 December 2024					
	Overdue	Less than 3 months	3 to 12 months	1 to 5 years	Floating rate	Total
Financial assets:						
Cash and cash equivalents	—	—	—	—	102,976,783	102,976,783
Securities purchased under agreements to re-sell	—	60,097,641	—	—	—	60,097,641
Loans and accounts receivables	224,848,964	34,655,835	385,022,858	25,657,724	—	670,185,381
Subtotal	224,848,964	94,753,476	385,022,858	25,657,724	102,976,783	833,259,805
Exposure to interest sensitivity	224,848,964	94,753,476	385,022,858	25,657,724	102,976,783	833,259,805

	31 December 2023					
	Overdue	Less than 3 months	3 to 12 months	1 to 5 years	Floating rate	Total
Financial assets:						
Cash and cash equivalents	—	—	—	—	111,483,240	111,483,240
Loans and accounts receivables	217,039,759	149,937,818	376,967,369	117,603,797	—	861,548,743
Subtotal	217,039,759	149,937,818	376,967,369	117,603,797	111,483,240	973,031,983
Financial liabilities:						
Interest-bearing borrowings	—	—	9,894,844	—	—	9,894,844
Subtotal	—	—	9,894,844	—	—	9,894,844
Exposure to interest sensitivity	217,039,759	149,937,818	367,072,525	117,603,797	111,483,240	963,137,139

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk (Continued)

The following table demonstrates the sensitivity as at the end of the Reporting Period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate instruments). The Group's equity is not affected, other than the consequential effect on retained profits (a component of the Group's equity) by the changes in profit before tax.

Changes in variables	2024 Impact on profit before tax	2023 Impact on profit before tax
+ 50 basis points	1,388,421	1,901,655
– 50 basis points	(1,388,421)	(1,901,655)

(d) Price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to equity price risk arising from financial assets at fair value through profit or loss (note 16). As at 31 December 2024, a 10% increase in the fair value of the financial assets, with all other variables held constant, would lead to an increase of financial assets at fair value through profit or loss by RMB28.0 million (31 December 2023: RMB25.0 million).

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

The Group seeks to manage its liquidity risk by circulating liquidity facilities. The facilities take into account the maturity dates of financial instruments and estimated cash flows from operation.

The tables below present the cash flows of the Group of financial assets and financial liabilities that will be settled on a net basis and on a gross basis by the remaining contractual maturities at the financial reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	31 December 2024						
	On demand	Overdue	Less than 3 months	3 to less than 12 months	1 to 5 years	Undated	Total
Financial assets:							
Cash and cash equivalents	103,000,233	—	—	—	—	—	103,000,233
Securities purchased under agreements to re-sell	—	—	60,097,641	—	—	—	60,097,641
Financial assets at fair value through profit or loss	30,265,314	—	21,333,200	—	—	229,039,001	280,637,515
Loans and accounts receivables	—	280,103,039	49,393,714	402,917,989	28,575,637	—	760,990,379
Other assets	—	—	12,724,437	48,059	496,590	—	13,269,086
Subtotal	133,265,547	280,103,039	143,548,992	402,966,048	29,072,227	229,039,001	1,217,994,854
Financial liabilities:							
Lease liabilities	—	—	243,116	729,348	—	—	972,464
Other payables	—	—	5,947,835	274,471	34,781	—	6,257,087
Subtotal	—	—	6,190,951	1,003,819	34,781	—	7,229,551
Net	133,265,547	280,103,039	137,358,041	401,962,229	29,037,446	229,039,001	1,210,765,303

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk (Continued)

	31 December 2023						
	On demand	Overdue	Less than 3 months	3 to less than 12 months	1 to 5 years	Undated	Total
Financial assets:							
Cash and cash equivalents	111,484,915	—	—	—	—	—	111,484,915
Financial assets at fair value through profit or loss	70,327,086	—	—	—	—	179,345,829	249,672,915
Loans and accounts receivables	—	274,116,038	171,527,284	347,571,662	174,381,300	—	967,596,284
Other assets	—	—	1,397,875	10,089,466	3,033,206	—	14,520,547
Subtotal	181,812,001	274,116,038	172,925,159	357,661,128	177,414,506	179,345,829	1,343,274,661
Financial liabilities:							
Interest-bearing borrowings	—	—	1,147,843	9,017,054	—	—	10,164,897
Financial liabilities at fair value through profit or loss	—	—	—	—	—	842,127	842,127
Lease liabilities	—	—	242,252	726,756	835,576	—	1,804,584
Other payables	—	—	4,941,115	—	116,353	—	5,057,468
Subtotal	—	—	6,331,210	9,743,810	951,929	842,127	17,869,076
Net	181,812,001	274,116,038	166,593,949	347,917,318	176,462,577	178,503,702	1,325,405,585

