XXF Group Holdings Limited
喜相逢集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2473

2024 ANNUAL REPORT

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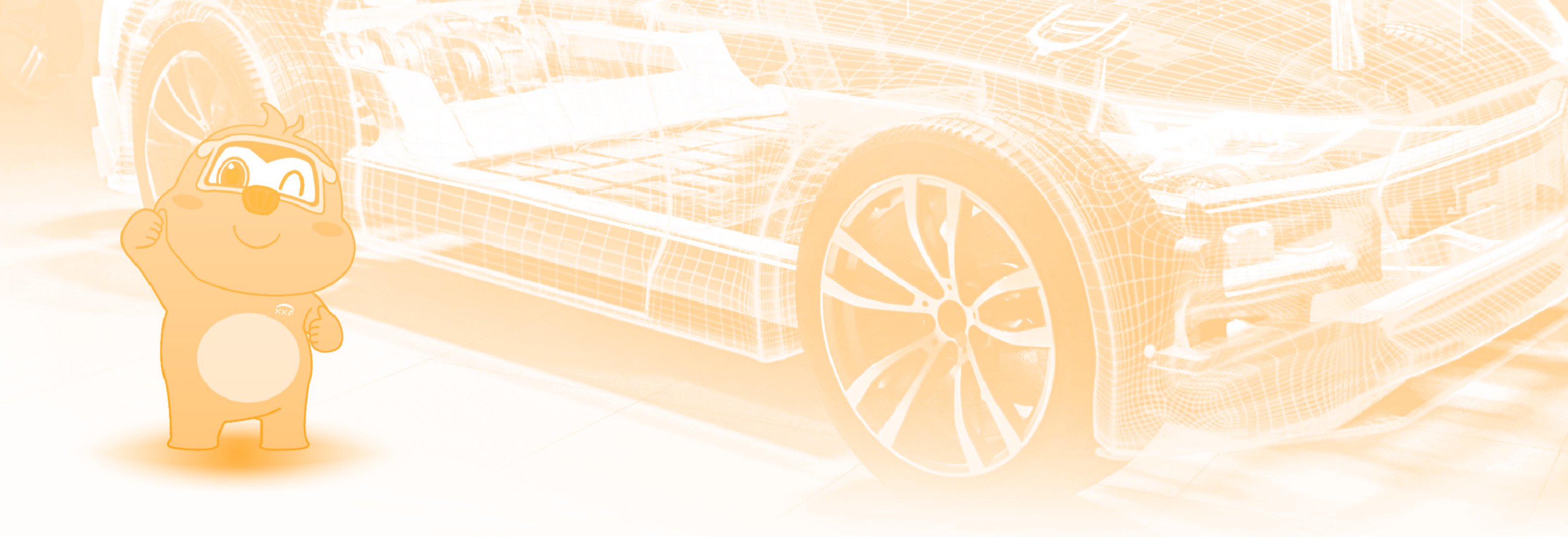

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Wei *(Chairman and chief executive officer)*
Mr. YE Fuwei
Ms. ZHANG Jinghua

Non-executive Directors

Mr. LIU Wei
Ms. XU Rui *(resigned on 6 November 2024)*

Independent Non-executive Directors

Mr. WU Fei
Mr. FUNG Che Wai, Anthony
Mr. CHEN Shuo

AUDIT COMMITTEE

Mr. FUNG Che Wai, Anthony *(Chairman)*
Mr. WU Fei
Mr. CHEN Shuo

REMUNERATION COMMITTEE

Mr. WU Fei *(Chairman)*
Mr. HUANG Wei
Mr. FUNG Che Wai, Anthony

NOMINATION COMMITTEE

Mr. HUANG Wei *(Chairman)*
Mr. WU Fei
Mr. CHEN Shuo

AUTHORIZED REPRESENTATIVES

Mr. HUANG Wei *(Chairman and chief executive officer)*
Mr. WONG Yuk (HKICPA, ACCA)
(resigned on 1 March 2024)
Ms. PENG Liting (ACG, HKACG) *(Company Secretary)*
(appointed on 1 March 2024)

HONG KONG SHARE REGISTRAR

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

HONG KONG LEGAL ADVISOR

Dentons Hong Kong LLP
Suite 3201, Jardine House
1 Connaught Place
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

COMPLIANCE ADVISOR

Quam Capital Limited
5/F and 24/F (Rooms 2401 and 2412)
Wing On Centre
111 Connaught Road Central
Hong Kong

COMPANY SECRETARY

Mr. WONG Yuk (HKICPA, ACCA)
(resigned on 1 March 2024)
Ms. PENG Liting (ACG, HKACG)
(appointed on 1 March 2024)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS

Building 3, Fuxing Economic Development Zone
(Fuzhou Software Park Jin'an Branch)
No. 318 Fuguang Road
Jin'an District
Fuzhou, Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1709 Shun Tak Centre
West Tower
168-200 Connaught Road Central
Sheung Wan
Central and Western
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
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PRINCIPAL BANKS

Fujian Haixia Bank, Fuzhou Mindu Branch
Ancillary Building, Labour Building 128 Gutian Road
Gulou District
Fuzhou, Fujian Province
PRC

China Construction Bank, Fuzhou Chengdong Branch
Mingliu Building
56 Gutian Road
Gulou District
Fuzhou, Fujian Province
PRC

Industrial Bank Co. Ltd., Fuzhou Jiangbin Branch
Area G, Limin Garden
No. 7, Bayiqi South Road
Taijiang District
Fuzhou, Fujian Province
PRC

STOCK CODE

2473

COMPANY WEBSITE

https://www.xxfqc.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of XXF Group Holdings Limited and its subsidiaries (the "**Group**"), I am pleased to present the annual report of the Group for the year ended 31 December 2024 to our Shareholders.

In 2024, China's economy grew resiliently under both external and internal challenges. Externally, economic and trade conflicts intensified, and internally, in the face of sluggish inflation and insufficient domestic demand, the Chinese government successively introduced a combination of policies to resolve risks, solidly promoted high-quality economic development and cultivated new quality productivity. With the introduction and effective implementation of a series of incremental policies, the overall operation of the main economic indicators was basically stable, and the gross domestic product (GDP) growth rate achieved the expected target. According to the data of the National Bureau of Statistics, in 2024, China's GDP exceeded RMB130 trillion for the first time, representing an increase of 5.0% over the previous year at constant prices. The production growth of various industries was stable, agricultural production was generally stable, industrial production maintained rapid growth, and the service industry also showed a good trend of recovery. In particular, remarkable results were made in the development of high-end manufacturing, intelligence and greening.

In terms of the automobile industry, China's government departments at all levels actively launched a series of effective policies and measures, including such policies as trade-in, to promote automobile consumption upgrading, and the automobile industry continued to show strong resilience and vitality. The total production and sales of passenger vehicles increased steadily, the total production and sales of new energy vehicles exceeded 10 million units for the first time, and the export volume of automobiles maintained a high growth rate. The penetration rate of auto finance increased steadily, the auto finance became increasingly diversified, and the business scale of the e-hailing market increased significantly.

In 2024, in the face of the complex and volatile market environment, the Group always focused on the Company's core strategy, strengthened risk management and differentiated competition strategies, and achieved dual growth in sales scale and revenue in domestic business. Meanwhile, we achieved certain results in our overseas market expansion. The position of our main businesses is as follows:

During the Reporting Period, the Group's revenue amounted to RMB1,464.1 million, representing an increase of 12.2% as compared to RMB1,304.3 million for the same period last year, the gross profit was RMB438.4 million, representing an increase of 4.6% as compared to RMB419.0 million for the same period last year, and adjusted net profit was RMB48.0 million, representing an increase of 3.1% from RMB46.5 million in the same period last year, achieving steady growth in the business.

In the automobile retail and finance lease business and automobile-related services business, the sales revenue of automobile retail and finance lease business of the Group reached RMB1,192.9 million, representing an increase of 5.1% compared with the same period of 2023. The revenue of automobile-related business was RMB191.7 million, representing a year-on-year increase of 15.8%, of which the revenue from the automobile operating lease business (e-hailing vehicles operating lease and other operating lease) increased significantly.

In terms of business innovation, relying on the strong customer resources in our self-operated sales network and based on the good cooperative relationship with automobile merchants, we carried out the outright car sales business during the Reporting Period, including the domestic outright car sales business and the export business of automobiles. Among them, the domestic outright car sales business achieved sales revenue of RMB38.3 million, and the automobile export business was deployed in Central Asia, Southeast Asia and the Middle East, with export revenue of RMB41.1 million during the Reporting Period, laying the foundation for the subsequent internationalization strategy.

At the same time, in terms of internal operation and management, on the one hand, we were committed to digital transformation and technology-empowered business. Artificial Intelligence (AI) was fully introduced into our major business systems, including the sales and trading system, the 52 Car APP and the intelligent risk control system, which have been continuously optimized and upgraded to promote the innovation and upgrading of various business systems, improve production capacity and efficiency and improve user experience. On the other hand, we continued to evaluate the effectiveness of resource investment to ensure the improvement of quality and efficiency of operation. In terms of financial cooperation resources, the Group significantly improved quality and efficiency during the Reporting Period. During the Reporting Period, the financing cost of the Group's newly accessed financial resources decreased by more than 1% year-on-year.

Looking ahead to 2025, with the successive introduction of various domestic policies, it is expected that the internal momentum of the economy will be strengthened, and we are confident in the development of the automobile and related industries. We will continue to focus on multi-dimensional development in terms of sales network construction, new business development and technology empowerment, and develop new horizon of high-quality development of the Group.

In terms of sales network construction, we will continue to deepen its efforts in the markets in lower-tier cities, and further consolidate and deepen our core business advantages. The Group will deeply explore the potential market value of China's second-, third – and lower-tier cities, strengthen the construction of self-operated sales network, and ensure the steady growth and sustainable development of the business.

In terms of new business development, the Group will firmly promote the strategic layout of overseas export business and actively expand its international market. With high-quality products and services, the Group will enhance the brand's visibility and competitiveness in the world, and achieve the coordinated development of domestic and foreign markets.

Technology empowerment is an important driver for the Group's future development. We will adhere to the core strategy of digital transformation, and use cutting-edge technology to support business, optimize business processes and improve operational efficiency. At the same time, we will provide customers with more personalized and intelligent high-quality products and services.

At last, on behalf of the Group, I would like to express my sincere gratitude to our customers and partners, and to our dedicated employees and management team for their contributions, as well as to our shareholders and stakeholders for their trust and support.

Huang Wei
Chairman of the Board, Chief Executive Officer and Executive Director

Hong Kong, 20 March 2025

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2024	2023	**Year-on-year change**
	RMB'000	RMB'000	
Revenue	**1,464,084**	1,304,341	12.2%
Gross profit	**438,351**	419,012	4.6%
Profit before income tax	**53,368**	129,850	(58.9%)
Profit for the year	**39,729**	109,834	(63.8%)
Adjusted net profit (non-IFRS measures) (note)	**48,002**	46,544	3.1%

Note: Details of the calculation of adjusted net profit are provided in the paragraph "Non-IFRS measures" on page 13 of this report

FIVE YEARS' FINANCIAL SUMMARY

	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Revenue	**1,464,084**	1,304,341	1,141,526	1,171,262	749,761
Cost of revenue	**(1,025,733)**	(885,329)	(767,079)	(809,506)	(446,163)
Gross profit	**438,351**	419,012	374,447	361,756	303,598
Profit before income tax	**53,368**	129,850	91,773	43,010	20,969
Profit for the year attributable to owners of the Company	**39,970**	110,254	78,913	34,112	12,341
Non-IFRS measures					
Adjusted net profit	**48,002**	46,544	42,364	49,476	21,333
Profitability					
Gross profit margin(1)	**29.9%**	32.1%	32.8%	30.9%	40.5%
Net profit margin(2)	**2.7%**	8.4%	6.8%	2.6%	1.4%
Adjusted net profit margin (non-IFRS measures)(3)	**3.3%**	3.6%	3.7%	4.2%	2.8%
Financial position					
Total non-current assets	**1,644,795**	1,472,064	1,357,457	1,255,480	1,103,875
Total current assets	**1,664,937**	1,448,822	1,241,300	947,498	793,854
Total non-current liabilities	**1,140,114**	957,645	892,611	664,743	638,008
Total current liabilities	**1,341,772**	1,181,791	1,199,532	1,094,723	851,549
Net current assets/(liabilities)	**323,165**	267,031	41,768	(147,225)	(57,695)
Total equity	**827,846**	781,450	506,614	443,512	408,172

Notes:

(1) Gross profit margin represents gross profit for the respective year divided by revenue for the respective year and multiplied by 100%.

(2) Net profit margin represents profit for the respective year divided by revenue for the respective year and multiplied by 100%.

(3) Adjusted net profit margin (non-IFRS measures) is calculated by dividing adjusted net profit for the respective year (non-IFRS measures) by revenue for the respective year and multiplied by 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

We are an established automobile retailer providing automobile finance lease service primarily through our self-operated sales outlets in the PRC. The Group's principal businesses comprise: (i) automobile retail and finance, where we sell non-luxury automobiles mostly on direct finance lease; (ii) automobile-related businesses, where we primarily offer automobile operating lease service and other automobile-related services; and (iii) outright car sales business, where we sell cars on a one-off basis.

ANALYSIS OF MACROECONOMIC ENVIRONMENT

In 2024, China's economy grew resiliently under both external and internal challenges. Externally, economic and trade conflicts intensified, and internally, in the face of sluggish inflation and insufficient domestic demand, the Chinese government successively introduced a combination of policies to resolve risks, solidly promoted high-quality economic development and cultivated new quality productivity. With the introduction and effective implementation of a series of incremental policies, the overall operation of the main economic indicators was basically stable, and the gross domestic product growth rate achieved the expected target. According to the data of the National Bureau of Statistics, in 2024, China's GDP exceeded RMB130 trillion for the first time, representing an increase of 5.0% over the previous year at constant prices. The production growth of various industries was stable, agricultural production was generally stable, industrial production maintained rapid growth, and the service industry also showed a good trend of recovery. In particular, remarkable results were made in the development of high-end manufacturing, intelligence and greening.

ANALYSIS OF INDUSTRY ENVIRONMENT

In 2024, China's government departments at all levels actively launched a series of effective policies and measures, including trade-in to promote automobile consumption upgrading, promoting the development of intelligent networking, stabilizing and promoting the growth of foreign trade. The automobile industry continued to show strong development resilience and vitality.

The total production and sales of passenger vehicles increased steadily. According to the China Association of Automobile Manufacturers (CAAM), in 2024, China's passenger vehicles production and sales reached 27.477 million units and 27.563 million units respectively, representing a year-on-year increase of 5.2% and 5.8%. The annual production and sales grew steadily, and continued to maintain a scale of more than 25 million units. New energy vehicles made remarkable achievements and led the world. According to the CAAM, in 2024, China's new energy vehicle production and sales reached 12.888 million units and 12.866 million units respectively, representing a year-on-year increase of 34.4% and 35.5%. The annual production and sales exceeded 10 million units for the first time. According to the data reported by EVTank, the total global sales of new energy vehicles in 2024 was 18.236 million units, of which the Chinese market accounted for 70.5%. Amidst the differentiation of global new energy industry policies, China continued to increase industrial support policies, and China's new energy vehicle industry completed the leap from market edge to global leadership, reshaping the global automobile market landscape.

Automobile export sales maintained a high growth rate. According to the China Automobile Dealers Association, China's total passenger vehicles exports in 2024 reached 4.791 million units, representing an increase of 25% and maintaining its position as the largest automobile exporter. The advantages of cost-effective and efficient supply chain system of Chinese automobile brands provided a broader overseas market opportunity for export business.

The penetration rate of automobile finance has increased steadily. According to third-party data, the penetration rate of new automobile finance in China was 58% in 2024, representing an increase of 2% from 2023. Automobile finance plays a pivotal role in the automobile industry, enabling automobile buyers to arrange automobile purchases through a variety of financial products and services. With the increase of financial inclusion, more consumers could enjoy the automobile purchase experience brought by financial services, further promoting the penetration rate of financial products. At the same time, the degree of diversification of automobile finance is becoming increasingly abundant, and the domestic automobile finance market showed huge growth potential.

The business scale of the e-hailing vehicles market has increased significantly. According to the report released by Zero Power Intelligence Industrial Research Institute (中研普華產業研究院), the business scale of the e-hailing vehicles market reached RMB317.6 billion in 2024, representing a year-on-year increase of 24.5%, and the e-hailing vehicles industry has maintained a stable growth trend. Local policies focus on strengthening industry norms, improving standards for vehicles, personnel and platforms, and promoting the healthy and orderly development of the industry. High-quality transportation capacity and services, as well as the emerging technology, have gradually become the key factors driving the continuous improvement in volume and price, propelling the industry into a new round of accelerated growth.

POLICY SUPPORT

Since the beginning of 2024, the government of the PRC has successively introduced a series of supportive policies to stimulate China's automobile consumption.

In March 2024, the State Council issued the Action Plan for Promoting Large-scale Equipment Renewal and Consumer Goods Trade-ins (《推動大規模設備更新和消費品以舊換新行動方案》), which clearly supports the trade-in of old automobile across the country, smooths the circulation blockages and promotes cascading and renewal consumption of automobiles. The national automobile trade-in promotional activities are organized and carried out nationwide. Automobile manufacturers and sales enterprises are encouraged to carry out promotional activities, and the industry is guided to compete in an orderly manner.

In April 2024, the Ministry of Commerce, the Ministry of Finance and other seven departments jointly issued the Implementation Rules for Subsidies for Automobile Trade-in Programs (《汽車以舊換新補貼實施細則》), which clarifies the implementation rules for automobile trade-in subsidies, and the policy has entered the implementation phase.

In July 2024, the National Development and Reform Commission and the Ministry of Finance jointly issued the Measures on Supporting Large-scale Equipment Renewal and Consumer Goods Trade-ins (《關於加力支持大規模設備更新和消費品以舊換新的若干措施》), increasing the amount of subsidies and the scope of vehicle models eligible for trade-in. Through financial subsidies and incentives, these policies promote the upgrading of automobile consumer goods, stimulate consumption vitality and fuel the economic growth of automobile consumption.

At the same time, in 2024, a supportive policy for the export of second-hand cars and new energy vehicles was also introduced. In February 2024, the Ministry of Commerce and other five departments jointly issued the Notice on Further Improving the Export of Second-hand Cars (《關於進一步做好二手車出口工作的通知》), fully supporting the expansion of the scale and quality of the second-hand cars export business.

In addition, in terms of automobile finance, relevant automobile finance policies were introduced one after another in 2024 to increase support for the automobile industry and encourage the development of automobile finance.

In March 2024, the People's Bank of China and the National Financial Regulatory Administration promulgated the Notice on Adjusting Relevant Automotive Loan Policies (《關於調整汽車貸款有關政策的通知》), further clarifying automobile finance policies and providing greater autonomy to banks and automobile finance companies.

In September 2024, the National Financial Regulatory Administration issued the Notice on Promoting Non-bank Financial Institutions to Support Large-scale Equipment Renewal and Consumer Goods Trade-in Actions (《關於促進非銀行金融機構支持大規模設備更新和消費品以舊換新行動的通知》), clearly encouraging direct vehicle leasing business and increasing financial support.

Local governments in China have also issued policies to encourage the development of the financing and leasing industry. In October 2024, Shenzhen issued the Implementation Plan for Promoting the High-quality Development of Finance Lease (《推動融資租賃高質量發展實施方案》), encouraging finance lease companies to carry out business around the whole automobile industry chain, providing credit and financing support to finance lease companies, and supporting the high-quality development of finance lease companies based on the main business.

BUSINESS REVIEW

During the Reporting Period, in the face of the complex and volatile market environment, the Group always focused on the Company's core strategy, strengthened risk management and differentiated competition strategies, achieved dual growth in sales scale and revenue in domestic business, and achieved certain results in our overseas market expansion. The following sets out the Group's overall business strategy and performance during the Reporting Period.

1. Continue to deepen penetration in the domestic lower-tier cities, expand the construction of the sales network and improve the coverage of the sales and service network

During the Reporting Period, the Group continued to deepen its efforts in the lower-tier cities, focusing on factors such as the comprehensive demand, economic conditions and market potential of users in second-tier, third-tier and lower-tier cities in China through continuous research and analysis, actively exploring the untapped market and strengthening the construction of its self-operated sales network. During the Reporting Period, we established new sales networks in Northeast China, North China, Northwest China and other regions, which favorably supported the Group's business to radiate to the northern region. For the year ended 31 December 2024, the total number of our self-operated sales outlets increased from 77 at the end of 2023 to 89. At the same time, in the regions already covered by the Group's self-operated sales network, in order to maximize the synergistic efficiency of the Group's self-operated sales network, the Group provided users with comprehensive and flexible service solutions including vehicle purchase, vehicle rental and e-hailing vehicles. The Group placed greater focus on the synergy effect of several business lines and strengthened the construction of a composite sales network in the layout of the Group's sales network during the Reporting Period, with a view to achieving maximum synergy between business lines. For the year ended 31 December 2024, the number of composite self-operated sales outlets of the Group increased from 18 in 2023 to 20.

In terms of service network coverage, the Group has always been committed to providing customers with a better and more convenient service experience, which drives us to actively seek more professional partners. During the Reporting Period, the Group entered into a strategic cooperation with Tuhu Car Inc. Tuhu Car Inc. is highly influential in the automobile aftermarket, with a large network of offline stores and a professional team of technicians, and a wide range of service outlets across the country, covering almost all provincial-level administrative regions in China. This cooperation expanded the Group's customer service network to over 6,000, effectively enhancing the service support for the Group's customers' vehicles, thereby enhancing the market competitiveness of the Group's business.

Benefiting from the further construction of the sales and service network, during the Reporting Period, the sales volume of automobile retail and finance lease business reached 14,754 units, and the sales revenue reached RMB1,192.9 million, representing a year-on-year increase of 5.1%. The revenue of automobile-related business was RMB191.7 million, representing a year-on-year increase of 15.8%, of which the revenue from the automobile operating lease business (e-hailing vehicles operating lease and other operating lease) increased significantly.

2. Actively expand into new business area and accelerate the process of globalization

During the Reporting Period, the Group actively expanded into new business area and commenced outright car sales business, where we sold cars on a one-off basis, covering both domestic and overseas markets.

In terms of domestic business, the Group relied on the strong customer resources in our self-operated sales network. In order to meet the needs of some customers for direct purchase of vehicles, based on our good cooperative relationship with automobile merchants, the Group carried out outright car sales business, with a revenue of RMB38.3 million during the Reporting Period. This new approach of selling automobiles has become a good supplement to our finance lease method for selling automobiles, enriching the choices of customers and providing new assurance for the stable growth of the Group's business.

In terms of the international market, in the face of the critical period of deep adjustment in the global automobile industry landscape, the Group conforms to the development trend of the automobile industry and actively participates in the expansion of the overseas automobile business. In 2024, the Group took the automobile export business as the first step in overseas business expansion, and successfully established close cooperation with a number of overseas dealers, covering central Asia, southeast Asia, the middle East and other regions, with a revenue of RMB41.1 million during the Reporting Period, and gradually emerging in the international market. In the next stage, on the basis of the automobile export business, we will gradually research on the demand and growth potential of various overseas markets, further comprehensively evaluate the feasibility of expanding Group's business abroad, comprehensively consider the feasibility of replicating the Group's domestic business model in the international market, and accelerate our globalization layout.

3. Empower businesses with technological innovation and improve operational efficiency

Digital construction is an important part of the Group's strategic upgrading. In 2024, the Group further accelerated the pace of digital transformation. Artificial Intelligence (AI) was fully introduced into our major business systems, including the sales and trading system, the 52 Car APP and the intelligent risk control system, which have been continuously optimized and upgraded to promote the innovation and upgrading of various business systems, improve production capacity and efficiency and improve user experience. With the gradual introduction of cutting-edge technologies such as Robotic Process Automation (RPA), the Group deployed nearly 100 "digital employees" during the Reporting Period, successfully optimizing the workflow and automating a number of tasks such as data entry, file download, data analysis and early warning. This not only releases a lot of human resources and reduces operating costs, but also significantly improves the overall work efficiency. The application of networking technology has brought revolutionary changes to the management of the Group.

4. Continuously evaluate the effectiveness of resource investment to ensure that the quality and efficiency of operation are improved

In 2024, the Group continued to evaluate the effectiveness of resource investment in internal operation and management, and controlled inefficient expenditures in order to maximize resource investment. In terms of financial cooperation resources, the Group significantly improved quality and efficiency during the Reporting Period. In 2024, in the face of the challenges of the domestic economic environment, the People's Bank of China made three adjustments to the loan prime rate (LPR), and the decline reached a record high. By lowering the LPR, bank lending rates in the domestic financial market have also fallen. The Group closely follows the financial market situation, strictly controls the financing costs closely related to the business, and subdivides the financial conditions of the multi-channel financial partners through the arrangement of multi-channel financial resources and diversified financial cooperation arrangements, so that we can obtain financing at lower cost. During the Reporting Period, the financing cost of the Group's newly accessed financial resources decreased by more than 1% year-on-year, providing us with better resource protection for further business growth.