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

33. FINANCIAL RISK MANAGEMENT (Continued)

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing borrowings and lease liabilities, less cash and cash equivalents. Management regards total equity, which includes share capital, reserves and retained profits, as capital. The gearing ratios as at the end of the Reporting Periods were as follows:

	31 December 2024	31 December 2023
Interest-bearing borrowings	—	9,894,844
Less: Cash and cash equivalents	103,000,233	111,484,915
Net debt	(103,000,233)	(101,590,071)
Share capital	680,000,000	680,000,000
Reserves	175,987,158	170,210,456
Retained profits	363,717,164	308,884,907
Capital	1,219,704,322	1,159,095,363
Capital and net debt	1,116,704,089	1,057,505,292
Gearing ratio	-9.2%	-9.6%

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities classified into relevant maturity groupings based on the remaining period from the financial reporting date to the contractual maturity date. For purposes of the table set forth, "loans and accounts receivables" are considered overdue only if principal payments are overdue. In addition, for loans and accounts receivables that are repayable by instalments, only the portion of the loan that is actually overdue is reported as overdue. Any part of the loan that is not due is reported according to residual maturity:

	31 December 2024					
	On demand	Overdue/ Undated	Less than 3 months	3 to less than 12 months	After 12 months	Total
Assets:						
Cash and cash equivalents	103,000,233	—	—	—	—	103,000,233
Financial assets held under resale agreements	—	—	60,097,641	—	—	60,097,641
Financial assets at fair value through profit or loss	30,265,314	229,039,001	21,000,000	—	—	280,304,315
Loans and accounts receivables	—	136,191,865	38,151,157	455,366,642	40,475,717	670,185,381
Other	—	—	12,988,022	1,729,918	110,803,979	125,521,919
Subtotal	133,265,547	365,230,866	132,236,820	457,096,560	151,279,696	1,239,109,489
Liabilities:						
Lease liabilities	—	—	242,255	709,310	—	951,565
Other	—	—	12,779,028	274,471	3,924,642	16,978,141
Subtotal	—	—	13,021,283	983,781	3,924,642	17,929,706
Net	133,265,547	365,230,866	119,215,537	456,112,779	147,355,054	1,221,179,783

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31 December 2024
(Amounts expressed in RMB unless otherwise stated)

34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

	31 December 2023					Total
	On demand	Overdue/ Undated	Less than 3 months	3 to less than 12 months	After 12 months	
Assets:						
Cash and cash equivalents	111,484,915	—	—	—	—	111,484,915
Financial assets at fair value through profit or loss	70,327,086	179,345,829	—	—	—	249,672,915
Loans and accounts receivables	—	82,020,223	174,422,953	458,237,939	146,867,628	861,548,743
Other	192,190	—	1,397,875	10,178,169	68,402,738	80,170,972
Subtotal	182,004,191	261,366,052	175,820,828	468,416,108	215,270,366	1,302,877,545
Liabilities:						
Interest-bearing borrowings	—	—	975,653	8,919,191	—	9,894,844
Financial liabilities at fair value through profit or loss	—	842,127	—	—	—	842,127
Lease liabilities	—	—	231,604	684,076	826,991	1,742,671
Other	—	—	21,760,038	—	116,353	21,876,391
Subtotal	—	842,127	22,967,295	9,603,267	943,344	34,356,033
Net	182,004,191	260,523,925	152,853,533	458,812,841	214,327,022	1,268,521,512

Notes to Financial Statements (continued)

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(Amounts expressed in RMB unless otherwise stated)

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group's financial assets mainly include cash at banks, securities purchased under agreements to re-sell, financial assets at fair value through profit or loss, and loans and accounts receivables.

The Group's financial liabilities mainly include interest-bearing borrowings, lease liabilities and other payables.

Due to the short remaining period or periodical repricing to reflect the market price, the carrying amounts of these financial assets and liabilities measured at amortised cost approximate to their fair values.

The Group's finance department headed by the Director is responsible for determining the policies and procedures for the fair value measurements of financial instruments. The Director reports directly to the audit committee. At each reporting date, the Group analyses the movements in the values of financial instruments. The valuation is reviewed and approved by the general manager.

The fair values of unlisted equity investments and private equity funds were determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; making reference to the current market value of another instrument that is substantially the same, and net assets making as much use of available and supportable market data as possible. The Directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, are reasonable, and that they were the most appropriate values at the end of the Reporting Period.

Notes to Financial Statements (continued)

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(Amounts expressed in RMB unless otherwise stated)

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets at fair value through profit or loss	177,612,999	51,265,314	51,426,002	280,304,315

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets at fair value through profit or loss	131,915,829	70,327,086	47,430,000	249,672,915
Financial liabilities at fair value through profit or loss	—	842,127	—	842,127

In 2024, there were no transfers between Level 1 and Level 2 (2023: Nil).

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Significant unobservable input value in Level 3 fair value measurement

As at 31 December 2024	Fair value	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
Unlisted equity investments	3,828,935	Adjusted net asset value	Discount for lack of liquidity	The lower the discount, the higher the fair value
Private equity funds	47,597,067	Adjusted net asset value	Discount for lack of liquidity	The lower the discount, the higher the fair value

As at 31 December 2023	Fair value	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
Unlisted equity investments	3,828,935	Adjusted net asset value	Discount for lack of liquidity	The lower the discount, the higher the fair value
Private equity funds	43,601,065	Adjusted net asset value	Discount for lack of liquidity	The lower the discount, the higher the fair value

The movements in fair value measurements within Level 3 during the year are as follows:

	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss
As at 1 January 2023	112,613,186	(10,356,339)
Disposed	(62,221,984)	9,224,440
Transfer out	—	842,127
Total losses recognised in profit or loss	(2,961,202)	289,772
As at 31 December 2023	47,430,000	—
Total gains recognised in profit or loss	3,996,002	—
As at 31 December 2024	51,426,002	—

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

36. EVENTS AFTER THE REPORTING PERIOD

Other than those disclosed in other notes, the Group had no significant events after the Reporting Period.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the Reporting Period is as follows:

	31 December 2024	31 December 2023
ASSETS		
Cash and cash equivalents	77,303,562	67,302,032
Financial assets at fair value through profit or loss	21,000,000	14,089,093
Loans and accounts receivables	167,488,187	259,578,393
Property and equipment	1,101,421	1,083,371
Right-of-use assets	892,037	1,829,348
Investments in subsidiaries	423,278,345	340,888,345
Deferred tax assets	20,423,818	20,478,713
Other assets	400,953,106	415,882,719
TOTAL ASSETS	1,112,440,476	1,121,132,014
LIABILITIES		
Lease liabilities	951,565	1,742,671
Income tax payable	—	938,396
Other payables	1,776,569	3,552,060
TOTAL LIABILITIES	2,728,134	6,233,127
NET ASSETS	1,109,712,342	1,114,898,887
EQUITY		
Share capital	680,000,000	680,000,000
Reserves	164,307,076	161,425,731
Retained profits	265,405,266	273,473,156
TOTAL EQUITY	1,109,712,342	1,114,898,887

Notes to Financial Statements (continued)

31 December 2024
(Amounts expressed in RMB unless otherwise stated)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

A summary of the Company's reserves is as follows:

	Capital reserve	Surplus reserve	General reserve	Total
Balance as at 1 January 2023	69,383,972	69,662,030	16,276,267	155,322,269
Appropriation to surplus reserve	—	6,103,462	—	6,103,462
Balance as at 31 December 2023 and 1 January 2024	69,383,972	75,765,492	16,276,267	161,425,731
Appropriation to surplus reserve	—	2,881,345	—	2,881,345
Balance as at 31 December 2024	69,383,972	78,646,837	16,276,267	164,307,076

38. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 26 March 2025.

Financial Summary

The following is a summary of the assets and liabilities of our Group as of 31 December 2020, 2021, 2022, 2023 and 2024, and of the results of our Group for each of the years ended 31 December 2020, 2021, 2022, 2023 and 2024.

	Year ended 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
RESULTS					
Interest income	146,251	139,788	138,502	140,179	112,740
Profit before tax	70,790	82,203	95,628	99,569	126,126
Income tax expense	(16,909)	(20,246)	(23,199)	(23,379)	(29,793)
Net profit and total comprehensive income for the year	53,881	61,957	72,429	76,190	96,333
ASSETS AND LIABILITIES					
Total assets	1,310,287	1,368,686	1,325,954	1,302,878	1,239,109
Total liabilities	80,296	161,142	86,636	34,356	17,930
Total equity	1,229,991	1,207,544	1,239,318	1,268,522	1,221,179