Non-IFRS measures

To supplement our consolidated results, which are prepared and presented in accordance with IFRS, the Company uses adjusted net profit (non-IFRS measures) as an additional financial measure, which is unaudited and not required by, or presented in accordance with, IFRS. We believe that this measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of the Group's operating performance, such as certain non-cash items. The use of this non-IFRS measure has limitations as an analytical tool, and shareholders and potential investors of the Company should not consider them in isolation from, as a substitute for, analysis of, or superior to, the Group's results of operations or financial condition as reported under IFRS. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of this non-IFRS measure should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

The following table reconciles our adjusted net profit (non-IFRS measures) and adjusted net profit margin (non-IFRS measures) presented to the most directly comparable financial measures calculated and presented in accordance with IFRS. Listing expenses represent expenses related to the Listing, net of the PRC enterprise income tax. Share-based compensation expenses represents a non-cash expense that the Company recognizes in installments at fair value in profit or loss during the waiting period from the grant date to the vesting date under the employee Share Option Scheme. Fair value gain on ordinary shares with redemption right represents the changes arising from change in fair value to ordinary shares with redemption right, such changes are non-cash in nature. Upon the Listing, all ordinary shares with redemption right have been automatically converted into ordinary shares which will no longer be recognised as financial liabilities at fair value through profit or loss.

	2024 **RMB'000**	2023 RMB'000
Profit for the year	**39,729**	109,834
Add:		
Listing expenses, net of tax	**–**	27,053
Share-based compensation expenses	**8,273**	6,051
Less:		
Fair value gain on ordinary shares with redemption right	**–**	96,394
Adjusted net profit (non-IFRS measures)	**48,002**	46,544

During the Reporting Period, the Group's adjusted net profit was RMB48.0 million, representing an increase of 3.1% from RMB46.5 million in the same period last year. The increase was mainly attributable to the increase in the Group's sales results due to the further expansion of its self-operated sales network, the enhancement of sales capacity, and the development of outright car sales business during the Reporting Period.

Revenue

	Year ended 31 December			
	2024		2023	
	RMB'000	percentage	RMB'000	percentage
Automobile retail and finance				
Sales of automobile under finance lease	894,454	61.1%	840,927	64.5%
Finance lease income	298,462	20.4%	294,220	22.5%
Sub-total	1,192,916	81.5%	1,135,147	87.0%
Automobile-related businesses				
Automobile operating lease	173,379	11.8%	147,726	11.3%
Other automobile-related income	18,336	1.3%	17,888	1.4%
Sub-total	191,715	13.1%	165,614	12.7%
Outright car sales business	79,453	5.4%	3,580	0.3%
Total	1,464,084	100.0%	1,304,341	100.0%

The Group's revenue for the Reporting Period increased by 12.2% from RMB1,304.3 million for the year ended 31 December 2023 to RMB1,464.1 million, primarily due to (1) the launch by the Group during the Reporting Period of outright car sales business, including domestic outright car sales business and automobile export business, which increased the Group's revenue; and (2) the Group's increase in sales results during the Reporting Period as a result of the further expansion of our self-operated sales network and the enhancement of our sales capacity.

Most of our sales outlets are located in tier two, tier three, and below cities. As at 31 December 2024, the number of self-operated sales outlets of the Group was 89, with 48 sales outlets which only provided passenger vehicles, 21 sales outlets which only provided e-hailing vehicles, and 20 sales outlets which provided both passenger vehicles and e-hailing vehicles.

Automobile retail and finance lease

During the Reporting Period, the Group's revenue from automobile retail and finance lease increased by 5.1% from RMB1,135.1 million for the year ended 31 December 2023 to RMB1,192.9 million. This was mainly due to the increase in vehicle sales under the automobile retail and finance lease business during the Reporting Period.

The operating data of the Group's automobile retail and finance lease business for the years indicated are as follows:

	Year ended 31 December	
	2024	2023
Average principal amount of newly entered finance lease agreements (RMB'000)	**88.3**	90.7
Average effective interest rate charged for newly entered finance lease agreements *(Note 1)*	**17.4%**	18.8%
Average yield of finance lease receivables *(Note 2)*	**17.2%**	18.8%

Notes:

1. Calculated by dividing sum of effective interest rate of newly entered finance lease agreements by the total number of newly entered finance lease agreements entered for the relevant year.

2. Calculated by dividing finance lease income for the relevant year by the average balance of finance lease receivables.

During the Reporting Period, the average effective interest rate charged by the Group for newly entered finance lease agreements and the average yield of finance lease receivables decreased slightly compared with the same period last year, mainly due to the decrease in the Group's new financing costs during the Reporting Period and the simultaneous adjustment of product pricing in the automobile retail and finance lease business.

The customers of our automobile retail and finance lease business are mainly individuals in the PRC's tier two, and tier three and below cities looking for non-luxury automobile models. The Group does not have any major customers in terms of revenue contribution to the automobile retail and finance business and the total revenue of the Group. For the years ended 31 December 2024 and 2023, the total revenue of the Group attributable to the five largest customers of the Group was 3.3% and 1.5%, respectively.

The following table sets forth the breakdown of our revenue generated from our automobile retail and finance lease business by geographical location for the years indicated:

Geographical location of customers	Year ended 31 December			
	2024		2023	
	RMB'000	**percentage**	RMB'000	percentage
Eastern PRC	**389,398**	**32.6%**	396,182	34.9%
Southern PRC	**173,161**	**14.5%**	187,136	16.5%
Southwestern PRC	**139,717**	**11.7%**	146,089	12.9%
Central PRC	**122,469**	**10.3%**	132,331	11.7%
Northern PRC	**155,908**	**13.1%**	127,139	11.2%
Northwestern PRC	**142,535**	**11.9%**	110,419	9.7%
Northeastern PRC	**69,728**	**5.9%**	35,851	3.1%
Sub-total	**1,192,916**	**100.0%**	1,135,147	100.0%

During the Reporting Period, the Group's revenue contribution from Northern China, Northwestern China and Northeastern China increased slightly compared with the year ended 31 December 2023, mainly due to the strengthening of the Group's sales network in the northern region during the Reporting Period.

Automobile-related business

During the Reporting Period, the Group's revenue from automobile-related business amounted to RMB191.7 million, representing an increase of 15.8% from RMB165.6 million in the same period last year, the increase was mainly attributable to the increase in Group's revenue from e-hailing vehicles operating lease and other operating lease during the Reporting Period.

Outright car sales business

During the Reporting Period, the Group carried out outright car sales business. We sold cars on a one-off basis, covering both domestic and overseas markets. During the Reporting Period, the revenue of the Group's outright car sales business amounted to RMB79.5 million, representing a significant increase from RMB3.6 million in the same period last year, mainly due to the increase in the performance of the Group's domestic outright car sales business and automobile export business during the Reporting Period.

Cost of sales

During the Reporting Period, the Group's cost of sales was RMB1,025.7 million, representing an increase of 15.9% from RMB885.3 million in the same period of last year, mainly due to the increase in sales volume of the Group during the Reporting Period.

Gross profit and gross profit margin

	Year ended 31 December			
	2024		2023	
	RMB'000	Gross profit margin	RMB'000	Gross profit margin
Automobile retail and finance	**390,815**	**32.8%**	380,462	33.5%
Automobile-related businesses	**44,801**	**23.4%**	38,408	23.2%
Outright car sales business	**2,735**	**3.4%**	142	4.0%
Total	**438,351**	**29.9%**	419,012	32.1%

During the Reporting Period, the Group's gross profit increased by 4.6% from RMB419.0 million for the year ended 31 December 2023 to RMB438.4 million, primarily due to the increase in gross profit under automobile retail and finance lease.

During the Reporting Period, the Group's gross profit margin was 29.9%, representing a decrease compared with the same period last year, mainly due to the lower gross profit margin of the Group's outright car sales business during the Reporting Period.

Selling and marketing expenses

During the Reporting Period, the Group's selling and marketing expenses increased by 11.2% from RMB98.7 million for the year ended 31 December 2023 to RMB109.8 million, primarily due to, during the Reporting Period, (1) the increase in our employee benefit expenses as a result of the Group's further expansion of sales efforts and the increase in the number of employees for sales network expansion; and (2) with the increase in sales volume and sales revenue, expenses such as automobile repair and maintenance increased.

Administrative expenses

Administrative expenses decreased by 7.8% from RMB133.2 million for the year ended 31 December 2023 to RMB122.9 million for the year ended 31 December 2024, primarily due to the decrease in listing expenses of the Group during the Reporting Period.

Research and development expenses

We incurred a relatively small amount of research and development expenses of RMB0.5 million for the year ended 31 December 2024, which is comparable to the insignificant amount of RMB0.4 million incurred for the year ended 31 December 2023.

Other income/losses, net

During the Reporting Period, the Group's other income/losses, net decreased from RMB12.8 million for the year ended 31 December 2023 to RMB10.1 million, primarily due to the decrease in the Group's value-added tax refund income during the Reporting Period.

Finance cost, net

Finance cost, net decreased by 1.7% from RMB161.5 million for the year ended 31 December 2023 to RMB158.8 million for the year ended 31 December 2024, primarily due to the decrease in the Group's average cost of new borrowing during the Reporting Period.

Income tax

During the Reporting Period, the Group recorded income tax expense of RMB13.6 million, representing a decrease from RMB20.0 million in the same period last year, mainly due to the decrease in the Group's taxable income during the Reporting Period.

Profit for the year

During the Reporting Period, the Group recorded a profit of RMB39.7 million, representing a decrease from RMB109.8 million in the same period last year. This was mainly due to (1) the increase in the Group's sales revenue during the Reporting Period, which increased the Group's profit in the Reporting Period; and (2) the positive impact of (1) offset by changes in fair value of ordinary shares with redemption right.

Profit for the year attributable to owners of the Company

As a result of the foregoing, the Group recorded a profit for the year attributable to owners of the Company of RMB40.0 million for the year ended 31 December 2024, representing a decrease compared with RMB110.3 million in the same period of last year.

INVENTORY MANAGEMENT

The Group's inventories consist of new and repossessed automobiles and vehicle telematics equipment. As at 31 December 2024, the Group's net inventories amounted to approximately RMB172.1 million, representing an increase of RMB2.1 million from RMB170.0 million as at 31 December 2023, mainly due to the increase in the Group's inventory amount for the procurement of new automobiles.

The Group monitors our inventories from time to time and strives to maintain an optimal inventory level of automobiles. The Group keeps moving record of its inventory levels with the aid of its IT systems and physical records. We conduct daily inspection of the physical condition of our inventories and monthly physical inventory stocktake to ensure the accuracy of our inventory record.

FINANCE LEASE RECEIVABLES AND POLICIES ON IMPAIRMENT OF FINANCE LEASE RECEIVABLES

The overall position of the Group's finance lease receivables as at the dates indicated is as follows:

	As at 31 December					
	2024			2023		
Period	**Number of contracts**	**Finance lease receivables, net RMB'000**	**percentage**	Number of contracts	Finance lease receivables, net RMB'000	percentage
Within one year	**1,065**	**767,998**	**42.1%**	988	697,880	41.8%
Between one and two years	**8,546**	**527,552**	**28.9%**	8,394	500,020	29.9%
Between two and five years	**18,822**	**527,671**	**29.0%**	16,105	473,000	28.3%
	28,433	**1,823,221**	**100.0%**	25,487	1,670,900	100.0%

As at 31 December 2024, the Group's finance lease receivables involved 28,433 contracts (involving 27,776 borrowers), representing an increase of 11.6% as compared to that as at 31 December 2023. Net finance lease receivables amounted to RMB1,823.2 million, representing an increase of 9.1% as compared with that as at 31 December 2023.

The net finance lease receivables due within one year represents the net finance lease receivables to be received by the Group within one year from the date indicated. As at 31 December 2024, our net finance lease receivables due within one year accounted for 42.1% of the Group's net finance lease receivables, representing an increase as compared to that as at 31 December 2023, primarily due to the increase in the number of finance lease contracts of the Group during the Reporting Period.

In terms of customers, as at 31 December 2024, the net finance lease receivables from the Group's top five customers accounted for 1.0% of the Group's net finance lease receivables, representing a slight decrease from 1.7% as at 31 December 2023.

The following table sets forth the breakdown of our net finance lease receivables by geographical location as at the dates indicated:

Geographical location of customers	As at 31 December 2024 Finance lease receivables, net RMB'000	As at 31 December 2024 percentage	As at 31 December 2023 Finance lease receivables, net RMB'000	As at 31 December 2023 percentage
Eastern PRC	**778,979**	**42.7%**	596,188	35.7%
Southern PRC	**258,715**	**14.2%**	301,049	18.0%
Southwestern PRC	**194,104**	**10.6%**	231,796	13.9%
Central PRC	**165,717**	**9.1%**	193,868	11.6%
Northern PRC	**187,645**	**10.3%**	173,218	10.4%
Northwestern PRC	**164,885**	**9.0%**	132,729	7.9%
Northeastern PRC	**73,176**	**4.1%**	42,052	2.5%
Sub-total	**1,823,221**	**100.0%**	1,670,900	100.0%

The following table sets forth the ageing analysis of our finance lease receivables as at the dates indicated:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Finance lease receivables, net	**1,823,221**	1,670,900
Allowance for impairment of finance lease receivables	**16,625**	14,299
Allowance to net finance lease receivables ratio *(Note 1)*	**0.9%**	0.9%
Past due net finance lease receivables		
Over one month	**34,425**	30,057
Over three months	**13,451**	11,822
Over six months	**5,873**	4,651
Over one year	**2,563**	1,533
Past due ratio *(Note 2)*		
Over one month	**1.9%**	1.8%
Over three months	**0.7%**	0.7%
Over six months	**0.3%**	0.3%
Over one year	**0.1%**	0.1%
Past due coverage ratio *(Note 3)*		
Over one month	**48.3%**	47.6%
Over three months	**123.6%**	121.0%
Over six months	**283.1%**	307.4%
Over one year	**648.7%**	932.7%

Notes:

1. Represents allowance for impairment of finance lease receivables as at the end of that corresponding year divided by net finance lease receivables as at the end of that corresponding year.

2. Represents past due net finance lease receivables as at the end of that corresponding year divided by total net finance lease receivables as at the end of the corresponding year.

3. Represents allowance for impairment of finance lease receivables as at the end of that corresponding year divided by past due net finance lease receivables as at the end of that corresponding year.

We actively monitor historical past due ratio and continuously improve our data analytics capabilities, as well as execute post-lease management and loss recovery measures through our automobile monitoring platform and our patent protected GPS tracking devices installed on all the automobiles leased by us. Therefore, our past due ratios remained at a relatively low level. As at 31 December 2024, our over three months past due ratio, over six months past due ratio and over one year past due ratio were all below 1%.

We recognise the impairment of finance lease receivables by applying the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The impairment losses provided for finance lease receivables are determined based on historically observed default rates over the expected life of finance lease receivables with similar credit risk characteristics and are adjusted for forward-looking estimates.

As at 31 December 2024, the provision ratio of the Group's net finance lease receivables was close to 1%, and was relatively stable compared to the same period last year. Our over three months past due coverage ratio was 123.6% as at 31 December 2024, representing a slight increase compared to the same period last year. Over six months past due as at 31 December 2024 and over one year past due coverage ratio as at 31 December 2024 decreased compared to that as at 31 December 2023, primarily due to our active monitoring on and continuous improvement in loss recovery measures.

INTERNAL CONTROLS

We have developed risk management and internal monitoring systems to address the risks we are exposed to. In particular, we have developed corresponding risk management policies based on the management characteristics of automotive finance leasing business.

RISK MANAGEMENT POLICY

The credit risk management system of the Group is divided into pre-lease and post-lease credit risk management.

Pre-lease credit assessment and approval process:

During our credit assessment and approval process for our automobile retail and finance lease business, we generally consider both (i) qualitative factors, which may include age, location, driving penalty records, credit history and litigation records; and (ii) quantitative factors, which may include the proposed principal amount of the lease transaction, value of the personal assets and personal income level.

We generally require potential finance lease customers to fulfil our preliminary requirements, including (i) holding a valid PRC identity card; (ii) holding a valid PRC driving license (with less than 12 points deducted); (iii) aged between 18 and 60 years old (inclusive). The Group may also require them to produce (i) property ownership certificate; (ii) business registration certificate (for corporate customers); and/or (iii) proof of employment and salary records of the last six months.

If the potential customers have satisfied the above preliminary requirements, the Group will perform credit assessment based on their information such as checking their name, identity card number and mobile phone number against the Group's self-maintained database as well as the third party databases. Our risk management system allows a bilateral flow of statistics and data between our management systems for pre-credit risk and post-credit risk, which is conducive to the improvement of our future credit risk analysis model. Leveraging our data analytics capabilities, we are able to complete the credit assessment and approval within a relatively short period of time to maintain the Group's competitiveness.

During the above process, the Group's sales staff maintains close communication with the customer in order to complete the necessary manual evaluation process.

After the assessments, we will notify our customers of the assessment results. Before execution of the agreements, we will conduct face-to-face interviews with our customers in order to verify their identity and to ensure that our customers understand the terms and conditions of the agreements. Our customers are then required to settle the initial payment and execute the agreements and other necessary documents. The customers' information will be recorded into our ERP system at the same time.

Before the automobile handover, we will ensure that our GPS tracking devices preinstalled on the leased automobiles function properly. After completion of the standard procedures, we will hand over the leased automobiles to our customers.

Post-lease credit risk management:

After the automobile handover, the Group will monitor customer's periodic payments and automobile activities. We monitor the status of the leased automobiles through the GPS tracking devices preinstalled and/or our automobile monitoring platform from time to time. Our customer service department usually sends payment reminders through our management system three to five days before the due date of the respective payment, mainly by sending text messages to our customers.

Our finance department checks and monitors the collection of payments from our customers on a daily basis and inputs the payment records into our ERP system. If any default or delinquency on payment arises, our customer service department will continue to send out reminders to these customers.

Generally, if (i) any payment is overdue for over 35 days despite our repeated reminders; or (ii) any irregular activity (such as abnormal trajectory or vanishing GPS signal) is observed for at least three days on our automobile monitoring platform, we may exercise our right to repossess the automobile directly.

After the repossession, our technical department will check and remove any GPS tracking devices not installed by us to avoid any potential tracking and stealing of the automobiles by the customers in breach. Our legal department will also implement other necessary legal measures permitted by law. In the case where our customers are unable to continue with the due performance of the contracts or we cannot get in touch with our customers by all reasonable means, we will terminate the relevant contracts.

If the repossessed automobiles do not meet the normal safety requirements or driving conditions, they will be sent to third party automobile service workshop for repair, in order to be sold under finance lease or operated as operating lease vehicles. Automobiles with severe accidents histories, the repair cost of which is significantly higher than one-off selling price, will be disposed directly through one-off sales.

CAPITAL MANAGEMENT

The Group regularly reviews and manages our capital structure to maintain a balance between debt financing and equity financing and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors our capital on the basis of the gearing ratio.

The Group manages our capital to ensure that our group companies can repay or refinance debts when they fall due and comply with the PRC laws and regulations while maximising the return to Shareholders through balancing our debt financing and equity financing. The Group strives to balance the objectives of matching the cash inflow of our customers' automobile finance lease with the cash outflow of our borrowings and growing our business.

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Borrowings	**2,281,558**	1,865,655
Lease liabilities	**11,195**	14,896
Less: cash and cash equivalents	**(340,598)**	(267,733)
Net debt	**1,952,155**	1,612,818
Total equity	**827,846**	781,450
Total capital	**2,780,001**	2,394,268
Gearing ratio	**70.2%**	67.4%

Note: Gearing ratio is calculated as net debt divided by total capital

The Group's gearing ratio increased to 70.2% as at 31 December 2024 from 67.4% as at 31 December 2023, mainly due to the increase in the Group's net debt.

NET CURRENT ASSETS

The following table sets out current assets and current liabilities:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current assets		
Inventories	**172,137**	169,976
Finance lease receivables	**755,884**	689,221
Trade receivables	**14,768**	9,928
Prepayments, deposits and other receivables	**381,550**	261,812
Restricted cash	**–**	5,652
Cash and cash equivalents	**340,598**	267,733
	1,664,937	1,404,322
Assets classified as held for sale	**–**	44,500
Total current assets	**1,664,937**	1,448,822
Current liabilities		
Borrowings	**1,151,920**	919,946
Trade payables	**80,584**	135,520
Accruals	**89,486**	109,982
Lease liabilities	**5,720**	6,759
Income tax payable	**14,062**	9,584
Total current liabilities	**1,341,772**	1,181,791
Net current assets	**323,165**	267,031

As at 31 December 2024, the Group's net current assets increased to RMB323.2 million from RMB267.0 million as at 31 December 2023. The change was mainly due to the increase in financial lease receivables, cash and cash equivalents, prepayments, deposits and other receivables.

FOREIGN EXCHANGE EXPOSURE

The Group's subsidiaries primarily operate in the PRC and the majority of the Group's revenue and expenditures are denominated in RMB. For the year ended 31 December 2024, the Group did not encounter significant foreign currency risk from its operations and did not hedge against any fluctuation in foreign currency.

TREASURY POLICY

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

CAPITAL EXPENDITURES

During the Reporting Period, the Group's capital expenditure increased by 16.3% year-on-year from RMB288.4 million for the year ended 31 December 2023 to RMB335.3 million, mainly due to the increase in the Group's purchase of property and equipment during the Reporting Period.

CHARGES ON ASSETS

The Group's borrowings are secured by certain assets as collateral for our borrowings. As at 31 December 2024, the secured assets involved in the Group's borrowings increased to RMB2,249.2 million from RMB2,144.1 million as at 31 December 2023. Of which, (1) as at 31 December 2024, the secured property and equipment increased to RMB376.8 million from RMB369.6 million as at 31 December 2023; (2) secured borrowings deposit increased to RMB57.5 million from RMB48.3 million as at 31 December 2023; (3) secured inventory decreased to RMB103.0 million from RMB105.0 million as at 31 December 2023; and (4) secured finance lease receivables increased to RMB1,711.9 million from RMB1,621.1 million as at 31 December 2023.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 11 January 2024, the Group disposed of 53% equity interest in Fujian Xidun, a then indirect wholly-owned subsidiary of the Company, to Fujian Taikun. On 15 January 2024, the Group and Fujian Taikun made a joint investment of RMB49.0 million in Fujian Xidun, among which, the Group made an investment of RMB23.0 million. On 29 October 2024, the Group purchased 2% equity interest in Fujian Xidun from Fujian Taikun with cash consideration of RMB1.0 million. On 29 October 2024, the Group and Fujian Taikun made a joint investment of RMB50.0 million in Fujian Xidun, among which, the Group made an investment of RMB24.5 million.

There were no significant investments held with carrying amount accounting for more than 5% of the Group's total assets as at 31 December 2024, nor was there any plan authorised by the Board for other material investments or additions of capital assets as at the date of this annual report.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND JOINT VENTURES

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries and joint ventures during the year ended 31 December 2024.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2024.

FINANCIAL INSTRUMENTS

The Group did not have any outstanding hedge contracts or financial derivative instruments as at 31 December 2024.

DISTRIBUTION MAP OF THE GROUP'S SALES NETWORK

The Group has continued to build an extensive sales network, with sales outlets mainly located in tier two, and tier three and below cities throughout the PRC. For the year ended 31 December 2024, the Group has operated a total of 89 sales outlets across 25 provinces and municipalities in the PRC, covering East China, North China, South China, Central China, Southwest China, Northwest China and Northeast China.

MAJOR EVENTS FOR 2024

JAN

25-27

From 25 to 27 January 2024, the 2024 Strategic Planning Seminar of XXF Group, "A Trail of Victory", was grandly held. The Group's management and heads of various departments gathered to conduct a comprehensive and in-depth review of the work of the past year, jointly discuss and plan future development strategies, accumulate strength, and open a new chapter in the Group's development in 2024.

31

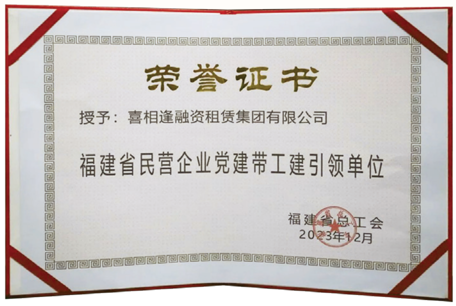
On 31 January 2024, the signing ceremony of the increase credit between XXF Group and Dongfeng Nissan Financial Leasing Co., Ltd. was successfully held at the headquarters of XXF Group, and both parties reached a strategic cooperation on product provision, resource sharing, vehicle procurement and other matters.