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“AGM”	the annual general meeting of the Company to be held at 35/F, Huijin International Center, No. 105 Daxing Street, Fengze District, Quanzhou City, Fujian Province, the PRC at 10:30 a.m. on Thursday, 12 June 2025
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“China” or “PRC”	the People's Republic of China, for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to “China” and “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Company”	Quanzhou Huixin Micro-credit Co., Ltd.* (泉州匯鑫小額貸款股份有限公司), a joint stock company established in the PRC with limited liability on 8 January 2010 converted from the predecessor company, Quanzhou Licheng District Huixin Microcredit Co., Ltd.* (泉州市鯉城區匯鑫小額貸款有限公司), on 18 August 2014, the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 1577)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid in RMB by PRC nationals and/or PRC-incorporated entities
“Finance Businesses”	certain other finance-related businesses in which the Substantial Shareholders and their respective close associates had interests, namely the provision of financing guarantee services through Fujian Baiying Financing Guarantee Co., Ltd.* (福建百應融資擔保股份有限公司), the provision of finance leasing services through Xiamen Baiying Finance Leasing Co., Ltd.* (廈門市百應融資租賃有限公司), the provision of pawn loan services through Xiamen Borong Pawn Co., Ltd.* (廈門博融典當有限公司) and Fujian Yuanheng Pawn Co., Ltd.* (福建元亨典當有限公司), and the provision of microcredit services in Xiamen City through Xiamen Siming Baiying Microcredit Co., Ltd.* (廈門思明百應小額貸款有限公司), and the provision of settlement services, entrusted loans services, loans made to and deposits taken from the subsidiaries or associated companies of Fujian Septwolves Group or such other companies as approved by or registered with China Banking Regulatory Commission Fujian Bureau* (中國銀行業監督管理委員會福建監管局) through Fujian Septwolves Group Finance Co., Ltd.* (福建七匹狼集團財務有限公司)
“Fujian” or “Fujian Province”	Fujian Province (福建省), a province located in the southeastern coast of China
“Fujian Haoxiang Gardening”	Fujian Haoxiang Gardening Building Decoration Engineering Co., Ltd.* (福建豪翔園林建設有限責任公司)
“Fujian Huian Haoda”	Fujian Huian Haoda Construction Company Limited* (福建省惠安豪達建設有限公司), formerly known as Fujian Huian Haoda Stoning Company Limited* (福建省惠安豪達石業有限公司)

Definitions (continued)

“Fujian Panpan”	Fujian Panpan Biotech Limited* (福建盼盼生物科技有限公司)
“Fujian Septwolves Group”	Fujian Septwolves Group Co., Ltd.* (福建七匹狼集團有限公司)
“Group”, “we,” “us,” or “our”	the Company and its subsidiaries
“HKAS(s)”	Hong Kong Accounting Standards
“HKFRS(s)”	Hong Kong Financial Reporting Standards
“H Share(s)”	overseas listed foreign shares in the share capital of our Group with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
H Share Registrar	Boardroom Share Registrars (HK) Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huixinxing”	Quanzhou Huixinxing Investment Co., Ltd.* (泉州匯鑫行投資有限責任公司) established in the PRC with limited liability on 19 October 2017, a wholly owned subsidiary of the Company
“Huizhixin”	Quanzhou Huizhixin Investment Co., Ltd.* (泉州市匯知信投資有限責任公司), formerly known as Quanzhou Lianche Finance Leasing Co., Ltd.* (泉州市連車融資租賃有限公司), established in the PRC in August 2017, an indirectly non-wholly owned subsidiary of the Company
“Independent Third Party(ies)”	(an) individual(s) or (a) company(ies) which, as far as the Directors are aware after having made all reasonable enquiries, is/are not (a) connected person(s) of our Group within the meaning of the Listing Rules and are independent of and not connected with the Company and its directors, chief executive, and Substantial Shareholders or any of its subsidiaries or their respective associates
“JJHX”	Jinjiang Huixin Microfinance Co., Ltd.* (晉江市匯鑫小額貸款有限公司), a non-wholly owned subsidiary of the Company, established in the PRC in April 2014
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Quanzhou” or “Quanzhou City”	Quanzhou City (泉州市), Fujian Province
“Quanzhou Haoxiang”	Quanzhou Haoxiang Stone Co., Ltd.* (泉州豪翔石業有限公司)
“Quanzhou Yuanpeng”	Quanzhou Yuanpeng Clothing and Textile Co., Ltd.* (泉州市遠鵬服飾織造有限公司)
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“Reporting Period”	the year ended 31 December 2024

Definitions (continued)

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“SMEs”	small and medium-sized enterprise(s)
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, collectively refers to Fujian Septwolves Group, Mr. Zhou Yongwei and Ms. Chen Pengling
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Wealth Success”	Wealth Success Enterprise Limited (成康企業有限公司)
“Xiamen Jiayucheng”	Xiamen Jiayucheng International Trade Co., Ltd* (廈門嘉裕誠國際貿易有限公司)
“Xiamen Shunyingtong”	Xiamen Shunyingtong International Trade Co., Ltd* (廈門順應通國際貿易有限公司)
“Xiamen Yulang Gongwu”	Xiamen Yulang Gongwu Textile and garment Co., Ltd* (廈門與狼共舞紡織服裝有限公司)

* for identification purpose only



Quanzhou Huixin Micro-credit Co., Ltd.*
泉州匯鑫小額貸款股份有限公司