MAJOR EVENTS FOR 2024

FEB

4

On 4 February 2024, the Fujian Provincial Federation of Trade Unions awarded XXF Group the title of "Leading Unit of Party Building and Industrial Construction of Private Enterprises in Fujian Province" (福建省民營企業黨建帶工建引領單位), officially completed the inauguration and issued an honorary certificate.



MAR

3

On 3 March 2024, the opening ceremony of the Hong Kong office of XXF Group Holdings Limited was grandly held in Shun Tak Centre, Sheung Wan, Hong Kong. XXF Group was happy to meet the senior leaders, partners and guests from all walks of life to participate in the event and witness a new chapter in the development of the Group.

APR

12

On 12 April 2024, the vice president of BAIC MOTOR, the assistant to the general manager of BAIC Finance, the general manager of the automobile finance company and other leaders visited XXF Group to carry out exchanges and negotiations. We conducted a comprehensive and in-depth review to jointly explore and plan for future development strategy, and to build up strength to start a new chapter of the Group's development in 2024.

18

On 18 April 2024, the head of Qichen Business Headquarters of Dongfeng Nissan Passenger Vehicle Company (東風日產乘用車公司), the marketing director of east China region of Qichen Business Headquarters and other leaders visited XXF Group for exchanges.

MAJOR EVENTS FOR 2024

MAY

25

On 25 May 2024, the Harbin store of XXF Group was officially opened, and representatives of the Company, including the vice president of the finance lease division of XXF Group and the director of the northern region of finance lease of XXF Group, participated in the opening ceremony to welcome this festive moment.

27

On 27 May 2024, the Langfang store of XXF Group was officially opened, and representatives of the Company, including the vice president of the finance lease division of XXF Group and the director of the western region of finance lease of XXF Group, participated in the opening ceremony to witness this important moment.

JUL

16

On 16 July 2024, the XXF Kashi store was officially opened, and representatives of the Company, including the director of the central region of finance lease of XXF Group and the store manager of the XXF Xinjiang store, attended the ceremony to congratulate and witness the joyful moment of the opening of the Kashi store.

AUG

15

On 15 August 2024, the 10th anniversary ceremony of the cooperation between XXF Group and Hyundai Capital (北京現代汽車金融) was grandly held at the headquarters of XXF Group. Decade of sharpening a sword, and marching forward regardless of hardship. This was not only a milestone for the two companies to grow together, but also a new starting point for both parties to deepen cooperation and create a better future.

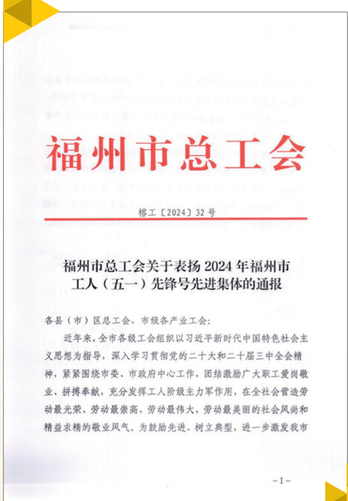
SEP

4

On 4 September 2024, the signing ceremony of the strategic cooperation between XXF Group and BAIC MOTOR was successfully held at the headquarters of marketing company of BAIC MOTOR, and the vice president of BAIC MOTOR, secretary of the party committee and general manager of BAIC MOTOR Sales Co., Ltd. (北京汽車銷售有限公司), and the deputy general manager of BAIC MOTOR Sales Co., Ltd. and the leaders of XXF Group attended the signing ceremony, officially announcing the launch of a new round of strategic cooperation between the two parties to jointly explore a new path of automobile innovation and industry development.

30

On 30 September 2024, the Fuzhou Federation of Trade Unions issued the Circular on Commending the Advanced Collective of Fuzhou Workers (May Day) Pioneer in 2024 (《關於表揚 2024 年福州市工人(五一)先鋒號先進集體的通報》), and the business support centre team of XXF Group won the honorary title of "Worker Pioneer" (工人先鋒號).



福州市总工会

榕工〔2024〕32 号

福州市总工会关于表扬 2024 年福州市工人（五一）先锋号先进集体的通报

各县（市）区总工会，市级各产业工会：

近年来，全市各级工会组织以习近平新时代中国特色社会主义思想为指导，深入学习贯彻党的二十大和二十届三中全会精神，紧紧围绕市委、市政府中心工作，团结激励广大职工爱岗敬业、拼搏奉献，充分发挥工人阶级主力军作用，在全社会营造劳动最光荣、劳动最崇高、劳动最伟大、劳动最美丽的社会风尚和精益求精的敬业风气。为鼓励先进、树立典型，进一步激发我市

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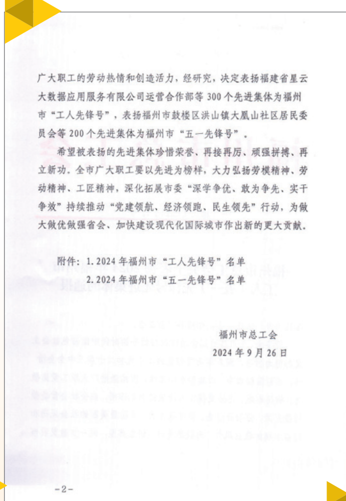


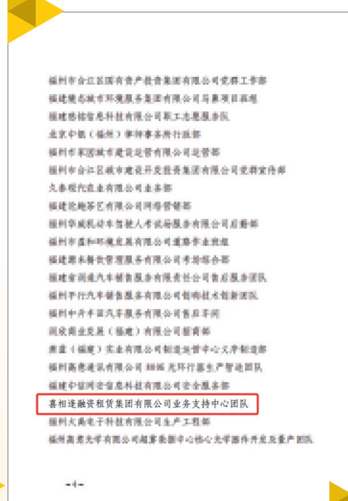
广大职工的劳动热情和创造活力，经研究，决定表扬福建省星云大数据应用服务有限公司运营合作部等 300 个先进集体为福州市“工人先锋号”，表扬福州市鼓楼区洪山镇大凰山社区居民委员会等 200 个先进集体为福州市“五一先锋号”。

希望被表扬的先进集体珍惜荣誉、再接再厉、顽强拼搏、再立新功。全市广大职工要以先进为榜样，大力弘扬劳模精神、劳动精神、工匠精神，深化拓展市委“深学争优、敢为争先、实干争效”持续推动“党建领航、经济领跑、民生领先”行动，为做大做优做强省会、加快建设现代化国际城市作出新的更大贡献。

附件：1. 2024 年福州市“工人先锋号”名单
2. 2024 年福州市“五一先锋号”名单

福州市总工会
2024 年 9 月 26 日

-2-



喜相逢融资租赁集团有限公司业务支持中心团队

-4-

OCT

12

On 12 October 2024, XXF Group specially held the "Climb the Peak to Strengthen the Body and Mind and Move Forward with You" (攀峰強身心與您共前行) - XXF Group's 18th Anniversary Mountaineering Activity and 10th Anniversary Employee Commemorative Activity. More than 100 XXF Group employees met in Gushan Mountain in Fuzhou to start a commemorative mountaineering activity. Grateful for 18 years of service, united and moving forward together, and thank the "veterans" for their perseverance and hard work.

NOV

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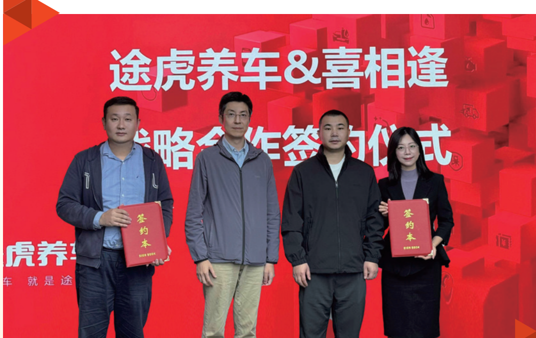
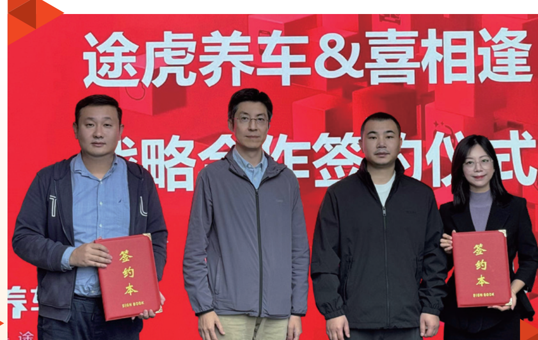
On 18 November 2024, XXF Group and Tuhu Car Inc. held a strategic signing ceremony in Shanghai. The signing of this strategic cooperation agreement marked the official start of the in-depth cooperation between the two parties in the field of automobile services. In the future, the two parties will give full play to their respective corporate advantages, realize resource sharing and optimal allocation through platform interconnection and service network interconnection, carry out user demand fission with the help of the platform's more than 100 million registered users, quickly and accurately capture the real needs of users, promote the development of the industry in the direction of specialization, intelligence and greening, and jointly explore new models and paths of automobile services, so as to bring users a more comprehensive, professional and efficient car service experience.





DEC

On 5 December 2024, the signing ceremony of the strategic cooperation between XXF Group and Hubei Jinkong Financial Leasing Co., Ltd. (湖北金控融資租賃有限公司) was successfully held at the headquarters of XXF Group. Focusing on the demand for automobile consumption in the new scenario, the two parties jointly explored a new path of cooperation in public credit, supply chain finance and retail financial services.

DIRECTORS

Executive Directors

Mr. Huang Wei (黃偉), aged 43, was appointed as our Director on 29 March 2019 and was re-designated as our executive Director on 28 November 2019. Mr. Huang is also the chairman and chief executive officer of our Group and is primarily responsible for the overall management, strategic planning and major operational decisions of our Group. He also holds directorship in a number of subsidiaries of our Group. Mr. Huang founded XXF Group in September 2007 where he has been serving as the chairman of the board and the general manager since its inception and has been primarily responsible for its overall management and decision-making in its day-to-day business operations.

Prior to founding our Group, from April 2001 to April 2007, Mr. Huang worked at CPTF Optronics Co., Ltd.* (華映光電股份有限公司), a manufacturer of cathode ray monochrome and colour display tubes, where he was in charge of manufacturing.

Since January 2023, Mr. Huang has been serving as the legal representative of Fuzhou Jin'an Non-party Intellectuals Fellowship* (福州市晉安區黨外知識分子聯誼會). Mr. Huang was appointed as a representative of the Sixteenth Fuzhou People's Congress (福州市第十六屆人民代表大會) in January 2022. In November 2020, Mr. Huang was awarded the Advanced Individual in Fighting the New Coronary Pneumonia Epidemic (福建省抗擊新冠肺炎疫情先進個人) by Fujian Provincial Committee of the Communist Party of China and People's Government of Fujian Province. In September 2020, Mr. Huang was awarded the 18th Outstanding Entrepreneurs of Fujian Province (第十八屆福建省優秀企業家) by Fujian Enterprise and Enterpriser Federation* (福建省企業與企業家聯合會). In November 2019, he was awarded the 2019 National Commerce Outstanding Entrepreneur by the Association at China Commercial Enterprise Management* (中國商業企業管理協會). Mr. Huang served as a vice president of Fuzhou Jin'an Federation of Industry and Commerce* (福州市晉安區工商業聯合會) in December 2017.

Mr. Huang was enrolled in the executive master of business administration programme jointly organised by Tsinghua University (清華大學) in the PRC, E' cole des Ponts ParisTech in France and E' cole nationale de l'aviation civile in France in 2019.

Mr. Ye Fuwei (葉富偉), aged 37, was appointed as our executive Director on 28 November 2019. Mr. Ye joined our Group in 2012 and has been serving as executive vice president since December 2015. He is primarily responsible for overseeing the automobile retail and finance, the automobile-related services business (e-hailing vehicles and operating lease business) and other automobile-related business of our Group. Mr. Ye is also a director of XXF Group.

Prior to joining our Group, from July 2007 to October 2011, Mr. Ye served as a director at the sales department of Shanghai Didu Agent Co., Ltd.* (上海帝都房地產經紀有限公司), a real estate agent.

Mr. Ye received his associate degree in human resources management and self-study undergraduate certificate in business administration from Jimei University (集美大學) in the PRC in June 2015 and December 2019, respectively. Mr. Ye was enrolled in the Advanced Financial Management Course, a distance learning programme jointly delivered by Shanghai Advanced Institute of Finance* (上海高級金融學院), an institute affiliated with Shanghai Jiao Tong University (上海交通大學) in the PRC, Shanghai National Accounting Institute* (上海國家會計學院) in the PRC and the Arizona State University in the United States in 2021, and received his master's degree in business administration from the Arizona State University in the United States in August 2024.

Mr. Ye was appointed as a member of the 10th Jin'an District of Fuzhou Municipal Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十屆福州市晉安區委員會) in December 2021.

Ms. Zhang Jinghua (張景花), aged 43, was appointed as our executive Director on 28 November 2019. Ms. Zhang joined our Group in 2015 and has been serving as our senior vice president and financial controller since May 2017. She is primarily responsible for the financial management and internal control of our Group. Ms. Zhang is also a director of XXF Group.

Ms. Zhang has over 18 years of experience in financial management. Prior to joining our Group, from September 2011 to April 2015, Ms. Zhang served as an accounting supervisor at Fujian Sunnada Communication Co., Ltd.* (福建三元達通訊股份有限公司) (now known as Suna Co., Ltd* (深南金科股份有限公司)), a service provider of mobile devices and mobile TV network previously listed on the Shenzhen Stock Exchange (stock code: 002417), where she was primarily responsible for its financial management. From December 2007 to August 2011, Ms. Zhang worked at Fuzhou Shenzhou Digital Co., Ltd.* (福州神州數碼有限公司), a company principally engaged in the wholesales of computer hardware and accessories, where she was primarily responsible for its financial matters. From June 2004 to January 2006, Ms. Zhang worked at CPTF Optronics Co., Ltd.* (華映光電股份有限公司), a manufacturer of cathode ray monochrome and colour display tubes, where she was primarily responsible for its financial and accounting matters.

Ms. Zhang received her bachelor's degree of management in accounting from Northeast Forestry University (東北林業大學) in the PRC in July 2003.

Non-executive Directors

Mr. Liu Wei (劉偉), aged 37, was appointed as our non-executive Director on 28 November 2019. Mr. Liu has been serving as a director of XXF Group since July 2015. Mr. Liu has also been serving as a vice president at Shenghui Logistic Group Co. Ltd.* (盛輝物流集團有限公司) since March 2013 and has been primarily in charge of its information technology department and human resources department.

Mr. Liu received his bachelor's degree in process equipment and control engineering from Fuzhou University (福州大學) in the PRC in June 2009 and his master's degree of science in management and entrepreneurship from University of Sussex in the United Kingdom in January 2013.

Mr. Liu was appointed as a member of the 13th Fuzhou Municipal Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十三屆福州市委員會) in December 2016.

Ms. Xu Rui (徐睿), aged 41, was appointed as our non-executive Director on 28 November 2019. Ms. XU Rui has tendered resignation as the non-executive Director of the Company, with effect from 6 November 2024.

Since October 2016, Ms. Xu has been the general manager of the investment banking department of SDIC Taikang Trust Co., Ltd.* (國投泰康信託有限公司), mainly responsible for equity investments and mergers and acquisitions.

From January 2009 to December 2012, Ms. Xu worked at Beijing Zhongzheng Wanrong Investment Group Co., Ltd.* (北京中證萬融投資集團有限公司), a company principally engaged in equity investment.

Ms. Xu received her bachelor's degree of arts in business English from Central University of Finance and Economics (中央財經大學) in the PRC in July 2007 and her master's degree in business administration from Peking University (北京大學) in the PRC in June 2014. Ms. Xu also received the fund qualification certificate* (基金從業人員資格證) from Asset Management Association of China* (中國證券投資基金業協會) in November 2016.

Independent Non-executive Directors

Mr. Wu Fei (吳飛), aged 53, was appointed as our independent non-executive Director on 9 October 2023. Since May 2023, Mr. Wu has been serving as an independent non-executive director of New Hope Dairy Co., Ltd.* (新希望乳業股份有限公司), a dairy products manufacturer and seller listed on the Shenzhen Stock Exchange (stock code: 002946), where he was primarily responsible for supervising and providing independent advice to the board. Mr. Wu has also been serving as the legal representative of Shanghai Gaojin Education Technology Co., Ltd.* (上海高金教育科技有限公司) since February 2023.

From January 2020 to April 2023, Mr. Wu served as an independent non-executive director of Anhui Anfu Battery Technology Co., Ltd. (安徽安孚電池科技股份有限公司), formerly known as Anhui Andeli Department Store Co., Ltd. (安徽安德利百貨股份有限公司), a batteries manufacturer and seller listed on the Shanghai Stock Exchange (stock code: 603031), where he was primarily responsible for supervising and providing independent advice to the board. From November 2020 to March 2022, Mr. Wu served as an independent non-executive director of Shanghai Lily & Beauty Cosmetics Co., Ltd. (上海麗人麗妝化妝品股份有限公司), an e-commerce retail company listed on the Shanghai Stock Exchange (stock code: 605136), where he was primarily responsible for supervising and providing independent advice to the board.

From February 2018 to January 2021, Mr. Wu served as an independent non-executive director of CEFC Hong Kong Financial Investment Company Limited (香港華信金融投資有限公司) (now known as Virtual Mind Holding Company Limited (天機控股有限公司)), an apparel manufacturer and seller listed on the Main Board of the Stock Exchange (stock code: 1520), where he was primarily responsible for supervising and providing independent advice to the board. From December 2016 to December 2019, Mr. Wu served as an independent non-executive director of Fujian Raynen Technology Co., Ltd.* (福建睿能科技股份有限公司), a high-tech company listed on the Shanghai Stock Exchange (stock code: 603933), where he has been primarily responsible for supervising and providing independent advice to the board. Since June 2013, Mr. Wu has been serving as a professor at Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University* (上海交通大學上海高級金融學院). He served as a professor at Jiangxi University of Finance and Economics* (江西財經大學) from November 2010 to October 2013, a member of its Academic Committee* (學術委員會) from October 2009 to September 2013 and an associate dean of its International Academy of Financial Management* (金融管理國際研究院) from March 2012 to June 2013. From June 2004 to March 2010, Mr. Wu served as a senior lecturer presenting finance related lectures at Massey University in New Zealand.

Mr. Wu received his bachelor's degree in industrial economics from South China University of Technology* (華南理工大學) in the PRC in July 1994, his master's degree in financial investment from University of Aberdeen in the United Kingdom in November 2000, and his doctor's degree of philosophy in banking and finance from University College Dublin in the Republic of Ireland in March 2005.

Mr. Fung Che Wai, Anthony (馮志偉), aged 55, was appointed as our independent non-executive Director on 9 October 2023. Since 4 January 2024, Mr. Fung has been serving as an independent non-executive director of Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥股份有限公司), a clinical-stage biotech company listed on the Main Board of the Stock Exchange (stock code: 2509), where he is mainly responsible for providing independent advice to the board. Since 7 October 2024, Mr. Fung has been serving as an independent non-executive director of Zhejiang Taimei Medical Technology Co., Ltd.* (浙江太美醫療科技股份有限公司), a PRC medical technology company listed on the Main Board of the Stock Exchange (stock code: 2576), where he is primarily responsible for supervising and providing independent advice to the board. Since 6 December 2023, Mr. Fung has been serving as an independent non-executive director of Dekon Food and Agriculture Group (四川德康農牧食品集團股份有限公司), a livestock and poultry breeding and farming enterprise in China listed on the Main Board of the Stock Exchange (stock code: 2419), where he is mainly responsible for supervising and providing independent advice to the board. Since November 2021, Mr. Fung has been serving as an independent non-executive director of Zhong An Group Limited (眾安集團有限公司), a Chinese property developer listed on the Main Board of the Stock Exchange (stock code: 0672), where he is primarily responsible for supervising and providing independent advice to the board of directors. Since 9 October 2020, Mr. Fung has been serving as an independent non-executive director of KWG Living Group Holdings Limited (合景悠活集團控股有限公司), a comprehensive property management service provider listed on the Main Board of the Stock Exchange (stock code: 3913). From April 2017 to August 2023, Mr. Fung has been serving as an independent non-executive director of FY Financial (Shenzhen) Co., Ltd. (富銀融資租賃(深圳)股份有限公司), a financial services company listed on the GEM of the Stock Exchange (stock code: 8452), where he has been primarily responsible for supervising and providing independent advice to the board of directors. From May 2017 to December 2022 and from March 2019 to December 2022, Mr. Fung served as the chief financial officer and company secretary, respectively, of Beijing Enterprises Urban Resources Group Limited (北控城市資源集團有限公司), an integrated waste management solution provider listed on the Main Board of the Stock Exchange (stock code: 3718), where he was primarily responsible for the overall financial and investor relations matters. From June 2017 to October 2021, Mr. Fung served as an independent non-executive director of S&P International Holding Limited (椰豐集團有限公司), a coconut food manufacturer and seller listed on the Main Board of the Stock Exchange (stock code: 1695), where he was primarily responsible for supervising and providing independent advice to the board.

From September 2014 to April 2017, Mr. Fung served as an external supervisor of Chery HuiYin Motor Finance Service Co., Ltd.* (奇瑞徽銀汽車金融股份有限公司), an automobile finance joint venture, where he was primarily responsible for monitoring the company's operations as a member of the board of supervisors. From July 2014 to April 2017, Mr. Fung served as the chief financial officer and company secretary of Kong Sun Holdings Limited (江山控股有限公司), a solar power plants investor and operator listed on the Main Board of the Stock Exchange (stock code: 0295), where he was primarily responsible for overall financial operation, company secretarial matters and investor relations. From January 2011 to July 2014, Mr. Fung served as the chief financial officer and company secretary of Zall Development (Cayman) Holding Co., Ltd. (卓爾發展(開曼)控股有限公司) (now known as Zall Smart Commerce Group Ltd. (卓爾智聯集團有限公司)), a property developer listed on the Main Board of the Stock Exchange (stock code: 2098), where he was primarily responsible for financial and compliance matters. From January 2008 to August 2010, Mr. Fung served as the vice president of NagaCorp Ltd.(金界控股有限公司), a licensed casino listed on the Main Board of the Stock Exchange (stock code: 3918), where he was primarily responsible for development of investor relations procedures, policies and strategies for the company and liaison with existing and potential investors as well as analysts. From October 1999 to August 2007, Mr. Fung served as a director of Winsmart Consultants Limited (弘陞投資顧問有限公司), a financial consulting company, where he was primarily responsible for advising the client on corporate finance and investor relations related matters. From August 1992 to September 1999, he successively served as a staff accountant, semi senior accountant, senior accountant and manager in Deloitte Touche Tohmatsu, where he was primarily responsible for audit planning and control.

Mr. Fung received his bachelor's degree of arts in accountancy from Hong Kong Polytechnic University in October 1992. Mr. Fung was admitted as a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants in October 2001 and September 2005, respectively.

Mr. Chen Shuo (陳碩), aged 58, was appointed as our independent non-executive Director on 9 October 2023. Since November 2020, he has served as the vice president of China Haichuang Technology (Fujian) Group Co., Ltd* (中海創科技(福建)集團有限公司), an automation and information technology provider in the PRC, where he was primarily responsible for investment development and technological co-operation. From January 2009 to July 2014, Mr. Chen served as the legal representative of Fuzhou Chengjian Construction Drawing Review Firm* (福州成建施工圖審查事務所). From January 2009 to April 2013, Mr. Chen served as the legal representative of Fuzhou Guowei Construction Design Co., Ltd* (福州國偉建設設計有限公司). From October 2006 to October 2009, Mr. Chen served as a deputy director of Digital City Research Centre of Wuhan University* (武漢大學數字城市研究中心). From July 1989 to September 2020, Mr. Chen worked at Fuzhou Planning and Design Institute* (福州市規劃設計研究院), a survey, planning and design research institute, where he had held a professional title of professor level senior engineer and had served as the vice president and was in charge of the operations and scientific research activities.

Mr. Chen was appointed as a member of the 12th and 13th of the Fuzhou Municipal Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十二屆及第十三屆福州市委員會), and as a vice president at Fujian Green Construction Innovation Alliance* (福建省綠色建築創新聯盟) in December 2014. In January 2000, Mr. Chen was appointed as the supervisor of master's student at the College of Electrical Engineering of Fuzhou University (福州大學).

Mr. Chen received his bachelor's degree in computer science from Fuzhou University (福州大學) in the PRC in July 1989, and attended postgraduate training in international economics at Xiamen University (廈門大學) in the PRC from March 1996 to May 1998. From February 2002 to August 2002, Mr. Chen was a visiting scholar of the Imperial College of Science, Technology and Medicine in the United Kingdom. From December 2006 to January 2008, Mr. Chen was a visiting scholar at the Department of Engineering Science at the University of Oxford in the United Kingdom. Mr. Chen was admitted as a registered automation system engineer of Chinese Association of Automation in June 2005 and a professor grade senior engineer (with the treatment of professors and researchers) of Fuzhou Planning and Design Institute* (福州市規劃設計研究院) in June 2006.

As at the Latest Practicable Date, none of our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

Save as disclosed above, none of our Directors have held any other directorships in listed companies during the three years immediately preceding the date of the Prospectus. There is no other information relating to the relationship of any of our Directors with other Directors and member of the senior management that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Listing Rules.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needed to be brought to the attention of our Shareholders and there was no information relating to our Directors that was required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

Our executive Directors are our senior management who are responsible for the day-to-day operations and management of the business of our Group. Please refer to the paragraph titled "Board of Directors-Executive Directors" in this section for the biographical details of our executive Directors, Mr. Huang Wei, Mr. Ye Fuwei and Ms. Zhang Jinghua.

COMPANY SECRETARY

Mr. Wong Yuk (王旭), aged 53, served as our company secretary from 28 November 2019 to 29 February 2024.

Mr. Wong has over 25 years of work experience in finance and accounting. Since August 2022, Mr. Wong has been serving as an executive director of Tian Cheng Holdings Limited (天成控股有限公司), formerly known as Yue Kan Holding Limited (裕勤控股有限公司), a Hong Kong-based marine construction works subcontractor listed on the Main Board of the Stock Exchange (stock code: 2110), where he has been primarily responsible for financial management and assisting to manage the day-to-day business operations. From 31 August 2023, he also serves as the company secretary of Tian Cheng Holdings Limited. Since May 2023, Mr. Wong has been serving as an executive director of Winto Group (Holdings) Limited (stock code: 8238), a publications and advertising provider. Since December 2019, Mr. Wong has been serving as an independent non-executive director of Hygieia Group Limited, a cleaning service provider listed on the Main Board of the Stock Exchange (stock code: 1650), where he has been primarily responsible for providing independent opinion and judgement to the board. From May 2015 to January 2017, Mr. Wong served as the company secretary of Success Dragon International Holdings Limited (勝龍國際控股有限公司), a company principally engaged in the provision of management services for electronic gaming equipment and listed on the Main Board of the Stock Exchange (stock code: 1182). From December 2010 to June 2012, Mr. Wong served as the chief financial officer and company secretary of Yuanda China Holdings Limited (遠大中國控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2789), where he was primarily responsible for financing and investor relations affairs. Mr. Wong started his career in KPMG Hong Kong in September 1996 and left the firm as a senior accountant in April 1999. Mr. Wong also worked for various Hong Kong and Singapore listed companies from October 1999 to November 2010 on financial and accounting affairs both in Hong Kong and the PRC, including subsidiaries of the Swire Group, Hong Kong and China Gas Company Limited, Lung Kee Metal Ltd. and China Oilfield Technology Services Group Ltd. respectively.

Mr. Wong received his bachelor's degree in accountancy from the Hong Kong Polytechnic University in Hong Kong in November 1996. He was admitted as a member of the Hong Kong Institution of Certified Public Accountants in January 2004 and a fellow member of the Association of Chartered Certified Accountants in August 2005.

Ms. Peng Liting (彭麗婷), was appointed as the company secretary of the Company as well as authorised representative of the Company, with effect from 1 March 2024.

Ms. Peng holds a bachelor's degree in law from the South China Normal University in China, a master's degree in law from the University of Glasgow in the United Kingdom, as well as a master's degree in corporate governance from the Hong Kong Metropolitan University. Prior to joining the Company, Ms. Peng has extensive experience in corporate compliance, the relationship management of investors, investment and financing, and has worked for various listed companies in Hong Kong for approximately 5 years. Ms. Peng is an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom, and has been awarded with the dual designations of Chartered Secretary and Chartered Governance Professional.

DIRECTORS' REPORT

The Board is pleased to present this report to the Shareholders together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding and the activities of its subsidiaries are set out in Note 38 to the consolidated financial statements. There is no significant change in the nature of Group's activities during the year ended 31 December 2024.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 December 2024 and the financial position of the Group as of 31 December 2024 are set out in the consolidated financial statements on pages 116 to 122 of this annual report.

GROUP FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the section headed "Five Years' Financial Summary" of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 December 2024, which includes a discussion and analysis of the Group's performance using financial and operational key performance indicators and future business development are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Financial Highlights" of this annual report. The financial risk management objectives and policies of the Group are set out in Note 3 to the consolidated financial statements.

DIRECTORS

Directors during the year ended 31 December 2024 and up to the date of this annual report were:

Executive Directors

Mr. HUANG Wei *(Chairman and chief executive officer)*
Mr. YE Fuwei
Ms. ZHANG Jinghua

Non-executive Directors

Mr. LIU Wei
Ms. XU Rui *(resigned on 6 November 2024)*

Independent Non-executive Directors

Mr. WU Fei
Mr. FUNG Che Wai, Anthony
Mr. CHEN Shuo

In accordance with Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall be eligible for re-election.

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. Liu Wei, a Non-executive Director, Mr. Wu Fei, an Independent Non-executive Director, and Mr. Fung Che Wai, Anthony, an Independent Non-executive Directors, shall retire from office by rotation as Directors at the AGM and, being eligible, will offer themselves for re-election as Directors at the AGM.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

DIRECTORS' SERVICE CONTRACT

Each of our Executive Directors has entered into a service contract with the Company for a term of three years commencing on the Listing Date unless terminated by a three months' notice in writing served by either party on the other. Each of our Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing on the Listing Date unless terminated by a three months' notice in writing served by either party on the other. The term of these service contracts and the letters of appointment may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has entered, or has proposed to enter, into a service contract with any member of the Group which does not expire or is not determinable by the employer within one year without the payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each Independent Non-executive Director of his independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent as at the date of this annual report.

CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

Changes in the information of the Directors are set out below:

Mr. Ye Fuwei, our executive Director, received his master's degree in business administration from the Arizona State University in the United States in August 2024.

Mr. Fung Che Wai, Anthony, our independent non-executive Director, has been serving as an independent non-executive Director of Zhejiang Taimei Medical Technology Co., Ltd. (浙江太美醫療科技股份有限公司), a medical technology enterprise in China listed on the Main Board of the Stock Exchange (stock code: 2576), where he is mainly responsible for supervising and providing independent advice to the Board since 7 October 2024.

Save as disclosed above, there was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51B(1) of the Listing Rules from the date of the 2024 interim report of the Company.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals are set out in Notes 36 and 9(a) to the consolidated financial statements.

EMOLUMENT POLICY

The Remuneration Committee is responsible for (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the remuneration packages of individual Directors and senior management; (iii) reviewing and approving the performance-based remuneration in accordance with the Group's operating results, individual performance and comparable market practices, with reference to the corporate goals and objectives as resolved by the Board from time to time; (iv) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (v) reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (vi) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and that are otherwise reasonable and appropriate; (vii) ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and (viii) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. No Director has waived or has agreed to waive any emoluments during the year ended 31 December 2024.

The Company has adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme as an incentive for Directors and eligible employees. Details of the schemes are set out in the section headed "Share Incentive Schemes" in this annual report.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2024, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in "Related Party Transactions" in Note 35 to the consolidated financial statements, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or its connected entity (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, and subsisting during the year ended 31 December 2024 or as of 31 December 2024.

CONNECTED TRANSACTIONS

Details of the related party transactions for the year ended 31 December 2024 are set out in Note 35 to the consolidated financial statements. None of the related party transactions constitute non-exempt connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules.

During the Reporting Period, the Group has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules and did not enter into any transactions which need to be disclosed as connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

We are subject to a variety of risks in our daily business operations, including credit risk, operational risk and legal and compliance risk, as well as the risks posed by climate change and extreme weather, among which we believe credit risk is our principal exposure. The credit risk management function of the Group is primarily coordinated by our credit risk management function working with the other three departments of the Group, namely legal department, fieldwork department and technical department, to manage the risk management operation.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 1,194 full-time employees, among which 1,189 employees were based in the PRC and 5 employees were based in Hong Kong.

The employee benefit expenses, including Directors' remuneration, was approximately RMB156.4 million for the year ended 31 December 2024, as compared to approximately RMB138.3 million for the year ended 31 December 2023. The remuneration package of employees generally includes salary and year-end bonus, as well as share incentive for our key management personnel. The Group also offers performance bonus subject to regular performance appraisals. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to statutory social insurance fund and housing provident fund as applicable.

The Group has developed a systematic training system comprising an e-learning platform, internal seminars and management trainings to improve the essential work-related skills of our employees. We also cooperate with other external institutions to host trainings and facilitate industry exchange. We have established an internal training programme which serves to improve and standardize the training activities and system for our employees. We have also implemented a set of security training policy in respect of personal data protection, which stipulates that regular training on a quarterly basis should be provided for all employees as a reminder and update on personal data protection and mandatory acknowledgement of the collection of personal data protection policy by all new employees should be required.

In addition, the Company has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme. Please refer to the section headed "Share Incentive Schemes" in this annual report for further details.

RETIREMENT AND EMPLOYEE BENEFIT SCHEME

Details of the retirement and employee benefit scheme of the Company are set out in Note 41.13 to consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, sales to the Group's five largest customers, in aggregate, represented approximately 3.3% (2023: 1.5%) of the Group's total revenue, whereas sales to the single largest customers amounted to approximately 1.0% (2023: 0.8%) of the Group's total revenue.

For the year ended 31 December 2024, purchases from the Group's five largest suppliers accounted for approximately 47.0% (2023: 56.9%) of the Group's total purchases, whereas purchases from the single largest supplier amounted to approximately 14.2% (2023: 16.3%) of the Group's total purchases.

None of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes that employees, customers and suppliers are key to the Group's success. The Group actively maintains a good relationship with employees, customers and suppliers. There was no material and significant dispute between the Group and its employees, suppliers and/or customers during the Reporting Period.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 31 December 2024, the interests and 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) held by the Directors and chief executive of the Company which have been 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 were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Interests in Shares or Underlying Shares of the Company

Name of Director/ Chief Executive	Capacity	Number of Shares[1]	Number of Underlying Shares	Approximate Percentage of Shareholding Interest
Mr. Huang Wei	Interest of controlled corporation	385,831,065 (L)[2]	–	24.94%
	Beneficial owner	–	11,459,700 (L)[3]	0.74%
Mr. Ye Fuwei	Interest of controlled corporation	2,863,587 (L)[4]	–	0.19%
	Beneficial owner	–	11,427,300 (L)[5]	0.74%
Ms. Zhang Jinghua	Beneficial owner	–	3,000,000 (L)[6]	0.19%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Glorypearl Capital is beneficially and wholly owned by Mr. Huang Wei. Each of Precious Luck, Happy Gain and Southern Fortune is indirectly controlled by Mr. Huang Wei. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Glorypearl Capital, Precious Luck, Happy Gain and Southern Fortune.

(3) Mr. Huang Wei is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

(4) Billion Aspire Holdings Limited is beneficially and wholly owned by Mr. Ye Fuwei. By virtue of the SFO, Mr. Ye Fuwei is deemed to be interested in the Shares held by Billion Aspire Holdings Limited.

(5) Mr. Ye Fuwei is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

(6) Ms. Zhang Jinghua is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

Save as disclosed above, as of 31 December 2024, none of the Directors or 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 would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 31 December 2024, so far as is known to the Board, the following persons had interests or short positions in the Shares or underlying Shares which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares or Underlying Shares of the Company

Name of Substantial Shareholder	Capacity	Number of Shares[1]	Approximate Percentage of Shareholding Interest
Mr. Huang Wei	Interest of controlled corporation	385,831,065 (L)[2][3][4]	24.94%
	Beneficial owner	11,459,700 (L)[5]	0.74%
Glorypearl Capital	Beneficial owner	190,629,882 (L)[2]	12.32%
Prosperous Splendor	Beneficial owner	143,190,090 (L)[7]	9.26%
Mr. Liu Yonghui	Interest of controlled corporation	143,190,090 (L)[7]	9.26%
Charming Tulip Holdings Limited	Beneficial owner	124,486,491 (L)[9]	8.05%
Shanghai Xuante	Interest of controlled corporation	124,486,491 (L)[9]	8.05%
Mr. Lin Dachun	Interest of controlled corporation	124,486,491 (L)[9]	8.05%
Ms. Qiu Hui	Interest of controlled corporation	124,486,491 (L)[9]	8.05%
Precious Luck	Beneficial owner	105,475,455 (L)[3]	6.82%
Shanghai Boyu	Interest of controlled corporation	105,475,455 (L)[3]	6.82%
Fuzhou Zhitong	Interest of controlled corporation	105,475,455 (L)[3]	6.82%
Weichuang Hongjing	Interest of controlled corporation	105,475,455 (L)[3]	6.82%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Glorypearl Capital is beneficially and wholly owned by Mr. Huang Wei. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Glorypearl Capital.

(3) Precious Luck is wholly owned by Shanghai Boyu, a limited partnership controlled by Weichuang Hongjing as the executive partner and general partner, which is owned as to 99% by Mr. Huang Wei and 1% by Fuzhou Zhitong. Shanghai Boyu is controlled as to 76.9% by Fuzhou Zhitong as limited partner. Mr. Huang Wei is also the executive partner and general partner of Fuzhou Zhitong, therefore Shanghai Boyu is indirectly controlled by Mr. Huang Wei. By virtue of the SFO, each of Mr. Huang Wei, Weichuang Hongjing, Shanghai Boyu and Fuzhou Zhitong is deemed to be interested in the Shares held by Precious Luck.

(4) Each of Happy Gain and Southern Fortune directly held 57,271,740 Shares and 32,453,985 Shares. Happy Gain is wholly owned by Shanghai Bo Yu, a limited partnership controlled by Weichuang Xingsheng as the executive partner and general partner which is wholly owned by Mr. Huang Wei. Southern Fortune is wholly owned by Shanghai Boyun, a limited partnership controlled by Fujian Fuyuan as the executive partner and general partner which is in turn controlled by Mr. Huang Wei as the executive partner and general partner. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Happy Gain and Southern Fortune.

(5) Mr. Huang Wei is interested in such underlying Shares by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed "Share Incentive Schemes" below.

(6) Prosperous Splendor is owned as to 95.52% by Mr. Liu Yonghui, father of Mr. Liu Wei (our non-executive Director). By virtue of the SFO, Mr. Liu Yonghui is deemed to be interested in the Shares held by Prosperous Splendor.

(7) Charming Tulip Holdings Limited is wholly owned by Shanghai Xuante, which is owned as to approximately 47.18% by Ms. Qiu Hui and 32.27% by Mr. Lin Dachun. By virtue of the SFO, each of Ms. Qiu Hui, Mr. Lin Dachun and Shanghai Xuante is deemed to be interested in the Shares held by Charming Tulip Holdings Limited.

Save as disclosed above, as of 31 December 2024, the Directors were not aware of any persons who had an interest or short position in the Shares, underlying Shares and debentures of the Company which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

MANAGEMENT CONTRACT

During the Reporting Period, no contract concerning the management and administration of all or any substantial part of the business of the Company was entered into or existed.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has maintained directors' liability insurance throughout the Reporting Period which provides appropriate cover for the Directors to perform their duties.

USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on 9 November 2023. The net proceeds from the Global Offering which the Company received, after deducting the underwriting commissions and expenses in relation to the Global Offering payable by the Company, was approximately HK$28.8 million.

As at 31 December 2024, the utilization of proceeds raised was as follows:

Item	Net proceeds from the Global Offering		Amounts unutilized as at 1 January 2024		Amounts utilized during the year ended 31 December 2024		Amounts unutilized as at 31 December 2024		Expected timetable of the unutilized net proceeds
	HK$'000	RMB'000	HK$'000	RMB'000	HK$'000	RMB'000	HK$'000	RMB'000	
Purchase of automobiles	17,449	16,484	3,493	1,151	3,493	1,151	–	–	–
Expansion of sales network	11,326	10,700	11,326	10,700	3,261	3,012	8,065	7,688	Expected to be before end of December 2026
Total	**28,775**	**27,184**	**14,819**	**11,851**	**6,754**	**4,163**	**8,065**	**7,688**	

The Company will use the remaining proceeds for the purposes disclosed in the Prospectus. The expected timetable for utilizing the remaining proceeds is based on the best estimates of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

SHARE INCENTIVE SCHEMES

1. Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved and adopted by the Company on 9 October 2023. The purpose of the Pre-IPO Share Option Scheme is to enable the Company to grant options to (i) any full-time employee, administrative personnel, and senior staff of the Group; (ii) any director (including non-executive director and independent non-executive director) of the Group; and any other eligible person who, in the discretion of the Board, has made contributions or will make contributions to the Group, as incentives or rewards for their contribution or potential contribution to any member of the Group. For more details of the Pre-IPO Share Option Scheme, please refer to "Statutory and General Information-D. Other Information-2. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus.

The maximum number of Shares in respect of which options or awards may be granted under the Pre-IPO Share Option Scheme is 116,015,625 Shares. No option shall be granted under the Pre-IPO Share Option Scheme on or after the Listing Date, although provisions of the Pre-IPO Share Option Scheme will in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted pursuant to the Pre-IPO Share Option Scheme prior to the Listing Date, and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

The table below shows details of the movements during the Reporting Period in the number of share options granted under the Pre-IPO Share Option Scheme:

Grantees	Date of Grant	Exercise price	Outstanding as of 1 January 2024	Adjustment due to the subdivision of Shares [3]	Exercised	Cancelled	Lapsed	Outstanding as of 31 December 2024
Directors								
Mr. Huang Wei	18 October 2023	HK$0.183[3]	3,819,900	11,459,700[1]	–	–	–	11,459,700
Mr. Ye Fuwei	18 October 2023	HK$0.183[3]	3,809,100	11,427,300[1]	–	–	–	11,427,300
Ms. Zhang Jinghua	18 October 2023	HK$0.183[3]	1,000,000	3,000,000[1]	–	–	–	3,000,000
Sub-total			**8,629,000**	**25,887,000**				**25,887,000**
Connected persons								
Ms. Ye Ying	18 October 2023	HK$0.183[3]	1,800,000	5,400,000[1]	–	–	–	5,400,000
Mr. Qiu Guohu	18 October 2023	HK$0.183[3]	800,000	2,400,000[1]	–	–	–	2,400,000
Mr. Ye Song	18 October 2023	HK$0.183[3]	600,000	1,800,000[1]	–	–	–	1,800,000
Mr. He Xiaowu	18 October 2023	HK$0.183[3]	150,000	450,000[1]	–	–	–	450,000
Mr. Yang Jiabin	18 October 2023	HK$0.183[3]	200,000	600,000[1]	–	–	–	600,000
Sub-total			**3,550,000**	**10,650,000**				**10,650,000**
Employees in aggregate								
187 employees	18 October 2023	HK$0.183[3]	24,210,000	72,630,000[1]	–	–	6,570,000[2]	66,060,000
Sub-total			**24,210,000**	**72,630,000**				**66,060,000**
Total			**36,389,000**	**109,167,000**				**102,597,000**

Notes:

(1) The exercise period of the options granted to the grantees shall be five years from the respective vesting date of the relevant options. The options granted to the grantees will be vested in the grantee in the following manners and in accordance with the following vesting schedule provided that the vesting conditions determined by the Board are satisfied in the relevant financial year: (i) 20% of the total number of the share options granted will be vested in the financial year of the Listing Date; (ii) 20% of the total number of the share options granted will be vested in the financial year immediately following the Listing Date; (iii) 20% of the total number of the share options granted will be vested in the second financial year after the Listing Date; (iv) 20% of the total number of the share options granted will be vested in the third financial year after the Listing Date; and (v) 20% of the total number of the share options granted will be vested in the fourth financial year after the Listing Date.

(2) These options lapsed automatically and became unexercisable in accordance with the rules of the Pre-IPO Share Option Scheme due to the cessation of employment of the relevant employees during the Reporting Period.

(3) The Company's Share subdivision became effective on 5 December 2024 and since the Share subdivision became effective, the exercise price of such outstanding share options and the number of Shares to be allotted and issued at the time of exercise of the share options have been adjusted accordingly as a result of the Share subdivision.

Save as disclosed above, no other options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme.

2. Share Option Scheme

The Company conditionally approved and adopted the Share Option Scheme on 9 October 2023, which became effective upon the Listing Date. From the Listing Date to 31 December 2024, no options have been granted or agreed to be granted under the Share Option Scheme. The principal terms of the Share Option Scheme are set out as follows:

(a) Purpose

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) **Who may join**

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with the rules of the Share Option Scheme:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any advisers, consultants, suppliers, distributors and such other persons who provide services to the Company and/or any of its subsidiaries on a continuing and recurring basis in the ordinary and usual course of business of the Group, the grant of options to whom is in the interests of the long term growth of the Group as determined by the Board, but excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers who provide assurance or are required to perform their services with impartiality and objectivity ("**Service Providers**").

(c) **Maximum of Shares**

The maximum number of Shares in respect of which all options which may be granted under the Share Option Scheme and all share options and share awards under any other share schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering ("**Scheme Mandate Limit**"). As the Company's Share subdivision took effect on 5 December 2024, the Scheme Mandate Limit of the Shares was adjusted to 10% of the total number of Shares in issue immediately following completion of the Share subdivision, being 154,687,500 Shares, representing 10% of the total number of Shares in issue as of the date of this annual report. The number of options and awards available for grant under the Scheme Mandate Limit was 51,562,500 as at 1 January 2024 and 154,687,500 as at 31 December 2024.

Subject to the foregoing, the total number of Shares which may be allotted and issued in respect of all options to be granted under the Share Option Scheme and under any other share option schemes of the Company to the Service Providers shall be within the Scheme Mandate Limit and must not in aggregate exceed 1% of Shares in issue immediately after completion of the Global Offering ("**Service Provider Sublimit**"). As the Company's Share subdivision took effect on 5 December 2024, the Service Provider Sublimit of the Shares was adjusted to 1% of the total number of Shares in issue immediately following completion of the Share subdivision, being 15,468,750 Shares, representing 1% of the total number of Shares in issue as of the date of this annual report. The number of options and awards available for grant under the Service Provider Sublimit was 5,156,250 as at 1 January 2024 and 15,468,750 as at 31 December 2024.

(d) **Maximum entitlement of each participant**

The total number of Shares issued and which may fall to be issued upon exercise of all options granted under the Share Option Scheme and all share options and share awards granted under any other share schemes of the Company (including both exercised and outstanding share options and share awards) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the relevant requirements pursuant to the Listing Rules.

(e) Acceptance of option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favour of the Company of RMB1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date, which shall be not later than 14 days after the offer Date. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(f) Exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

(g) Vesting period

The vesting period of an option shall be determined by the Board and in any case, shall not be less than 12 months. A shorter vesting period may be granted to directors and employees of the Company or any of its subsidiaries (including persons who are granted options or awards under the scheme as an inducement to enter into employment contracts with these companies) at the discretion of the Board in certain circumstances as provided under the rules of the Share Option Scheme.

(h) Exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(i) Period and remaining life of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption (i.e. the Listing Date). No option may be granted under the Share Option Scheme for a period of 10 years after the Listing Date.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in Note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the Reporting Period are set out in the consolidated statement of changes in equity and Notes 26 and 39, respectively, to the consolidated financial statements in this annual report. Details of the Company's reserves available for distribution to the Shareholders as of 31 December 2024 are set out in Note 39 to the consolidated financial statements in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 14 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2024, bank loans and other borrowings amounted to RMB2,282 million.

GEARING RATIO

As at 31 December 2024, the Group's gearing ratio was 70.2%, representing an increase from that of 67.4% as at 31 December 2023, mainly due to the increase in the Group's net debt.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

DIVIDEND POLICY

The Board may recommend a payment of dividends in the future after taking into account, among others, our operation and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. The Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by the Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declaration of dividends and will be at the absolute discretion of the Board. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extend profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

The Company was not aware of any Shareholders who had waived or agreed to waive any dividend arrangement for the year ended 31 December 2024.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

Save as disclosed in the section headed "Share Incentive Schemes" in this annual report, the Company had no outstanding convertible securities, options, warrants and similar rights during the year ended 31 December 2024 and there was no issue or grant of any convertible securities, options, warrants and similar rights during the Reporting Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save for the Share Incentive Schemes, at no time during the year ended 31 December 2024 and up to the date of this annual report, was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

EQUITY-LINKED AGREEMENTS

Save for the Share Incentive Schemes as disclosed in the section headed "Share Incentive Schemes" in this annual report, no equity-linked agreements were entered into by the Company during the year ended 31 December 2024, or subsisted at the end of 31 December 2024.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

The Board is not aware of any tax relief available to the Shareholders by reason of their holding of the Company's Shares.

DONATION

During the year ended 31 December 2024, the Group did not make any charitable donations.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as of the latest practicable date prior to the issue of this annual report.

CORPORATE GOVERNANCE

A report on the principles of corporate governance practices adopted by the Company is set out in the Corporate Governance Report in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, to the best knowledge of the Board, there was no material breach or non-compliance with the relevant laws and regulations by the Group that have a significant impact on the Group.

MATERIAL LEGAL PROCEEDINGS

For the year ended 31 December 2024, to the best knowledge of the Board, there was no actual or pending legal, arbitration or administrative proceedings that would have a material adverse effect on the Group's business, results of operations, financial condition or reputation, and compliance with applicable laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") MATTERS

In view of the increasing risk from climate change, environmental protection is regarded as an integral corporate responsibility at the Group, and the Group is dedicated to lowering the environmental impact of all aspects of our business operations. Environmental stewardship and corporate social responsibility are key parts of the Group's core growth philosophy, which, along with our focus on sustainability, diversity, and public interests, shall generate value for our Shareholders. Accordingly, the Board has adopted an extensive policy on ESG responsibilities (the "ESG Policy") in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations.

The Board has set up and established an ESG task force team in April 2023, consisting of a representative from the human resources department as the team head, representatives from the risk management department and finance leasing services department of the Group as team members, and representatives from subsidiaries of the Group as supporting staff and coordinators. The ESG task force team shall be handling all ESG issues that arise in the Group's operations and report to the Board directly. The ESG task force team shall also be responsible for ESG climate risk discussions and ensuring that effective climate risk management is in place. The ESG task force team shall set ESG and climate goals for the Board's consideration at the beginning of each financial year, during which it shall also review the Group's progress in achieving the goals of the preceding financial year.

The Board, as supported by the ESG task force team, has reviewed and is satisfied with the Company's ESG Policy as well as ESG performance and reporting, including environmental compliance, environmental policies and performance, employment practices, product quality, corporate governance, and business conduct, during the Reporting Period. For further details, please refer to the ESG Report in this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 11 February 2025, the Group, Fujian Taikun and Fujian Xidun entered into a loan agreement, pursuant to which it was agreed that the Group and Fujian Taikun would provide Fujian Xidun with a loan of no more than RMB50.0 million in proportion to their respective shareholding in Fujian Xidun, with a term of 12 months, for the development of land construction project of Fujian Xidun. As of the date of this annual report, the Group has provided a loan of RMB4.9 million to Fujian Xidun.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2024) of the Group. The Audit Committee considered that the audited consolidated financial statements of the Group are in compliance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. Accordingly, the Audit Committee recommended the Board to approve the audited consolidated financial statements of the Group for the year ended 31 December 2024.

AUDITOR

PricewaterhouseCoopers, which has audited the consolidated financial statements of the Company for the year ended 31 December 2024, will retire as the auditor of the Company at the AGM, and being eligible, offer itself for re-appointment. A resolution will be proposed at the AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on Wednesday, 18 June 2025. The notice of AGM and all other relevant documents will be published in May 2025.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 13 June 2025 to Wednesday, 18 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 12 June 2025 (Hong Kong Time), being the last registration date.

On behalf of the Board

Mr. HUANG Wei
Chairman of the Board, Chief Executive Officer and Executive Director
Hong Kong, 20 March 2025

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2024.

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value. The Company adopts the principles set out in the Corporate Governance Code and embedding best governance practices throughout the organization.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability.

During the Reporting Period, the Company had complied with all the applicable code provisions of the Corporate Governance Code, except as expressly described below.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Wei is the chairman and chief executive officer of the Group. In view of the fact that Mr. Huang has been assuming day-to-day responsibilities in operating and managing the Group since September 2007, the Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from CG Code provision C.2.1 is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code.

THE BOARD

Roles and Responsibilities

The Board is responsible for, and has general powers for, the management and conduct of our business. The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times. The Board should regularly review the contribution required of a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time in performing them.

Board Composition

The Board structure is governed by the Articles of Association. All Directors, including the Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Board of the Company comprises the following Directors for the year ended 31 December 2024:

Executive Directors
Mr. HUANG Wei *(Chairman and chief executive officer)*
Mr. YE Fuwei
Ms. ZHANG Jinghua

Non-executive Directors
Mr. LIU Wei
Ms. XU Rui *(resigned on 6 November 2024)*

Independent Non-executive Directors
Mr. WU Fei
Mr. FUNG Che Wai, Anthony
Mr. CHEN Shuo

Biographies of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

The Directors do not have financial, business, family or other material/relevant relationships with one another.

During the Reporting Period, the Board has met the requirements of the Listing Rules that the number of Independent Non-executive Directors must represent at least one-third of the Board members, and that at least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each Independent Non-executive Director of his independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent as at the date of this annual report.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of the Directors are laid down in the Articles of Association. The primary functions of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

Each of our executive Directors and Non-executive Directors has entered into a service contract with the Company for a term of three years commencing on the Listing Date unless terminated by a three months' notice in writing served by either party on the other. Each of our Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing on the Listing Date unless terminated by a three months' notice in writing served by either party on the other. The term of these service contracts and the letters of appointment may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

In accordance with the Articles of Association, all of the Directors are subject to retirement by rotation at least once every three years and the Board has power from time to time and at any time to appoint any new Director to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the first general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board.

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the Corporate Governance Code:

Name of Director	**Type of Training** *(Notes)*
Mr. HUANG Wei	A & B
Mr. YE Fuwei	A & B
Ms. ZHANG Jinghua	A & B
Mr. LIU Wei	A & B
Ms. XU Rui	A
Mr. FUNG Che Wai, Anthony	A & B
Mr. CHEN Shuo	A & B
Mr. WU Fei	A & B

Notes:

A: Attending trainings and/or seminars and/or conferences and/or forums and/or briefings.

B: Reading materials on various topics, including corporate governance matters, directors' duties and responsibilities, Listing Rules and other relevant laws.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORD

Code provision C.5.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of Directors, either in person or through electronic means of communication.

For the year ended 31 December 2024, the records of the attendance of the Directors of the Company at the Board meetings, the Audit Committee meetings, the Remuneration Committee meetings, the Nomination Committee meetings and the general meetings held during the Reporting Period are set out below:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM	EGM
Executive directors						
Mr. HUANG Wei	11/11	N/A	1/1	1/1	1/1	1/1
Mr. YE Fuwei	11/11	N/A	N/A	N/A	1/1	1/1
Ms. ZHANG Jinghua	11/11	N/A	N/A	N/A	1/1	1/1
Non-executive directors						
Mr. LIU Wei	10/11	N/A	N/A	N/A	0/1	0/1
Ms. XU Rui	9/11	N/A	N/A	N/A	0/1	0/1
Independent non-executive directors						
Mr. FUNG Che Wai, Anthony	11/11	2/2	1/1	N/A	0/1	0/1
Mr. WU Fei	11/11	2/2	1/1	1/1	0/1	1/1
Mr. CHEN Shuo	11/11	2/2	N/A	1/1	0/1	1/1

In addition, the Chairman and independent non-executive Directors have held a meeting without the presence of other directors.

BOARD PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, a reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to enable them to make informed decisions.

The Board has reviewed and is satisfied with the implementation and effectiveness of the mechanism to ensure independent views and input are available to the Board. All Directors have full and timely access to all relevant information and the advice/services of the company secretary, with a view to ensure that Board procedures and all applicable laws and regulations are properly followed. The Board and each Director also have separate and independent access to the senior management where necessary. Each Director can seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The relevant members of the senior management team attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. The company secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their close associates is materially interested, subject to the exceptions therein.

CORPORATE GOVERNANCE FUNCTIONS

The Board confirmed that corporate governance is a collective responsibility of the Directors, whose corporate governance functions include: (a) review and monitor the Company's policies and practices in complying with legal and regulatory requirements; (b) review and monitor the training and continuous professional development of the Directors and senior management; (c) develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; (d) develop and review the Company's corporate governance and practices, make recommendations and report on related issues to the Board; (e) review the Company's compliance with the corporate governance and disclosures in the Corporate Governance Report; and (f) review and monitor the Company's compliance with its whistleblowing policy.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees are established with defined written terms of reference which are available on the websites of the Stock Exchange and the Company. All or the majority of the members of the Audit Committee, the Remuneration Committee, and the Nomination Committee are Independent Non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of Mr. Fung Che Wai, Anthony, Mr. Wu Fei and Mr. Chen Shuo, with Mr. Fung Che Wai, Anthony serving as the chairman. Mr. Fung Che Wai, Anthony holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. All members are Independent Non-executive Directors.

The primary duties of the Audit Committee include, but are not limited to, assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board.

The Board, as supported by the Audit Committee, as well as the report from management, reviewed the effectiveness of the risk management and internal control systems of the Group, including the financial, operational and compliance controls, and considered that such systems are effective and adequate. The scope of the review also covered the adequacy of the issuer's resources, staff qualifications and experience, training courses and budgets for the accounting and financial reporting functions.

The Audit Committee held two meetings during the Reporting Period. It reviewed the annual results of the Group for the year ended 31 December 2024 and the interim results of the Group for the six months ended 30 June 2024, as well as the reports prepared by the external auditors relating to their major findings in the course of audit/review. In addition, it reviewed the Company's compliance with the CG Code, and the disclosure in this corporate governance report. The Audit Committee has also reviewed the Group's financial reporting process, risk management and internal control systems, whistleblowing policy, accounting principles and practices, and selection and appointment of the external auditors.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of two Independent Non-executive Directors and one Executive Director, namely, Mr. Wu Fei, Mr. Fung Che Wai, Anthony and Mr. Huang Wei with Mr. Wu Fei serving as the chairman.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining, or making recommendations to the Board on, the remuneration packages of individual Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iv) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (v) reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (vi) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and that are otherwise reasonable and appropriate; (vii) ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and (viii) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Details of the aggregate remuneration (the remuneration package generally includes salary and year-end bonus, as well as share incentive for our key management personnel) of the senior management by bands for the year ended 31 December 2024 is as follows:

Remuneration band (RMB'000)	Number of employees
0-1,000	2
1,000-2,000	2

The Remuneration Committee held one meeting during the Reporting Period. It reviewed the remuneration policy and structure of the Group, and reviewed and recommended the remuneration packages of the Directors and senior management to the Board.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of two Independent Non-executive Directors and one Executive Director, namely, Mr. Wu Fei, Mr. Chen Shuo and Mr. Huang Wei, with Mr. Huang Wei serving as the chairman.

The primary duties of the Nomination Committee include, but are not limited to (i) reviewing the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) formulating a policy of selection and nomination of directors and the procedures for the sourcing of suitably qualified director for consideration of the Board and implement such plan and procedures approved; (iii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iv) assessing the independence of independent non-executive directors of the Company; (v) reviewing and implementing, as appropriate, the nomination policy setting out the criteria and procedures for the selection and nomination of candidates for appointment or re appointment as directors; (vi) making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular, the chairman and the chief executive officer of the Company; (vii) reviewing the board diversity policy, as appropriate, to ensure its effectiveness; and review the measurable objectives that the Board has set for implementing the board diversity policy and the progress on achieving these objectives; and (viii) conforming to and abide by any requirement, direction and regulation that may be prescribed by the Board or contained in the constitutional documents of the Company or imposed by the Listing Rules or applicable laws.

The Nomination Committee held one meeting during the Reporting Period. It reviewed the structure, size and composition of the Board, reviewed the effectiveness of the Board Diversity Policy (as defined below) and its implementation, reviewed the effectiveness of the Director Nomination Policy (as defined below) and its implementation, reviewed the succession planning for directors, assessed the independence of the Independent Non-executive Directors, and made recommendations to the Board on the re-appointment of retiring Directors.

Director Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the Corporate Governance Code. The Director Nomination Policy sets out the selection criteria and procedure, and the review of such policy in relation to nomination, appointment and election of Directors. The Director Nomination Policy aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The Director Nomination Policy sets out the conditions in making nomination, including but not limited to:

- Qualifications: skills, knowledge and experience of the candidate in relation to the operations and corporate strategies of the Group;

- Diversity: due regard to (i) the diversity perspectives set out in the Board Diversity Policy, (ii) any numerical targets and timelines as required under the Listing Rules, and (iii) the balance of skills and experience in board composition, in addition to the candidate's merit and the objective criteria applied against the candidate;

- Commitment: devotion of sufficient time to attend board meeting and to participate in induction trainings and other board associated activities;

- Character: character, experience and integrity, and the ability to demonstrate a standard of competence commensurate with the relevant position as a direct of the Company; and

- Independence: satisfaction of the independence criteria set out in Rule 3.13 of the Listing Rules if the candidate is to be nominated as an independent non-executive director. The Board also takes into consideration the benefits of a diversified Board when it selects candidates for the Board.

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- the Nomination Committee will take appropriate measures to identify and evaluate a candidate if it determines that an additional director or replacement director is required;

- the Nomination Committee may propose a candidate that is recommended or offered for nomination by a Shareholder as a nominee for election to the Board; and

- the Nomination Committee may provide the Board with the candidate's personal profit for its consideration when making recommendation.

The Director Nomination Policy also sets out the procedures for the selection and appointment of Directors to fill a casual vacancy(ies) and new Directors, and re-election of Directors at general meetings. The Nomination Committee will review the Director Nomination Policy as appropriate from time to time, to ensure its effectiveness.

DIVERSITY

Board Diversity

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of the Company. We will select potential Board candidates based on merit and his/her potential contribution to the Board while taking into account our Board Diversity Policy and other factors. The Company will also take into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

During the Reporting Period, the Company has achieved the following measurable objectives:

(1) at least half of the Board are holders of a Bachelor's degree or above;

(2) at least one Director is a qualified accountant;

(3) at least one Director has relevant experience in automobile retail and operation industry; and

(4) at least one Director has relevant experience in finance.

Therefore, the Board is of the view that the Board satisfies the Board Diversity Policy.

The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will continue to monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Board, as supported by the Nomination Committee, has reviewed and is satisfied with the implementation and effectiveness of the Board Diversity Policy.

As at the date of this report, the Board's composition under diversified perspectives was summarized as follows:

Educational Background	Bachelor (3)	Master (2)	PhD (1)
Designation	ED (3)	NED (1)	INED (3)
Gender	Male (6)		Female (1)
Age Group	35-44(4)	45-54(1)	55-65(2)
Length of Working Experience	10-19(3)	20-29(2)	30-40(2)

Workforce Diversity

As at 31 December 2024, we had 1,194 full-time employees and the gender ratio of male and female in the workforce (including senior management) is 852:342, which demonstrated gender diversity in our workforce. The Group will continue to maintain gender diversity in the workforce in the future, and will not emphasis in employing personnel of a particular gender. Gender is neutral in our recruitment consideration as no position of any kind in the Group requires any capability or skill that is regarded as performed better by one gender than another.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2024.

The Board is responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as are necessary to enable the Board to make an informed assessment for approving the financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the relevant employees. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the Reporting Period.

RISK MANAGEMENT

We are exposed to various risks, including operational risks and financial risks, for our operations, so risk management is important for our business. We have designed and adopted a consolidated set of risk management policies in compliance with Rule 3.21 of the Listing Rules, and the Corporate Governance Code which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. The Audit Committee, and ultimately the Board supervises the implementation of our risk management policies. Risks identified by senior management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by the Company and reported to the Board.

Our senior management implements the risk management policies, strategies and plans set by the Board. Our senior management is responsible for (i) formulating our risk management policy and reviewing major risk management issues of the Company; (ii) providing guidance on our risk management approach to the relevant teams in the Company and supervising the implementation of our risk management policy by the relevant departments; and (iii) reporting to the Audit Committee on our material risks.

Each functional team in the Company, including the finance teams, monitors and evaluates the implementation of risk management and internal control policies and procedures on a day-to-day basis. In order to formalize risk management across the Company and set a common level of transparency and risk management performance, the relevant teams will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report bi-annually for our chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

With respect to urgent matters which arise between scheduled Board meetings, the company secretary may also seek Board approval via telephone conference call or written Board consent. Before each Board meeting, an agenda is prepared with input from Directors, as well as from senior management and other vice presidents. At Board meetings, depending on the agenda, different team heads will gather information relating to their functions and report to the Board on the relevant agenda items, as necessary. The company secretary attends all Board meetings to ensure that there is no gap in communication between the two bodies. During Board meetings, the Board will on occasion further review and/or analyze particular issue and report their findings at the next Board meeting. The Board believe that our corporate structure provides an appropriate system of checks and balances to improve our risk management procedures.

The Audit Committee also reviews and approves our risk management policy to ensure that it is consistent with our corporate objectives, reviews and approves our corporate risk tolerance, monitors the most significant risks associated with our business operation and our management's handling of such risks, reviews our corporate risk in light of our corporate risk tolerance, and monitors and ensures the appropriate application of our risk management framework across the Company.

INTERNAL CONTROL AND RISK MANAGEMENT

As a finance lease service provider, we are exposed to a variety of risks, namely credit risk, operational risk, legal and compliance risk, as well as the risks posed by climate change and extreme weather. We have developed a risk management and internal control systems to address the risks we are subject to.

The Group has referred to the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework, and incorporated the Company's business management characteristics in the design of its internal control system. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, as the main body responsible for risk management and internal control of the Company, have adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. To maintain a high standard of corporate governance of the Group, the Company engaged an external internal control adviser (the "**Adviser**") to perform certain assessment procedures for the Group's internal control and risk management systems primarily to assist the Board and the management to assess the adequacy and effectiveness of the Group's internal control and risk management systems for the year ended 31 December 2024. The scope of the review included the Group's major internal control and risk management functions, such as financial control, operations control and compliance control. The Adviser has reported to the Audit Committee and management the findings and areas for improvement, which the same were then reported to the Board. The Company will continue to follow up on the improvement measures suggested by the Adviser to ensure effective implementation of the measures. The Board and Audit Committee are of the view that there were no material defects noted.

The Group regularly provides training to our Directors, senior management and employees with respect to our internal control policies and the duties and responsibilities of directors and management of listed companies under the Listing Rules and other applicable laws and regulations.

In addition, the Company has appointed Quam Capital Limited as our compliance adviser to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

The Audit Committee is responsible for supervising our internal audit function. The Board, as supported by the Audit Committee, as well as the report from management, reviewed the effectiveness of the risk management and internal control systems of the Group, including the financial, operational and compliance controls, and considered that such systems are effective and adequate during the Reporting Period. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee will continue to review the effectiveness of the Group's risk management and internal control systems on an on-going basis and reports to the Board on, at least, an annual basis.

The Company adopts internal controls and reporting systems on handling and dissemination of inside information in accordance with "Guidelines on Disclosure of Inside Information" issued by the SFC, which set out procedures in handling inside information in a secure and proper manner as well as those aimed to avoid mishandling of inside information of the Group.

WHISTLEBLOWING AND ANTI-CORRUPTION POLICY

The Group believes that an integrity-driven corporate culture is the key to our continued success. We implement a bribery prevention policy, prohibiting Directors, employees and agents from accepting benefits and providing benefits to business partners. The policy also includes procedures for handling conflicts of interest and reporting. Whistleblowers who prevent economic losses will be financially rewarded based on the potential economic loss had the incident gone undetected. The Group also implements an anti-corruption policy, which further details all benefits that Directors, employees and agents should not obtain from business partners, including pecuniary benefits, entertainment-related benefits, discounts. The Group actively promotes the importance of anti-corruption awareness to all employees and encourages them to report any incidents involving corruption or fraud. We will immediately investigate and take necessary and appropriate actions. At the same time, we are committed to protecting the identity of whistleblowers to eliminate all acts that may harm the interests of the Group and relevant stakeholders. The Group regularly monitors the effectiveness of the reporting mechanism to ensure its smooth operation. For further details, please refer to the ESG Report in this annual report.

During the Reporting Period, the Group did not find any material violations of laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, nor did it have any corruption cases concluded.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2024 is set out below:

Service Category	**Fees Paid/Payable** (RMB'000)
Audit Services-audit fee for 2024 *(Note a)*	2,097
Non-audit Services *(Note b)*	50
Total	**2,147**

Note a: The fees in respect of audit services paid or payable to PricewaterhouseCoopers and the PRC local auditor were RMB1,930,000 and RMB167,000 respectively for the year.

Note b: Review of preliminary results announcement for the year ended 31 December 2024.

COMPANY SECRETARY

With effect from 1 March 2024, Mr. Wong Yuk retired as Company Secretary, and Ms. Peng Liting was appointed as the Company Secretary of the Company and has met the qualification requirements of a company secretary under Rule 3.28 of the Listing Rules. For the biography of Mr. Wong Yuk and Ms. Peng Liting, please refer to the section headed "Directors and Senior Management – Company Secretary" in this annual report.

For the year ended 31 December 2024, Ms. Peng Liting had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has adopted a shareholders communication policy (the "**Shareholders Communication Policy**") to ensure that Shareholders' views and concerns are appropriately addressed, which will be reviewed on a regular basis to ensure its effectiveness. The Shareholders Communication Policy is available on the Company's website for public access. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and considered that the Policy has been effective during the Reporting Period and up to the date of this annual report after taking into consideration factors such as the timeliness of information disclosure, number of information and meeting requests received and responsiveness to enquiries from the Shareholders and investment community.

The general meetings of the Company provide a forum and an important channel for communication between the Board and Shareholders. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, and or, in their absence, other members of the respective committees are available to answer questions at the general meetings. The chairman of a meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll.

To promote effective communication, the Company maintains a website at https://www.xxfqc.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the re-election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting pursuant to the Listing Rules.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, an extraordinary general meeting shall be convened upon any one or more member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition.

Putting Forward Proposals at General Meeting

There is no single provision in the Articles of Association or the Cayman Islands Companies Law for Shareholders to put forward proposals at general meetings. Shareholders who wish to propose a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Building 3, Fuxing Economic Development Zone (Fuzhou Software Park Jin ’an Branch) No. 318 Fuguang Road Jin’an District Fuzhou, Fujian Province, PRC

Email: sc@xxfqc.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders’ information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, no change has been made to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://www.xxfqc.com).

On behalf of the Board

Mr. HUANG Wei
Chairman of the Board, Chief Executive Officer and Executive Director
Hong Kong, 20 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

XXF Group Holdings Limited (the "Company") and its subsidiaries (the "Group" or "we") are an established automobile retailer providing automobile finance lease service primarily through our self-operated sales outlets in the PRC.

Our Group's principal businesses comprise: (i) automobile retail and finance, where we sell non-luxury automobiles mostly on direct finance lease; (ii) automobile-related businesses, where we primarily offer automobile operating lease service and other automobile-related services; and (iii) outright car sales business, where we sell cars on a one-off basis.

ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report (the "ESG Report") summarises the practices, plans and performance of the Group in environmental, social and governance ("ESG") aspects and demonstrates its commitment to sustainable development.

Reporting period

Unless otherwise specified, the ESG Report covers the ESG-related activities, challenges and initiatives taken by the Group for the year ended 31 December 2024 (the "Reporting Period" or "2024").

Reporting scope

The reporting scope is consistent with the annual report and is determined based on the materiality and revenue contribution of the business segments under the Group's direct operational control. The ESG Report covers the overall performance, risks, strategies, measures and commitment in five areas, namely, corporate governance, environmental protection, employment practice, operating practice and community investment of the Group's major subsidiaries in the People's Republic of China (the "PRC" or "China"). ESG key performance indicators ("KPIs") data are obtained from these operations. We will continue to expand the scope of disclosure in the future when the data collection system of the Group is more refined and the sustainable development work is enhanced.

Reporting framework

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities (the "Listing Rules") on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Information relating to the Group's corporate governance structure and other relevant information can be found in the Corporate Governance Report of the annual report.

During the preparation for this ESG Report, the Group has applied the reporting principles in the ESG Reporting Guide as follow:

Materiality: Materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board of Directors (the "Board") and ESG task force team ("Task Force Team"). For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The standards, methodologies and applicable assumptions used in the calculation of KPIs data were supplemented by explanatory notes.

Consistency: Unless otherwise stated, the preparation approach of this ESG Report is consistent with the relevant information set out in the Prospectus for comparison. If there are any changes in the scope of disclosure and calculation methodologies that may affect comparison with previous reports, explanations will be provided to the corresponding data.

CHAIRMAN'S STATEMENT

Dear Valued Stakeholders,

On behalf of the Board, I am pleased to present the ESG Report of the Group, which demonstrates our growing commitment to improving our ESG performance in five aspects, including corporate governance, environmental protection, employment practice, operating practice and community investment.

The Group believes that sustainable development is vital to the earth and contributes to the long-term prosperity and development of the Group's business. Therefore, the Group continuously improves its governance structure to effectively manage matters relating to the environmental, social and governance ("ESG"). The Board must assess the potential impact of ESG issues on the overall strategy of the Group, set out corresponding ESG management approach and strategy, and supervise the Group's performance on ESG issues. Detailed information about the Group's ESG governance structure is available in the section headed "ESG Governance Structure".

In order to identify and give priority to ESG issues that have significant impact on the Group's operation and stakeholders, we actively interact and collaborate with internal and external interested parties. The Board has set up a task force team and engaged an independent third party to conduct materiality assessment. Details of the channels for interested parties' participation and materiality assessments performed are set out in the "Stakeholder Engagement" and "Materiality Assessment" sections, respectively. For better understanding the expectations of stakeholders regarding the Group's sustainable development, the Group will further communicate with interested parties and formulate relevant policies and measures with reference to their opinions, in order to enhance the Group' s ESG performance.

As a corporate upholding its social responsibility, the Group recognizes the importance of reducing environmental impact. The Group has established quantifiable environmental targets, with a view to fulfil its commitment to the society and to provide the interested parties with a better understanding of the Group's continuous improvement in ESG. Such targets including energy conservation, emission reduction and waste management are designed to enhance corporate reputation in response to the state's vision of carbon neutrality. To achieve these targets, the Group actively applies the principles of sustainable development to its operation and takes corresponding measures. In order to ensure the effectiveness of these measures, the Board has delegated a task force team to gather statistics related to ESG, follow up and review the Group's performance as well as assess the Group's progress towards achieving its targets. An extracted summary of the progress is set out in the "Environmental Targets" section.

At last, on behalf of the Board and management of the Group, I would like to express my sincere gratitude to our valued stakeholders for their consistent support, and thank our staff for their valuable contribution to the development of the Group. Looking forward, the Group will continue to incorporate the philosophy of ESG into its business strategies and management systems, and operate with a sense of responsibility and sustainability to create sustainable value for its shareholders and promote sustainable development in the future.

Mr. Huang Wei
Chairman of the Board, Chief Executive Officer and Executive Director
Hong Kong, 20 March 2025

ESG GOVERNANCE STRUCTURE

The Group has put in place ESG governance structure to ensure that ESG governance aligns with our business strategies in terms of sustainable development and integrated ESG management into business operations and decision-making process.

Our Board has overall responsibility for our Group's sustainability strategy and reporting, and we oversee sustainability issues related to our Group's operations, which include legal compliance, anti-corruption measures, supply chain, product quality assurance, human resources, and employee development. Our Board has engaged an Independent Third Party to assess our Group's performance regarding environmental protection, climate change, as well as social and governance issues to give independent advice. However, our Board of Directors will also closely follow and monitors the latest requirements regarding ESG disclosure and regulatory compliance.

With respect to the management of ESG issues, our Group has adopted the Environmental, Social and Governance Management Procedure to manage ESG risks and to establish an internal control system, which adopts ISO14001 to manage, monitor and improve its environmental performance. Furthermore, the internal control system also gives guidance on remedial actions which could be taken by the Group in response to ESG incidents with reference to relevant laws and regulations.

In order to systematically manage ESG issues under the authority of the Board, our Group has set up a task force team, consisting of a representative from the human resources department as the team head, representatives from the risk management department and finance leasing services department of our Group as team members, and representatives from subsidiaries of our Group as supporting staff and coordinators. The ESG task force team shall be handling all ESG issues that arise in our Group's operations and report to our Board directly. In addition to the above-mentioned ESG aspects, the ESG task force team shall also be responsible for ESG climate risk discussions and ensuring that effective climate risk management is in place. The ESG task force team shall set ESG and climate goals for our Board's consideration at the beginning of each financial year, during which it shall also review our Group's progress in achieving the goals of the preceding financial year. Additionally, the ESG task force team shall convene meetings twice a year to bring ESG concerns to our Board's attention, as well as offer to our Board recommendations and solutions that can be applied in our Group. Since its establishment, the ESG task force team had convened four meetings to discuss, among others, strategies in relation to reducing various kinds of resource consumption and climate-related risks.

During the Reporting Period, the Group has determined appropriate and effective management policies and monitoring systems in response to environmental, social and corporate governance (ESG) matters and confirmed that the disclosures were in compliance with the ESG reporting guidelines.

STAKEHOLDER ENGAGEMENT

As a corporate with full sense of responsibility, the Group attaches great importance to exchanges with stakeholders and their feedback on our business and ESG matters in the course of developing business and enhancing profitability. We seek to balance the interests of all parties and facilitate the sustainable development. Thus, stakeholder engagement is critical to our continuous improvement of sustainable development performance. In order to fully understand, respond to and address core concerns of various stakeholders, we maintain close communication with our major stakeholders, including but not limited to investors and shareholders, customers, partners and suppliers, employees, society and the public, governments and regulators. We are committed to working with respective stakeholder to improve our Group's ESG performance and to continuously bring greater value for more communities.

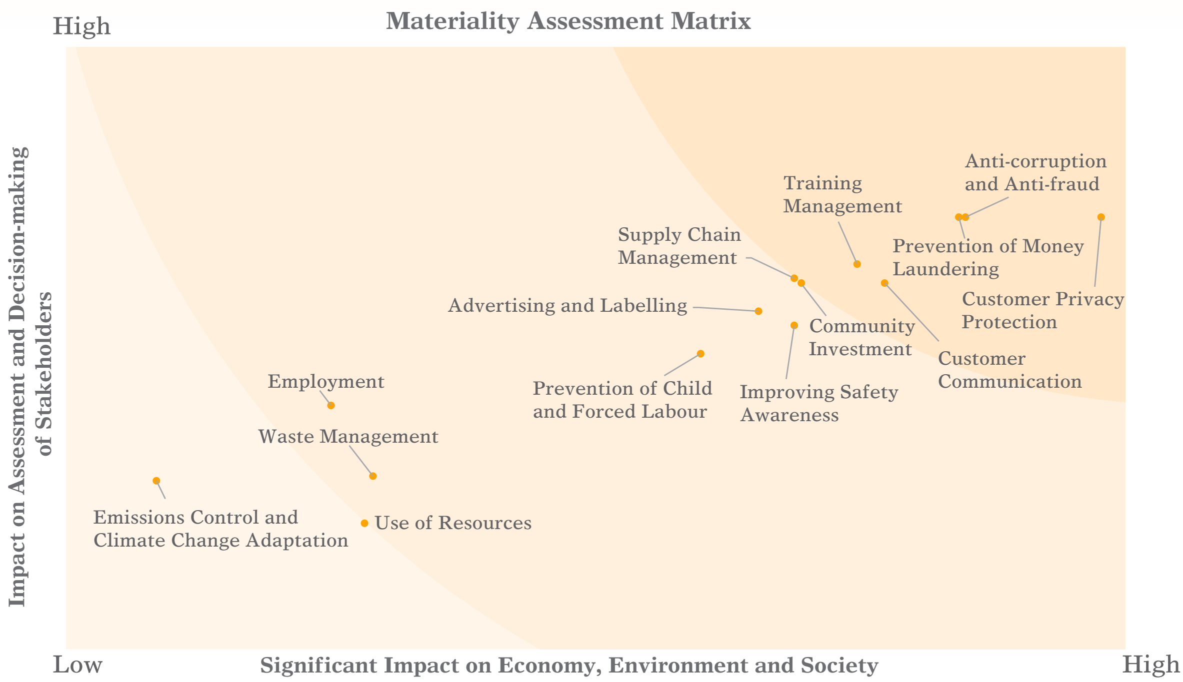
We integrate the stakeholder expectations into our operations and ESG strategies by applying diversified approaches of collaboration and communication channels as described in the table below.

Stakeholders	Communication Channels	Expectations
Investors and shareholders	• Annual general meeting and other shareholders' meetings • Annual and interim reports • Investor relations activities • Announcements and circulars	• Corporate transparency • Financial results • Improvement of risk management and internal control • Environmental, social and governance issues
Customers	• Customer service hotline and email • Company Weibo, WeChat and QQ public account • Company website • In-webpage online customer service system	• Quality after-sales service • Customer privacy protection • Safe and convenient driving experience
Suppliers	• Teleconference • Email • WeChat, QQ and other communication tools	• Responsible supply chain management • Business ethics and reputation • Fair and open competition

Stakeholders	Communication Channels	Expectations
Employees	• Training and seminars • Regular performance assessment • Employee suggestion box • Malpractice reporting Email • Internal announcements and communications	• Career development • Competitive remuneration and benefits • Equal promotion opportunities • Healthy and sound working environment
Social and public	• Company website – news center • Environmental, social and governance report • Company Weibo and WeChat public account	• Green operation • Providing employment opportunities • Supporting public welfare undertakings • Open and transparent information
Government and regulatory bodies	• Email • Teleconference • Interview • Training and seminars	• Compliance with laws and regulations • Corporate governance

MATERIALITY ASSESSMENT

We conduct annual materiality assessment with systematic approaches so as to better understand the views and expectations of the stakeholders towards our Group's ESG performance. With reference to the Group's business development strategies and industry practices, we have determined a list of significant ESG topics covering five major aspects: corporate governance, environmental protection, employment practice, operational norms and community investment. According to such list, we have prepared a questionnaire and invited relevant stakeholders to rate based on the importance of ESG issues and their impact on the economy, environment and society. Upon analyzing the results of the questionnaire, we have compiled a materiality matrix. The materiality matrix and identified significant issues will be subject to review and confirmation by the Board as well as the work force team and disclosed in this ESG Report. The materiality matrix of the Group for the Reporting Period is as follows:



CONTACT US

The Group welcomes its stakeholders to offer their advice and recommendation. You may express your valuable suggestion with respect to this ESG Report and the Group's performance on sustainable development through following methods:

Address: Building 3, Fuxing Economic Development Zone (Fuzhou Software Park Jin'an Branch), No. 318 Fuguang Road, Jin'an District, Fuzhou, Fujian Province, PRC
Telephone: (86) 0591-22680000

A. ENVIRONMENT

Environmental Targets

In order to ensure the effective implementation of sustainability business model, the Group has set multiple environmental targets based on its development direction and strategic approach, and closely monitored and regularly reviewed the progress in achieving the targets. The statistics are set out in the following sections. The Group intends to achieve the following targets:

Level	Target	Progress
Direct emission (including greenhouse gas emission from vehicles)	In marking 2024 as the base year, the intensity of greenhouse gas emission shall be decreased by 10% as compared to 2024 by the year ended 31 December 2034 ("2034").	Ongoing
Indirect emission (including greenhouse gas emission arising from the consumption of purchased electricity)	In marking 2024 as the base year, the intensity of greenhouse gas emission shall be decreased by 10% as compared to 2024 by 2034.	Ongoing
Purchased electricity	We shall formulate management system for energy conservation and environmental protection, and advocate for green office.	Ongoing
	In marking 2024 as the base year, the volume of purchased electricity shall be decreased by 10% as compared to 2024 by 2034.	
Fresh water consumption	From 2025 onwards, we shall conduct at least one water conservation campaign each year to enhance our employees' awareness of water conservation.	Ongoing
	In marking 2024 as the base year, the volume of fresh water consumption shall be decreased by 10% as compared to 2024 by 2034.	
Waste reduction	Waste classification shall be implemented throughout the office buildings and self-operated sales outlets by 2025.	Ongoing
	In marking 2024 as the base year, the volume of waste paper shall be decreased by 10% as compared to 2024 by 2034.	

A1. Emission

The Group is aware of the going concern among public and investors regarding environmental protection and corporate social commitment, therefore, we have always attached great importance to environmental management and are committed to environmental protection in order to duly fulfill the social obligations.

While our Group is an automobile finance lease and operating lease service provider, our Group is not responsible for any fuel used by our customers. Our Group does not operate any staff canteens. Non-hazardous waste generated by our Group primarily consists of daily waste from our Group's offices and sales outlets operations, which has been deemed insignificant and thus is not recorded. Further, while the operations of our Group have not generated any significant amount of hazardous waste, our Group has nonetheless adopted internal policies with respect to handling hazardous waste.

In terms of the Group's commercial operations in Mainland China, we have formulated relevant environmental protection management systems and procedures to regulate waste gas emission, greenhouse gas and non-hazardous waste, so as to contribute to environmental protection and realize sustainable development.

The Group regularly keeps track of the latest national and regional laws and regulations on environmental protection and, based on these, focusing on enhancement of environmental protection measures in order to comply with the relevant laws and regulations of the local government and to implement environmental policies. The regulations that the Group strictly complies with include the Environmental Protection Law of the People's Republic of China in Mainland China and other laws and regulations relating to environmental protection in Mainland China.

During the Reporting Period, the Group did not have any material events that violates relevant local environmental laws and regulations due to the waste gas emission, greenhouse gas emission and discharge of wastewater, hazardous and non-hazardous waste.

Waste Gas Emission

The Group's waste gas emissions are mainly derived from the gasoline consumed by the Group's motor vehicles from transportation. During the Reporting Period, automobile usage increased due to business expansion. As a result, nitrogen oxide ("NO_x") and particulate matter ("PM") emissions increased from 0.77kg and 0.06kg in 2023 to 1.09kg and 0.08kg in 2024 respectively. At the same time, the Company emphasized green automobile code to improve the use efficiency of gasoline, so that sulfur oxide ("SO_x") emissions in 2024 remained at the same level as in 2023. Meanwhile, the Group actively adopts the following emission reduction measures:

- regular maintenance and repair of vehicles to prevent them from emitting excessive emissions due to reasons such as broken parts; and

- to phase out substandard cargo vehicles in accordance with the requirements of the regional emission policies.

The performance of the Group's waste gas emission is summarized as follows:

Type of waste gas[2]	Unit	2024	2023
NO_x	Kg	**1.09**	0.77
SO_x	Kg	**0.02**	0.02
PM	Kg	**0.08**	0.06

Notes:

1. For the year ended 31 December 2024, the revenue of the Group amounted to RMB1,464.1 million. This information will also be used to calculate other density information.

2. The exhaust gas emission is calculated with reference to How to prepare an Environmental, Social and Governance Report – Appendix II: Guidance on Reporting of Environmental Key Performance Indicators issued by the Stock Exchange.

3. The 2023 figures have been restated following an internal data base review to more accurately reflect the actual circumstances.

Greenhouse Gas Emissions

The Group's greenhouse gas (GHG) emissions are mainly from direct GHG emissions from vehicles (Scope 1), energy indirect GHG emissions from purchased electricity consumption (Scope 2) and other indirect upstream and downstream emissions that occur outside the Group, including methane gas generation at landfills due to disposal of paper waste, greenhouse gas emissions due to electricity used for processing fresh water and sewage by third party handlers, and other indirect greenhouse gas emissions from employees' business travel (Scope 3). In line with the national strategy of overall GHG emissions reduction to achieve the sustainable development goal of energy conservation and carbon reduction, the Group actively enhances its image by reducing energy consumption to minimize GHG emissions. For the above emission sources, we actively take the following emission reduction measures:

- Adopting emission reduction measures on vehicles. The relevant measures are described in the section headed "Waste Gas Emission" in this Aspect;

- Implementing energy saving control. The relevant measures are described in the section headed "Energy Management" in Aspect A2;

- Reducing the frequency of business trips by using electronic communication methods such as video conferencing and WeChat meetings; and

- Posting notices and posters with environmental information at prominent places in the office to promote the best practice of environmental management, and raise employees' awareness of environmental protection.

During the Reporting Period, the expansion of the business led to an increase in automobile fuel consumption, purchased electricity and business trips. As a result, the Group's greenhouse gas emissions and their intensity increased in 2024.

The Group's performance of GHG emissions is summarized as below:

Indicator[4]	Unit	2024	2023
Scope 1 — Direct GHG emissions			
• Fuel consumption of vehicles	tCO_2e	**4.32**	3.04
Scope 2 — Energy indirect GHG emissions			
• Purchased electricity	tCO_2e	**1,229.50**	993.76
Scope 3 — Other indirect GHG emissions			
• Business travel	tCO_2e	**143.52**	102.12
Total GHG emissions (Scope 1, 2 and 3)	tCO_2e	**1,377.34**	1,098.92
Total GHG emissions intensity	tCO_2e per million RMB revenue	**0.94**	0.84

Notes:

4. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards issued by the World Resources Institute and the World Business Council for Sustainable Development, the Circular on the Management of Greenhouse Gas Emissions Reporting by Enterprises in the Power Generation Sector for the Period 2023-2025 issued by Ministry of Ecology and Environment of the People's Republic of China, the Global Warning Potential Values from the Fifth Assessment Report issued by the Intergovernmental Panel on Climate Change, How to Prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental Key Performance Indicators issued by the Hong Kong Stock Exchange and the "Sustainability Report 2021" released by HK Electric Investments Limited.

5. The 2023 figures have been restated following an internal data base review to more accurately reflect the actual circumstances.

Sewage Discharge

Given its business nature, the Group does not generate any industrial wastewater in the operation, and only generate domestic sewage. The Group's water supply and discharge are solely controlled by the management body of the office building, thus it is not feasible to provide water use and discharge data or sub-meter. Therefore, the Group cannot provide statistical information on water use and discharge.

Waste Management

The Group fulfills the "3R" (i.e. Reduce, Reuse and Recycle) environmental protection principles in the use of resources.

- Implement a number of electronic or automated internal administrative procedures, such as replacing paper-based approval process by office automation system to reduce paper consumption; Publish notices or brochures in electronic version and upload the files to the Group's intranet or the internet for public view;

- Print corporate publications, including the annual report, interim report and quarterly report only when necessary;

- Encourage our shareholders to access the Group's corporate communications via electronic means, which not only saves paper but also provides the most timely, convenient and effective means of communicating with shareholders;

- Encourage staff to print draft in narrow spacing and small font, which not only saves ink and electricity, but also achieves the effect of saving paper;

- Encourage the practice of printing or copying on both sides and setting the default output of the office copier as black and white and duplex; and

- Place recycling bins next to the copiers to collect used paper on one side for reuse, such as being used for copying or cutting into sticky note paper.

The Group strictly adheres to the principles of waste management and is committed to properly regulating and disposing of waste generated from business activities. The Group maintains high standards in waste reduction, educates employees on the necessity of sustainable development, and provides relevant support to enhance their skills and knowledge in the field of sustainable development.

Hazardous Wastes

Given its business nature, the Group does not generate any significant amount of hazardous wastes during daily operation, and has adopted internal policies with respect to handling hazardous waste. Nevertheless, we are devoted to waste reduction. If any hazardous waste is generated, the Group must appoint a qualified chemical waste collector to handle such waste to comply with relevant environmental laws and regulations.

Non-hazardous Wastes

The Group does not operate any staff canteens. Non-hazardous waste generated by the Group primarily consists of daily waste from the Group's offices and sales outlets operations. The Group not only requires employees to properly dispose of them and encourages employees to classify and place them before disposal, but also arranges personnel to handle them in a unified manner, which has been deemed insignificant and thus is not recorded. With regard to paper consumption in the office, we have implemented the following measures:

- Avoid printing and copying documents;
- Encourage to recycle used paper;
- Encourage to print or copy on both sides; and
- Actively adopt electronic documents and establish electronic workflow.

With effective control of paper consumption, the Group's performance of non-hazardous waste discharge is summarized as follows:

Type of wastes	**Unit**	**2024**	2023
Total non-hazardous wastes			
• Paper	kg	**8,384.51**	6,855.6
Total non-hazardous wastes intensity	kg per million RMB revenue	**5.73**	5.26

A2. Use of Resources

The Group strives to conserve resources in its business activities, including the consumption of energy, water and paper in the course of business, in order to stabilize the consumption level of energy and paper. We endeavor to reduce the use of resources by adopting various environmental protection schemes and promoting environmental awareness among employees, with the aim of promoting shift in their habits.

During the Reporting Period, the Group has established appropriate and effective management policies and monitoring systems to deal with ESG matters, and confirmed that the disclosures meet the requirements of ESG reporting guidelines.

Energy Management

In daily operation, the major sources of the Group's energy consumption are electricity consumed in office and petrol consumed by vehicles. To uphold the Group's commitment to energy conservation and consumption reduction, the Group has formulated a system to promote the green office culture aiming to save electricity and use electricity effectively. Relevant measures are listed below:

- Use energy-efficient lights and electrical appliances in office workplace;
- Light up the corridor at intervals instead of fully on;
- Cut off the power supply of electrical equipment and electrical appliances that are not in use;
- Timely shut down computers that are idle or not in use within two hours, so as to ensure that "computers are shut down and powered off when left";
- Turn off some lights and air conditioners during lunch hours and non-office hours;
- Maintain and clean the computers frequently, and pay attention to dust and moisture prevention to reduce power consumption;
- Purchase energy-efficient office equipment;
- Turn off water dispensers, computers, printers, air conditioners and other electrical equipment after work, and unplug and disconnect the power supply; and
- Enable the Standby or Sleep mode of personal computers.

The Group reviews the effectiveness of the above measures on a regular basis and makes necessary adjustments according to our operation to improve the efficiency of resource utilization. With these energy saving measures, the awareness of employees on energy saving has been increased.

The Group's performance of energy consumption is summarized below:

Types of energy	Unit	2024	2023
Direct energy consumption[6]			
• Petrol	MWh	**15.68**	11.07
Indirect energy consumption			
• Purchased electricity	MWh	**2,040.67**	1,742.52
Total energy consumption	MWh	**2,056.35**	1,753.59
Total energy consumption intensity	MWh per million RMB revenue	**1.40**	1.34

The increase in total energy consumption in 2024 was mainly due to an increase in gasoline consumption as a result of the use of automobile for business expansion and an increase in purchased electricity as a result of an increase in the number of employees.

Notes:

6. The unit conversion method of energy consumption data is formulated based on the Energy Statistics Manual issued by the International Energy Agency.

7. The 2023 figures have been restated following an internal data base review to more accurately reflect the actual circumstances.

Water Management

The Group's water usage mainly come from domestic water for office areas and self-operated sales outlets. In view of the geographical location in which the Group operates, the Group has no problem in obtaining suitable water sources.

The Group attaches utmost importance to the protection of water resources, follows the principle of water conservation, and continuously strengthens water management to avoid waste of water resources. The water conservation measures include:

- Purchase energy-efficient office equipment and extend the air-conditioner drainage pipe into a bucket, which can receive a liter of water in 2 hours. The collected water can be used to water flowers and mop floors;

- Flush toilets with high or low water flow rate depending on the amount of water needed to flush sewage; and

- Replace faucets that are dripping and leaking in time to reduce waste.

In order to reduce water consumption, the Group posts posters or promotional materials at prominent places in the offices to promote water conservation.

The Group's water consumption is summarized below:

Water consumption	Unit	2024	2023
Total water consumption	m^3	**16,460**	15,253
Total water consumption intensity	m^3 per million RMB revenue	**11.24**	11.69

Use of Packaging Materials

Owing to its business nature, the Group does not have physical products for sale. Thus, the Group's business does not involve the use of packaging materials.

A3. The Environment and Natural Resources

Despite that the Group's major operations have no significant impact on the environment and natural resources, we, as a responsible corporate, are committed to minimizing such negative impact of our business on the environment. We assess the environmental risks of our business and formulate corresponding environmental policies and measures, hoping to contribute to environmental protection. In addition to adhering to environmental regulations and international standards, we also incorporate the concept of environmental and natural resources protection into our internal management and daily operational activities to achieve the goal of sustainable environmental development.

Raising Environmental Awareness

We are deeply convinced that besides strictly requiring our employees to carry out internal environmental measures formulated by the Group, we also need to proactively improve the environmental awareness of our employees so as to effectively improve our environmental protection standard. As such the Group regularly reviews its own code of conduct, issues environmental guidelines and tips to employees and shares green office and other relevant environmental information. We will also consider participating in more feasible and appropriate activities with a view to assisting our employees in enhancing their recognition over environment and natural resources.

Indoor Air Quality

Extreme weather events brought about by climate change pose multiple physical risks to our business. Unstable weather conditions may not only have the potential of causing damage to the Group's sales outlets, offices and inventories, but may also disrupt logistics and lead to delays in the transportation of automobiles from suppliers, potentially causing financial losses to the Group. As such, the Group has formulated a number of strategies to mitigate damages from these identified physical risks, including buying wading insurance for our inventories, setting guidelines to exempt employees from commuting to their workplaces under unstable weather, and incorporating parts of the automobile purchasing procedures into our online website and various APPs.

A4. Climate Change

With the escalating risks and challenges brought by climate change to the global economy, it could have a negative impact on the Group and the entire automotive industry. As such, the Group understands the significance of identifying and mitigating any material impact of climate change. In accordance with the recommendation of the Task Force on Climate related Financial Disclosures ("TCFD") established by Financial Stability Board, the management of the Group is committed to identifying the risks and opportunities from climate change for our business operations. Based on the assessment results, the Group has incorporated climate risks into the corporate risk management process to manage and review climate related risks and seize relevant opportunities. With reference to the risk categorization by TCFD, the climate-related risks identified by the Group can be divided into two categories: physical risks and transition risks, and the corresponding management measures will also be explained below:

Physical Risks

Extreme weather events brought about by climate change pose multiple physical risks to our business. Unstable weather conditions may not only have the potential of causing damage to the Group's sales outlets, offices and inventories, but may also disrupt logistics and lead to delays in the transportation of automobiles from suppliers, potentially causing financial losses to the Group. As such, the Group has formulated a number of strategies to mitigate damages from these identified physical risks, including buying wading insurance for our inventories, setting guidelines to exempt employees from commuting to their workplaces under unstable weather, and incorporating parts of the automobile purchasing procedures into our online website and various APPs.

Transition Risks

In terms of transition risks, based on the Group's assessment of the potential shift in the market sentiment towards more environmentally friendly products, transition towards a low-carbon economy and relevant changes in laws and regulations, we believe that we may suffer financial loss if customers associate automobiles with air pollution and forego purchasing automobile products or if the operation of fossil fuel-consuming automobiles is prohibited. In order to mitigate damages from these identified transition risks, the Group have formulated a number of strategies, such as to enhance the use of cleaner energy with the aim of lowering the reputation risk and the financial risk from changes in market preference, to expand our line-up of new energy vehicles through further procurement to our customers in the future and to carry out extensive advertising campaigns and promotions as part of the Group's efforts of branding as a company with dedicated efforts to becoming environmentally friendly.

Moreover, the Stock Exchange also requires listed companies to enhance climate-related disclosures in their ESG reports, which may result in increased compliance costs. Failure to meet the climate change compliance requirements may expose the Group to risks of claims and lawsuits. Corporate reputation may also decline. The Group will regularly monitor existing and emerging climate-related trends, policies and regulations to avoid being exposed to reputational risks due to slow response. In addition, to reduce the Group's impact on the environment and to comply with the requirements of the Stock Exchange, the Group has set targets to reduce energy consumption and greenhouse gas emissions. The Group will continue to assess the effectiveness of the Group's actions to address climate change and enhance its resilience against climate-related issues.

Notwithstanding the above-mentioned risks, the Group also endeavours to capture these opportunities which may be brought about by the aforementioned changes. In addition to our plans to offer additional electric vehicle for lease or purchase beyond its current line-up, the Group had been operating a new energy car sharing business in several cities in the Fujian Province of the PRC through our Go Ziyou APP since early 2018. While the new energy car sharing business operation had been suspended in July 2022, the Group has begun transferring the new energy vehicles to our automobile retail and finance lease business for better resource allocation and utilization. In 2022, our new energy car-sharing automobiles had been disposed of or transferred to our automobile retail and finance business.

B. SOCIETY

B1. Employment

The Group firmly believes that human resources are the Group's most valuable assets and the core of competitive advantages, and also the foundation for the Company's sustainable development. Therefore, we are committed to improving the employment system to attract, train and retain employees, adhere to the people-oriented governance principle, and formulate employee manuals to standardize employment policies and codes, so as to ensure employees to clearly understand their rights and responsibilities, and respect and protect the legitimate rights and interests of each employee. By building a harmonious and warm working atmosphere, the Group makes every employee feel our care and attention.

The Group has complied with all laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits, including but not limited to the Employment Ordinance in Hong Kong, the Labor Law of the PRC and the Labor Contract Law of the PRC. During the Reporting Period, the Group did not find any material violation of relevant local employment laws and regulations.

As at 31 December 2024, the Group had 1,194 full-time employees, which are categorized as follows:

Indicators	2024 Number of employees	2024 %	2023 Number of employees	2023 %
By Gender				
Male	**852**	**71.4**	816	70.8
Female	**342**	**28.6**	336	29.2
By Age				
<31	**815**	**68.3**	812	70.5
31-39	**301**	**25.2**	271	23.5
40-49	**68**	**5.7**	57	4.9
50-59	**7**	**0.6**	10	0.9
>59	**3**	**0.2**	2	0.2
By employment category				
Administrative personnel	**396**	**33.2**	406	35.2
Others	**798**	**66.8**	746	64.8

Recruitment, promotion, compensation and dismissal

We attach great importance to talents and regard employees as the most precious and core asset. We always adhere to the fair, just and open principle in equal employment, recruit outstanding talents, provide sufficient talent reserves for various businesses, and enhance business competitiveness. According to employees' work scope, qualifications, behavior, performance and market conditions, we conduct employee evaluation to determine their salary, benefits and promotion opportunities. We ensure that employees are treated fairly, and prevent discrimination due to gender, ethnic background, religion, age, marital and family status, disability or any other reasons.

According to relevant laws and regulations, we clearly list the salary and benefits enjoyed by employees in the Employee Handbook. In addition to the basic salary, we also provide employee benefits and rights, including but not limited to mandatory provident fund, social insurance, directors and senior management liability insurance, medical benefits, statutory annual leave and extra annual leave, sick leave, parental leave, various allowances and severance pay. For employees in mainland China, we provide five social insurances and one housing fund according to law, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund, so as to ensure employees enjoy social insurance benefits. In addition, we abide by the relevant employment regulations and guidelines. When it is necessary to dismiss employees, we will follow the procedures and provide the dismissed employees reasonable compensation. The terms related to dismissal have been clearly listed in the employment contract.

During the Reporting Period, the Group had an employee turnover rate[8] of about 68.5%, which is categorized as follows:

Indicator	**Turnover rate[9] 2024**	Turnover rate[9] 2023
By Gender		
Male	**73.9%**	90.6%
Female	**55.5%**	39.8%
By Age		
<31	**88.9%**	83.7%
31-39	**26.6%**	33.1%
40-49	**6.4%**	15.4%
50-59	**11.8%**	–
>59	**–**	–

Notes:

8. The total employee turnover rate is calculated by dividing the total number of employees who left the Company during the year by the average number of employees at the beginning and end of the year, and then multiplying by 100%.

9. The employee turnover rate of various categories is calculated by dividing the number of employees leaving the Company in the category during the year by the average number of employees in the category at the beginning and end of the year, and then multiplying by 100%.

Equal opportunity, diversity, anti-discrimination

The Group promotes diversity through continuous implementation of equal opportunity management practices and fair treatment of all employees, regardless of their backgrounds. The Group also plans to implement a comprehensive diversity policy in the near future. In addition, we incorporate equal opportunities and anti-discrimination practices into the promotion management system, recruitment and labor relations management system, to ensure that employees are not discriminated against, physically or verbally harassed due to gender, race, religion, age, marital and family status, physical disability, etc. in the working environment. In order to ensure that all employees enjoy fair and equal protection, the Group will never tolerate any form of sexual harassment or bullying in the workplace.

Communication channels

The Group attaches great importance to communication with employees, so we have established diversified communication channels, encouraged employees to put forward opinions, and promoted exchanges between management and employees, so as to improve the Company's operation and management policies and improve business efficiency. In addition, we regularly organize group activities such as staff dinners to strengthen the communication between employees and enhance their sense of belonging to the Group.

B2. Health and safety

The Group strives to provide and maintain a safe and healthy working environment for all employees. In order to ensure compliance with applicable laws and regulations, the Group adjusts its human resources policies from time to time after consulting legal counsel to adapt to major changes in relevant labor and safety laws and regulations. The Group's ESG working team will also regularly review relevant policies.

The Group has established various measures, including publishing guidelines on workplace safety and fire protection, inspecting office premises to identify emergencies and potential safety hazards, minimizing related risks, and keeping health records for all employees and conducting health checks during their employment.

During the Reporting Period, the Group did not have any major incidents or incidents related to worker safety. It has not been subject to any significant claims (whether personal or property damage) or penalties related to health, work safety, social and environmental protection, nor has it been involved in any accident or fatality, and has complied with applicable laws and regulations in all material respects.

We strictly abide by relevant laws and regulations, including but not limited to the Labor Law of the PRC, the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China, the Fire Protection Law of the People's Republic of China and Occupational Safety and Health Ordinance of Hong Kong. In the past three years (including the Reporting Period), the Group did not have any major incidents or accidents related to workers' safety, and the work-related death rate was 0%. During the Reporting Period, the Group did not record any working days lost due to work-related injuries, and was not subjected to any major claims (whether personal or property losses) or penalties related to health, work safety, social and environmental protection. The Group has not been involved in any accident or death, and has complied with applicable laws and regulations in all major aspects.

Enhance safety awareness

The Group will always teach and remind employees of the importance of occupational health and safety according to relevant work safety guidelines. Through training, various forms of publicity, emergency drills and regular safety inspections, the Group provides employees with information on crime prevention and safety emergency. We also cooperate with other organizations and property management companies in office buildings, and regularly participate in fire drills to enhance employees' safety and fire prevention awareness. In addition, our Employee Handbook clearly lists the work safety guidelines that meet the statutory requirements. If any violation of the guidelines mentioned in the handbook or serious misconduct, we will take appropriate disciplinary action to improve employees' health and safety awareness during work.

Mental health

We value employees' well-being, care about their mental health and encourage them to strike a balance between work and life. We organize social activities to enhance team cohesion, reduce work pressure and create a good working atmosphere. In addition, we provide employees with life health and safety information to enhance their health awareness.

Considering the COVID-19 pandemic ended in 2023, the Group has decided to cancel the original pandemic prevention and control measures. However, we will continue to pay close attention to the pandemic development and continue to abide by the health and safety guidelines. When necessary, we will make appropriate adjustments to ensure the health and safety of employees and customers.

B3. Development and training

The Group firmly believes that employees play an important role in the Group's sustainable development, core values and competitiveness. Therefore, the Group is committed to promoting employees' personal growth and development, and has clearly stipulated the continuous training requirements in the operation manual. We adopt a variety of training modes, such as induction training and management training, to meet the needs of different levels and types of employees, so that they can provide continuous high-quality services. In addition, we provide employees with comprehensive and diversified on-the-job training projects and professional training, aiming at improving their quality, qualifications and skills and stimulating their potential. Meanwhile, we encourage employees to discuss their career promotion and development goals with managers and participate in business-related training activities.

Training management

We firmly believe that employees play an important role in the Group's sustainable development, core values and competitiveness. Therefore, the Group is committed to promoting employees' personal growth and development, and has clearly stipulated the continuous training requirements in the operation manual. We adopt a variety of training modes, including induction training and management training, to meet the needs of different levels and types of employees, so that they can provide continuous high-quality services. In addition, we provide employees with comprehensive and diversified on-the-job training projects and professional training, aiming at improving their quality, qualifications and skills and stimulating their potential. Meanwhile, we encourage employees to discuss their career promotion and development goals with managers and participate actively in business-related training activities.

Training course

Professional training and development programs provided by the Group include financial services professional knowledge, information technology professional knowledge, customer service and product knowledge training, lectures and guidance on relevant regulations, anti-corruption professional training and other related training courses. We also actively encourage Directors and senior management to participate in training related to the Listing Rules of the Stock Exchange and corporate governance, so as to continuously improve the internal control and corporate governance standards of the Group. At the same time, we also encourage personnel such as accountants and secretaries of the Group to update relevant professional knowledge regularly.

During the Reporting Period, the Group's percentage of trained employees[10] was approximately 100% and the average number of training hours[11] completed by each employee was approximately 31 hours. A breakdown of trained employees by gender and employee category and a breakdown of the average training hours are as follows:

Indicators	**Details of trained employees[12] Percentage**	**Average training hours[13] 2024**	Details of trained employees[12] Percentage	Average training hours[13] 2023
By Gender				
Male	**100.0**	**30**	100.0	21
Female	**100.0**	**34**	100.0	21
By employment category				
Administrative personnel	**100.0**	**27**	100.0	11
Others	**100.0**	**37**	100.0	23

Notes:

10. The percentage of total trained employees is calculated by dividing the total number of trained employees in the year by the total number of employees at the end of the year and multiplying by 100%.

11. The average number of training hours per employee is calculated by dividing the total number of training hours during the year by the number of trained employees in that category.

12. The breakdown of each category of trained employees is calculated by dividing the number of trained employees in that category by the number of employees in that category at the end of the year and multiplying by 100%.

13. The average training hours of each category of employees are calculated by dividing the training hours of that category of employees during the year by the number of employees in that category at the end of the year.

B4. Labour standards

Prevention of child labor and forced labor

The Group has formulated internal code guidelines and labour system in strict compliance with the Labour Security Supervision Regulations《勞動保障監察條例》, the Labour Law of the People's Republic of China《中華人民共和國勞動法》and the Labour Contract Law of the People's Republic of China《中華人民共和國勞動合同法》in Mainland China, and with reference to international labour standards. During the Reporting Period, the Group did not find any major violations of laws and regulations related to the prevention of child labor and forced labor, nor did it have any discrimination related to race, religion, age, disability, etc.

The Group requires new employees to provide true and accurate personal information upon joining, which is rigorously vetted by our recruitment staff, including identification cards and household registration information. The Group has established a well-developed recruitment process to check the background of candidates and a formal reporting procedure for handling any exceptions. In addition, the Group conducts regular self-reviews and inspections to prevent any child labour and illegal forced labour in its operations.

In addition, the overtime work of the Group's employees is based on the voluntary principle, so as to avoid violating the labor standards and earnestly safeguard the rights and interests of employees. The Group also prohibits punitive measures, management methods and behaviors such as abuse, corporal punishment, violence, mental oppression and sexual harassment (including inappropriate language, posture and physical contact) against employees for any reason. Meanwhile, the Group refrains from entrusting suppliers known to employ child or forced labour.

Recruitment and personnel procedures are strictly monitored in accordance with the Group's human resource management system to prevent any employment of child or forced labour and any form of discrimination involving race, religion, age or disability, etc. If any irregularities are found, the Group will immediately investigate, deal with or dismiss the employees concerned. If necessary, the Group will further improve the labour mechanism to deal with irregularities.

B5. Supply chain management

As the Group is an automobile retailer providing automobile finance lease service primarily through our self-operated sales outlets in the PRC, we mainly purchase new cars from automobile dealers, and have entered into framework supply agreements with some automobile dealers to maintain a stable relationship to obtain stable automobile supply and enjoy substantial purchase discounts. We also have other suppliers and GPS component manufacturers to provide us with GPS components.

During the Reporting Period, the Group had 70 suppliers. The number of suppliers by region is as follows:

Indicators	Number of suppliers 2024	Number of suppliers 2023
By region		
Mainland China	70	40
Hong Kong	–	–
Overseas	–	–

Procurement mechanism

In order to manage the potential environmental and social risks in the supply chain, the Group has established a strict and standardized procurement system and supplier selection process, and has applied standard practices for engaging suppliers during the Reporting Period, evaluating the performance of suppliers every year, and considering the qualifications, service quality, price, delivery time and environmental awareness of suppliers before renewing any agreements with suppliers.

We advocate fair and open competition and aim to develop long-term relationships based on mutual trust, while the Group's subsidiaries strictly refer to the relevant regulations such as the Tendering and Bidding Law of the People's Republic of China《中華人民共和國招標投標法》in the procurement process. Our suppliers shall act responsibly and abide by all laws, international conventions and contractual obligations.

We have developed a procurement process system and code of conduct to standardize the formulation and implementation of procurement plans, and prohibit relevant responsible personnel from engaging in any behavior that violates business ethics. At the same time, we maintain close communication with our subsidiaries, requiring them to properly handle their relations with suppliers and partners, and avoid profit transfer or exploitation of suppliers.

The Group expects suppliers to meet our standards in environmental, social, corporate governance, business ethics and other aspects. Before establishing any long-term business relationship with potential suppliers, we will assess the operational and business environmental and social risks of suppliers, and communicate with suppliers to ensure that suppliers comply with trade laws, relevant environmental and social regulations and other standards, and understand suppliers' awareness in these aspects. We pay close attention to the integrity of our suppliers and partners, choosing only those with a good track record in past business dealings and no serious violations or breaches of business ethics.

In addition, we prioritize suppliers using environmentally friendly products and services in the supplier selection process, and strive to minimize potential environmental and social risks in the supply chain. We will regularly review the performance of suppliers and environmental and social standards in the supply chain. If any serious violations of laws and regulations are found, we will terminate the contractual relationship with the supplier.

B6. Product liability

The Group's principal businesses comprise (i) automobile retail and finance, where we sell non-luxury automobiles mostly on direct finance lease; (ii) automobile-related businesses, where we primarily offer automobile operating lease service and other automobile-related services; and (iii) outright car sales business, where we sell cars on a one-off basis. In order to establish a good reputation, we are well aware of the importance of high-quality products and services. Therefore, we actively use internal control to ensure that we always maintain a high level of service and product quality. We maintain continuous communication with our customers to ensure that we understand and meet their needs and expectations. We are also committed to understanding customer satisfaction and constantly improving our service quality based on feedback.

We strictly abide by relevant laws and regulations, including but not limited to the Law of the People's Republic of China on the Protection of Rights and Interests of Consumers 《中華人民共和國消費者權益保護法》 and other relevant laws and regulations on consumer protection in Mainland China. During the Reporting Period, the Group did not find any material violations of laws and regulations related to product and service quality, nor did it receive any material complaints about products and services, and customer satisfaction reached the expected target. It is our Group's practice to relay product recall and product return requests from customers to the relevant automobile manufacturers, and the Group does not assume any liability arising from product recall and product return. Due to the nature of the Group's business, it is not required to recall products for health and safety reasons, nor is it applicable to the disclosure of product recall procedures.

In case of customer default or delayed payments, we are entitled to repossess the vehicle directly. Leveraging our patented GPS tracking device and vehicle monitoring platform, we can track related vehicles and initiate repossession actions. The Group has formulated a series of policies, including (i) operational standards for vehicle repossession by the risk control execution team; (ii) used car transaction procedures; (iii) vehicle handling standards for the technical maintenance team; and (iv) detailed procedures for dealing with defaulting customers (post-repossession) by legal personnel, which outline the disposition process for repossessed vehicles, ensuring quality assurance for vehicles either sold outright or transferred to the Financing Lease Division of the Group.

Customer communication

Through standardized service quality, humanized service process and standardized service management, the Group is committed to providing competitive products and services to customers.

We attach importance to customer needs by summarizing and relaying customer complaints about the quality of rental vehicles or any other matters related to rental vehicles directly to the corresponding automobile manufacturers. We have also developed a customer complaint handling process system, which includes procedures for collecting customer complaints, investigating customer problems and providing feedback to customers. Customers can submit complaints by mail, telephone or in person. The process is confidential to protect the interests of all parties involved and ensure that the complaint process is conducted fairly and properly recorded.

The Group has not received any complaints from customers that have a significant impact on our business operations.

Customer privacy protection

Due to the nature of the business, the Group will be exposed to a large amount of personal or corporate information of customers. The Group has always attached importance to data security and personal information protection, and in view of the regulatory updates on data security and personal information protection, the Group has formulated a series of internal control policies, including:

(i) Develop operating procedures for handling reports and complaints about personal information disclosure of customers and employees, emergency plans for information security emergencies, develop information security management systems and set up relevant operating procedures;

(ii) Modify the user agreement and personal information protection and privacy policy of the application to provide users with higher access rights to personal information;

(iii) Update the user agreement of the GPS tracking device application installed on the rental car, and set the default data collection mode to "no data collection", unless all application users irrevocably consent and authorize the Group to query GPS tracking data for internal use only;

(iv) The user's consent shall be obtained if the agreement with the customer includes sensitive matters on the day, such as biometric identification and whereabouts;

(v) Update the security management procedures of personal privacy data, including setting access rights and password control according to employees' positions and work departments; and

(vi) A security training policy on personal information protection has been implemented, which stipulates that regular training should be provided to all employees every quarter to remind and update personal information protection and to make all new employees aware of the protection policy for personal data collection.

The Group will maintain and review various channels of communication with customers to obtain their views and deal with customer complaints in a timely manner, so as to investigate customer complaints and services, monitor and improve the customer service system.

Intellectual property rights

Due to the nature of the Group's business, trademarks, software copyrights and other intellectual property rights and proprietary information are essential to the Group's business. With reference to applicable laws, such as the Trademark Law of 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 Measures for the Registration of Copyright in Computer Software《電腦軟體著作權登記辦法》and the Law of the People's Republic of China Against Unfair Competition《中華人民共和國反不正當競爭法》, the Group has formulated the intellectual property rights management system, which clarifies the management process of intellectual property rights registration and renewal, approval process, evaluation system, novelty search and retrieval system, work filing, and the attribution determination system of intellectual property rights achievements, etc., in order to protect the Group's intellectual property rights. The Group has registered 9 design patents related to GPS tracking devices for risk management and 96 computer software copyrights, and will closely monitor and prevent infringement in the market to ensure that its intellectual property rights are not infringed.

In addition, the Group has implemented a software management policy whereby only IT staff are licensed to install computer software on our computers, recording and maintaining our software licenses and their respective user lists. It is also required to check the computer at least every year to verify whether any unauthorized software is installed.

Advertisements and labels

Due to the nature of the business, the Group carries out limited advertising activities and therefore the advertising-related risks involved are not significant. Nevertheless, in the marketing of products and services, all publicity is strictly regulated and inspected to ensure compliance with applicable publicity and labeling laws and regulations. These promotions shall accurately reflect the quality and effectiveness of the Group's products and the content of its services, so that what customers see is what they get.

B7. Anti-corruption

The Group believes that an integrity-driven corporate culture is the key to our continued success. Therefore, we attach great importance to anti-corruption work and system building, resolutely put an end to any corruption, and strictly abide by the Company Law of the PRC《中華人民共和國公司法》, the Prevention of Bribery Ordinance《防止賄賂條例》and other laws and regulations in Mainland China. We also implement a bribery prevention policy, prohibiting Directors, employees and agents from accepting benefits and providing benefits to business partners. The policy also includes procedures for handling conflicts of interest and reporting. Whistleblowers who prevent economic losses will be financially rewarded based on the potential economic loss had the incident gone undetected. The Group also implements an anti-corruption policy, which further details all benefits that Directors, employees and agents should not obtain from business partners, including pecuniary benefits, entertainment-related benefits, discounts. During the Reporting Period, the Group did not find any material violations of laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, nor did it have any corruption cases concluded.

The Board has adopted a "zero tolerance" attitude towards anti-corruption and fraud, which has been reflected in our operations manual and staff manual, including the requirement to establish an internal audit function and set out its roles and responsibilities. Directors, employees and agents are responsible for complying with bribery prevention policies and anti-corruption policies. If any irregularities are raised or found, penalties will be imposed according to the policy. The Group strictly abides by relevant anti-corruption legal norms and ethical standards, actively maintains good corporate governance and risk management, safeguards the interests of stakeholders, and strives to build an honest, open and transparent corporate culture.

Prevention of money laundering

In order to safeguard the integrity and reputation of the Group, we strictly prohibit any activities related to money laundering and terrorist fund-raising activities. The finance department conducts an annual money laundering risk assessment on the Group's operations and handles all suspected money laundering cases. We regularly review the relevant policies and guidelines issued by the Hong Kong Monetary Authority and other regulatory agencies to assess their impact and ensure that business units and departments comply with relevant regulatory requirements and internal policy guidelines.

The Group arranges anti-corruption training at least once a year for all employees to participate. During the Reporting Period, 22 staff participated in 60 hours of anti-corruption training sessions. These trainings aim to cultivate their anti-corruption awareness and good professional ethics to comply with the legal requirements of Hong Kong and Mainland China.

Reporting mechanism

The Group actively promotes the importance of anti-corruption awareness to all employees and encourages them to report any incidents involving corruption or fraud. We will immediately investigate and take necessary and appropriate actions. At the same time, we are committed to protecting the identity of whistleblowers to eliminate all acts that may harm the interests of the Group and relevant stakeholders. The Group regularly monitors the effectiveness of the reporting mechanism to ensure its smooth operation.

B8. Community investment

Our Company is committed to becoming a responsible enterprise, playing an active role in community investment and providing appropriate resources for local people in need. We believe that through social welfare activities, the Company and employees can establish positive values and eventually become socially responsible citizens.

We encourage and support our staff to take part in volunteer service in their spare time, and develop relevant internal guidelines to arrange for our staff to participate in activities such as environmental protection, public welfare and social services. We hope that by participating in community activities, employees can make personal contributions to the community, enhance their caring awareness and cultivate their sense of social responsibility.

We help various institutions and participate in social activities through donations to fulfill our corporate social responsibility as corporate citizens and establish a positive public image, and support the local economy and provide social welfare to vulnerable communities in Mainland China. We actively seek cooperation with different public welfare and charitable organizations, always paying attention to the difficulties and needs of society and vulnerable groups, proactively giving back to the community with the goal of promoting social harmony.

STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX TABLE

Mandatory Disclosure Requirements	Chapter/Statement
Governance Structure	ESG Governance Structure
Reporting Principles	Report on Environmental, Social and Governance – Reporting Framework
Reporting Boundary	Report on Environmental, Social and Governance – Reporting Boundary

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect 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.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
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).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not Applicable – Explained in Emissions – Hazardous Waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Targets, Emissions – Exhaust Gas Emissions, GHG emissions
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.	Environmental Targets, Emissions – Waste Management

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of resources
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).	Use of resources – Energy management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of resources – Water resources management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental objectives, use of resources -Energy management
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.	Environmental objectives, use of resources – Water resources management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable – explained in the use of packaging materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The environment and natural resources – Improve environment awareness, in-door air quality
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate change
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.	Climate change – Physical risk and transitional risk

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B1: Employment		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Recruitment, promotion, remuneration and dismissal
Aspect B2: Health and Safety		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
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 – enhance safety awareness and mental health

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Training courses
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Training courses
Aspect B4: Labor Standard		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor Standards – Prevention of child labor and forced labor
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards – Prevention of child labor and forced labor
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Supply chain management
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.	Supply chain management – Procurement mechanism
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management – Procurement mechanism
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management – Procurement mechanism

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B6: Product Liability		
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, labeling and privacy matters relating to products and services provided and methods of redress.	Product liability
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable – Explained in product liability
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product liability
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product liability – Intellectual property
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable – Explained in product liability
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product liability – Customer communication, customer privacy protection
Aspect B7: Anti-corruption		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Report mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Anti money laundering

Aspects, General Disclosures and KPIs	Description	Chapter/Statement
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community investment

INDEPENDENT AUDITOR'S REPORT

To the Members of XXF Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of XXF Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 116 to 200, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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 IFRS Accounting Standards 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 International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition under finance lease contracts
- Measurement of expected credit losses of finance lease receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition under finance lease contracts	
Refer to notes 4(a) and 5 to the consolidated financial statements. For the year ended 31 December 2024, the Group recognised revenue from sales of automobiles under finance lease and finance lease income amounting to approximately RMB894,454,000 and RMB298,462,000 respectively. The Group's finance lease services derive income from dealership of automobiles and provision of financing to customers. The allocation of lease income towards sales of automobile revenue and finance lease interest income under finance lease contracts involves management judgement to identify pricing information of similar products offered by suppliers or competitors in order to determine fair value of the automobiles which will be recognised as revenue upon inception of the relevant leases, while the residual amount of gross receivables from the leases will be recognised as finance lease income over the lease period.	Our procedures in relation to the revenue recognition under finance lease contracts mainly included: – Understood and evaluated the Group's internal controls over the accounting of finance lease contracts, including the assessment over allocation of lease income towards sales of automobile revenue and finance lease income, and performed sample testing of the key controls that we planned to place reliance on our audit; – Tested on a sample basis by checking against supporting documents such as finance lease contracts, automobile handover document with customers and payments from customers; and – Tested management's lease income allocation of selected contracts by checking: (i) the fair value of the automobile to the indicative market value provided by the suppliers to the Group, and (ii) the calculation of finance lease income by performing recalculation of the future lease payments using internal rate of return in order to test the appropriateness and the accuracy of sales revenue and interest income recorded.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Management's allocation of lease income under finance lease is an area of our audit focus because the relevant judgment and estimation made by management would have an impact on the respective amount recognised for the sales of automobile revenue and finance lease income which are significant to the consolidated financial statements.	Based on our procedures performed, we found management's allocation of lease income for the revenue recognition under finance lease contracts to be supportable by available evidence.
Measurement of expected credit losses of finance lease receivables Refer to notes 3.1(b) and 4(b) to the consolidated financial statements. As at 31 December 2024, the carrying amount of finance lease receivables amounted to approximately RMB1,806,596,000 which was net of impairment allowance of approximately RMB16,625,000. The Group applies simplified approach to calculate the expected credit losses of finance lease receivables. For measuring expected credit losses, significant management judgements and estimations are required mainly on the following: – Choosing appropriate models and assumptions; – Determination of the criteria for definition of default and relevant inputs and data; – Segmentation of customers based on credit risk characteristics; – Determination and projection of macroeconomic variables for forward-looking scenarios and probability weightings; – Estimation of future cash flows for default and credit-impaired finance lease receivables. We focused on the above measurement of expected credit losses in our audit given the significance of finance lease receivables balance and the involvement of management judgments and inherent uncertainty of estimations in this area.	Our procedures in relation to the measurement of expected credit losses of finance lease receivables mainly included: – Understood and evaluated the Group's internal controls over the impairment assessment of finance lease receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; – Examined the modelling methodology used by management for measuring expected credit losses for finance lease receivables and evaluated the appropriateness of such model; – Sample-checked inputs and data used in management's calculation of historical loss rate, including the accuracy of ageing profile of finance lease receivables, settlement records, supporting documents for repossession of automobiles of default contracts, subsequent disposal proceeds of repossessed automobiles, etc.; – For forward-looking adjustments, our inhouse valuation expert was involved to assess the reasonableness of management's determination of macroeconomic variables, number of scenarios and their relative weightings and the projection of macroeconomic variables under different scenarios and to perform sensitivity analysis thereon; – Tested the mathematical accuracy of management's calculation of provision of expected credit losses. Based on our procedures performed, we found the judgements and assumptions made by management to estimate the expected credit losses on finance lease receivables to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in XXF Group Holdings Limited 2024 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including Directors' Report prior to the date of this auditor's report. The remaining other information, including Corporate Information, Chairman's Statement, Financial Highlights, Five Years' Financial Summary, Management Discussion and Analysis, Directors and Senior Management, Corporate Governance Report, and Environmental, Social and Governance Report and the other sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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 IFRS Accounting Standards 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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.

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine 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 Chan Wai Ching.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	*5*	**1,464,084**	1,304,341
Cost of revenue	*8*	**(1,025,733)**	(885,329)
Gross profit		**438,351**	419,012
Selling and marketing expenses	*8*	**(109,763)**	(98,724)
Administrative expenses	*8*	**(122,867)**	(133,233)
Research and development expenses	*8*	**(450)**	(413)
Provision for credit loss		**(3,226)**	(4,526)
Fair value gain on ordinary shares with redemption right		**–**	96,394
Other income, net	*6*	**20,048**	20,865
Other losses, net	*7*	**(9,918)**	(8,031)
Operating profit		**212,175**	291,344
Finance income	*10*	**1,580**	1,644
Finance cost	*10*	**(160,387)**	(163,138)
Finance cost, net		**(158,807)**	(161,494)
Share of profit of an associate accounted for using equity method	*24*	**–**	–
Profit before income tax		**53,368**	129,850
Income tax expenses	*11*	**(13,639)**	(20,016)
Profit for the year		**39,729**	109,834
Profit/(loss) attributable to:			
– Owners of the Company		**39,970**	110,254
– Non-controlling interests		**(241)**	(420)
		39,729	109,834

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Profit for the year		**39,729**	109,834
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Exchange difference arising from the translation of the Company's functional currency to presentation currency		**205**	(1,358)
Changes in fair value of ordinary share with redemption right due to own credit risk		**–**	(203)
Items that will be reclassified to profit or loss:			
Exchange difference arising from the translation of a subsidiary's functional currency to presentation currency		**(1,811)**	(405)
		(1,606)	(1,966)
Total comprehensive income for the year		**38,123**	107,868
Total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		**38,364**	108,288
– Non-controlling interests		**(241)**	(420)
		38,123	107,868
Earnings per share for profit attributable to owners of the Company for the year (RMB cents)			
– Basic	*12*	**2.58**	10.08
– Diluted	*12*	**2.46**	1.08

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		As at 31 December	
		2024	2023
	Note	**RMB'000**	RMB'000
Assets			
Non-current assets			
Property and equipment	*14*	**494,332**	428,067
Intangible assets	*15*	**20,617**	19,699
Finance lease receivables	*17*	**1,050,712**	967,380
Prepayments and deposits	*19*	**30,604**	36,894
Financial assets at fair value through profit or loss	*23*	**–**	20,024
Investment of associates accounted for using equity method	*24*	**48,530**	–
		1,644,795	1,472,064
Current assets			
Inventories	*22*	**172,137**	169,976
Finance lease receivables	*17*	**755,884**	689,221
Trade receivables	*18*	**14,768**	9,928
Prepayments, deposits and other receivables	*19*	**381,550**	261,812
Restricted cash	*20(b)*	**–**	5,652
Cash and cash equivalents	*20(a)*	**340,598**	267,733
		1,664,937	1,404,322
Assets classified as held for sale	*21*	**–**	44,500
		1,664,937	1,448,822
Total assets		**3,309,732**	2,920,886
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	*25*	**4,657**	4,657
Other reserves and retained earnings	*26*	**817,473**	770,836
		822,130	775,493
Non-controlling interests		**5,716**	5,957
Total equity		**827,846**	781,450

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		As at 31 December	
		2024	2023
	Note	**RMB'000**	RMB'000
Liabilities			
Non-current liabilities			
Borrowings	*30*	**1,129,638**	945,709
Lease liabilities	*14(b)*	**5,475**	8,137
Deferred income tax liabilities	*32*	**5,001**	3,799
		1,140,114	957,645
Current liabilities			
Borrowings	*30*	**1,151,920**	919,946
Trade payables	*28*	**80,584**	135,520
Other payables and accruals	*29*	**89,486**	109,982
Lease liabilities	*14(b)*	**5,720**	6,759
Current income tax payables		**14,062**	9,584
		1,341,772	1,181,791
Total liabilities		**2,481,886**	2,139,436
Total equity and liabilities		**3,309,732**	2,920,886

The consolidated financial statements on pages 116 to 200 were approved by the Board of Directors on 20 March 2025 and were signed on its behalf:

Director	Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital RMB'000	Share premium *(Note 26)* RMB'000	Other reserves *(Note 26)* RMB'000	Retained earnings *(Note 26)* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023	2,858	326,067	17,361	153,951	500,237	6,377	506,614
Profit/(loss) for the year	–	–	–	110,254	110,254	(420)	109,834
Comprehensive income/(loss)							
Exchange difference arising from translation of functional currency to presentation currency	–	–	(1,763)	–	(1,763)	–	(1,763)
Changes in fair value of ordinary share with redemption right due to own credit risk	–	–	(203)	–	(203)	–	(203)
Total comprehensive income/(loss) for the year	–	–	(1,966)	110,254	108,288	(420)	107,868
Transactions with owners in their capacity as owners							
Issuance of ordinary shares relating to initial public offering, netting of underwriting commissions and other issuance costs	948	90,076	–	–	91,024	–	91,024
Capitalisation issue	216	(216)	–	–	–	–	–
Conversion of convertible redeemable preferred shares to ordinary shares	635	69,258	–	–	69,893	–	69,893
Transfer of accumulated changes in fair value due to own credit risk upon derecognition of ordinary shares with redemption right	–	–	(2,229)	2,229	–	–	–
Share-based payments *(Note 27)*	–	–	6,051	–	6,051	–	6,051
Transfer to statutory reserve	–	–	4,278	(4,278)	–	–	–
Total transactions with owners in their capacity as owners	1,799	159,118	8,100	(2,049)	166,968	–	166,968
Balance at 31 December 2023	4,657	485,185	23,495	262,156	775,493	5,957	781,450

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital RMB'000	Share premium *(Note 26)* RMB'000	Other reserves *(Note 26)* RMB'000	Retained earnings *(Note 26)* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024	4,657	485,185	23,495	262,156	775,493	5,957	781,450
Profit/(loss) for the year	–	–	–	39,970	39,970	(241)	39,729
Comprehensive income/(loss)							
Exchange difference arising from translation of functional currency to presentation currency	–	–	(1,606)	–	(1,606)	–	(1,606)
Total comprehensive income/(loss) for the year	–	–	(1,606)	39,970	38,364	(241)	38,123
Transactions with owners in their capacity as owners							
Share-based payments *(Note 27)*	–	–	8,273	–	8,273	–	8,273
Transfer to statutory reserve	–	–	5,269	(5,269)	–	–	–
Total transactions with owners in their capacity as owners	–	–	13,542	(5,269)	8,273	–	8,273
Balance at 31 December 2024	4,657	485,185	35,431	296,857	822,130	5,716	827,846

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	*33(a)*	**(20,892)**	175,613
Income tax paid		**(7,959)**	(11,520)
Interest paid		**(159,218)**	(162,777)
Net cash (used in)/generated from operating activities		**(188,069)**	1,316
Cash flows from investing activities			
Interest received		**343**	647
Proceeds from disposal of property and equipment	*33(b)*	**39,172**	40,545
Payment for purchase of property and equipment	*33(c)*	**(132,721)**	(150,325)
Payment for addition of intangible assets		**(11,989)**	(9,687)
Prepayment for land purchase		**–**	(44,500)
Addition of investment in an associate		**(48,530)**	–
Proceeds for sales of financial assets at fair value through profit or loss		**20,000**	–
Net cash used in investing activities		**(133,725)**	(163,320)
Cash flows from financing activities			
Proceeds from borrowings	*33(d)*	**1,844,411**	1,315,916
Repayments of borrowings	*33(d)*	**(1,429,468)**	(1,163,597)
Repayment of lease liabilities	*33(d)*	**(7,651)**	(7,336)
Placement of deposits for borrowings		**(26,993)**	(24,145)
Redemption of deposits for borrowings		**17,616**	16,469
Proceeds from issue of new shares		**–**	91,240
Payment of dividend		**(3,365)**	–
Net cash generated from financing activities		**394,550**	228,547
Net increase in cash and cash equivalents		**72,756**	66,542
Cash and cash equivalents at beginning of year		**267,733**	201,078
Effect on foreign exchange rate difference		**109**	113
Cash and cash equivalents at end of year		**340,598**	267,733

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 March 2019 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in the provision of automobile services, including automobiles retail, automobiles financing, automobiles rental and automobile-related services in the People's Republic of China (the "PRC").

The Company completed its initial public offering on 9 November 2023 (the "Listing") and the Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of unit of Renminbi (RMB'000), unless otherwise stated. The consolidated financial statements were approved and authorised for issue by the Board of Directors (the "Board") on 20 March 2025.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(i) Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities that are measured at fair value.

(iii) Amended standards adopted by the Group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing on 1 January 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) New and amended standards not yet adopted

The following new and amended standards, which are potentially relevant to the Group's consolidated financial statements have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

		Effective for accounting periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (Amendments)	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced, but not yet completed, an assessment of the impact of the new and amended standards on its results of operations and financial position. The Group is not yet in a position to state whether these new and amended standards would have any significant impact on its results of operations and financial position.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme me focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the board of directors. The management identifies and evaluates financial risks in close cooperation with the Group's operating units.

(a) Market risk

(i) Currency risk

The Group mainly operates with most of the transactions settled in Renminbi ("RMB"). In respect of transactions settled in Hong Kong Dollars, the Group did not have significant exposure to foreign exchange rate risk during the year due to these transactions being generally denominated in the functional currency of the respective group entities. Management does not consider there to be any significant currency risk associated with the Company.

(ii) Cash flow and fair value interest risk

The Group's interest rate risk mainly arises from the Group's borrowings, cash and cash equivalents, lease liabilities and finance lease receivables. Borrowings obtained at variable rates and cash and cash equivalents expose the Group to cash flow interest rate risk; while borrowings, lease liabilities and finance lease receivables at fixed rates expose the Group to fair value interest rate risk.

If interest rates on the borrowings at variable rates (excluding those borrowings subject to repricing of interest rates) had risen/fallen 100 basis points while all other variables had been held constant, the Group's profit after tax for the year ended 31 December 2024 would have been approximately RMB481,000 lower/higher (2023: RMB187,000 lower/higher).

If interest rates on the cash and cash equivalents had risen/fallen 100 basis points while other variables had been held constant, the Group's profit after tax for the year ended 31 December 2024 would have been approximately RMB3,406,000 higher/lower (2023: RMB2,677,000 higher/lower).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest risk (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the year end are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Variable rate borrowings	**64,117**	24,947
Other borrowings -repricing dates:		
1 year or less	**1,107,708**	895,254
1 to 2 years	**619,779**	533,585
2 to 5 years	**489,954**	411,869
	2,281,558	1,865,655

The Group manages its interest rate risk by performing regular review and continually monitoring its interest rate exposure and tracking the sensitivity of projected net interest income under varying interest rate scenarios. To manage its exposure to interest rate risks, the Group monitors the proportion of variable rate borrowings in its financing portfolio and reacts to the change in interest rates through pricing of its finance leases to customers.

(b) Credit risk

Credit risk refer to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash at banks, trade and other receivables and finance lease receivables. For trade receivables and finance lease receivables, the Group adopts policy of dealing only with customers of appropriate credit profile. For other financial assets, the Group adopts the policy that exposure to credit risks are monitored on an ongoing basis.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

Majority of bank balances and fixed deposits are deposited with reputable banks. Management considers the Group has limited credit risk with its banks which are state-owned, large or medium sized commercial banks in the PRC and reputable banks or financial institutions outside of the PRC and are assessed as having low credit risk. Therefore, the expected credit loss is minimal.

The Group has no significant concentration of credit risk. The Group has put in place policies to ensure that transactions are conducted with customers with an appropriate credit history. The Group will charge a market interest rate based on their credit worthiness. The Group also performs periodic credit evaluations of its customers based on their past payment patterns and other factors. For individual customers who purchased the motor vehicles under finance lease arrangement, the Group has policies in place to review their credit worthiness periodically after inception.

Credit risk policy

The Group has credit policy to monitor the level of credit risk. In general the credit record for each customer or debtor are regularly assessed, based on the customer or debtor's financial condition, their credit records and other factors such as current market condition.

For finance lease receivables, the Group monitors the credit worthiness of the customers closely with reference to factors such as instalment payment pattern and usage of automobiles by the Group's real time GPS tracking device. In the event of any delinquent payment, the Group keeps the right to collect the overdue interest on the default amount, until the overdue payment have been fully paid. Generally, if any monthly repayment is overdue for 20 to 30 days, the Group will arrange staff to repossess the leased assets, and engage in enforcement activities (including repayment reminders and negotiation with lessee) for repayment of overdue amounts. Those finance lease receivables, for which the customers missed the scheduled instalment for three months or more, or the lessee is unlikely to pay the credit obligations to the Group in full, will be considered as default. The Group has a designated team focusing on recovery of finance lease receivables that have become default. The team would execute various actions, including but not limited to, initialling legal proceeding against customers in default to recover the overdue receivables. The Group considers those finance lease receivables for write off when a lessee fails to make contractual payments for twelve months, and there is no realistic prospect of recovery.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

Credit risk policy (continued)

For trade and other receivables, the Group monitors debtors with long outstanding balances and will engage in enforcement activities to recover the receivables due. The Group closely monitors trade and other receivables collection pattern. Those overdue trade and other receivables with financial difficulties, declining credit standing and poor historical payment pattern, are considered as default. The Group will write off these unrecovered receivables after all possible means of debt recovery activities.

Where finance lease receivables, trade or other receivables have been written off, the Group continues to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Expected credit loss measurement

The simplified approach is applied for measuring the expected credit losses which use a lifetime expected loss allowance for all trade receivables and finance lease receivables. The measurement of expected credit losses is a probability weighted estimate of credit losses, i.e. a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability weighted estimate of credit losses is based on historical data, adjusted by forward looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. Generally, the loss given default is the difference between all contractual cash flows that are due to the Group in accordance with the contracts, and cash flows that the Group expects to receive ("expected cash shortfalls"), given that the Group has historically recovered partial amounts owing via the proceeds from the finance lease of collected vehicles and/or other legal means. The expected cash shortfalls are discounted using effective interest rate determined at initial recognition for finance lease receivables.

Forward looking information

The calculation of expected credit loss ("ECL") incorporates forward looking information, which is determined based on historical analysis to identify key economic variables impacting credit risk and ECL for the receivable portfolio.

Judgment has been applied in this process of determining the key economic variables and their associated impact on the historical loss rate. The forecasts of these economic variables were estimated by statistical method, and the impact of these economic variables on the future loss rate was determined by statistical regression analysis. Economic variables identified included GDP growth and fiscal balance, etc.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

Forward looking information (continued)

As at 31 December 2024, the loss allowance was determined as follows for both trade receivables and finance lease receivables:

	As at 31 December 2024		
	Gross carrying amount RMB'000	Expected loss rate	Expected credit loss RMB'000
Finance lease receivables:			
Not yet past due	1,718,732	0.10%	1,719
Past due:			
Less than 1 month	70,064	1.84%	1,289
1 to 3 months	20,974	21.36%	4,480
3 to 6 months	7,578	43.07%	3,264
6 to 12 months	3,310	100.00%	3,310
Over 1 year	2,563	100.00%	2,563
	1,823,221		16,625
Trade receivables:			
Not yet past due	10,132	0.01%	1
Past due:			
Less than 6 months	3,639	0.46%	17
6 to 12 months	1,160	19.99%	231
1 to 2 years	243	64.70%	157
2 to 3 years	128	100.00%	128
Over 3 years	182	100.00%	182
	15,484		716
	1,838,705		17,341

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

Forward looking information (continued)

As at 31 December 2023, the loss allowance was determined as follows for both trade receivables and finance lease receivables:

	As at 31 December 2023		
	Gross carrying amount RMB'000	Expected loss rate	Expected credit loss RMB'000
Finance lease receivables:			
Not yet past due	1,571,867	0.11%	1,729
Past due:			
Less than 1 month	68,976	2.08%	1,434
1 to 3 months	18,235	20.47%	3,733
3 to 6 months	7,171	38.37%	2,752
6 to 12 months	3,118	100.00%	3,118
Over 1 year	1,533	100.00%	1,533
	1,670,900		14,299
Trade receivables:			
Not yet past due	7,506	0.01%	1
Past due:			
Less than 6 months	1,932	1.01%	20
6 to 12 months	596	34.80%	208
1 to 2 years	637	80.78%	514
2 to 3 years	149	100.00%	149
Over 3 years	182	100.00%	182
	11,002		1,074
	1,681,902		15,373

The ageing analysis of finance lease receivables and trade receivables are disclosed in Notes 17 and 18 of these consolidated financial statements respectively.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

Forward looking information (continued)

For other financial assets at amortised cost, the Group applies either a 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition then impairment is measured as lifetime expected credit losses. Management, considered among other factors, analysed historical pattern and concluded that the expected credit losses for other financial assets at amortised cost to be immaterial as the credit risk is assessed as low.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments, having adequate amount of committed credit facilities. The fair value of non-current financial assets and liabilities are determined from the cash flows analyses, discounted at market bank borrowing rates of an equivalent instrument at reporting date.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	On demand/ Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
At 31 December 2024					
Trade payables	**80,584**	**–**	**–**	**80,584**	**80,584**
Other payables	**33,143**	**–**	**–**	**33,143**	**33,143**
Lease liabilities	**6,178**	**3,750**	**1,996**	**11,924**	**11,195**
Borrowings	**1,283,046**	**706,689**	**532,108**	**2,521,843**	**2,281,558**
	1,402,951	**710,439**	**534,104**	**2,647,494**	**2,406,480**
At 31 December 2023					
Trade payables	135,520	–	–	135,520	135,520
Other payables	43,217	–	–	43,217	43,217
Lease liabilities	7,399	4,718	3,921	16,038	14,896
Borrowings	1,043,337	599,256	438,497	2,081,090	1,865,655
	1,229,473	603,974	442,418	2,275,865	2,059,288

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and "lease liabilities" as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio of the Group as at 31 December 2023 and 2024 was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Total borrowings	**2,281,558**	1,865,655
Lease liabilities	**11,195**	14,896
Less: cash and cash equivalents	**(340,598)**	(267,733)
Net debt	**1,952,155**	1,612,818
Total equity	**827,846**	781,450
Total capital	**2,780,001**	2,394,268
Gearing ratio	**70.22%**	67.36%

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

(a) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The carrying amounts of the Group's current financial assets, including trade and other receivables, finance lease receivables, cash and cash equivalents and restricted cash; and current financial liabilities, including trade payables, other payables and accruals, lease liabilities and borrowings, approximate their fair values as at the year end date due to their short term maturities. The carrying values of non-current financial assets and liabilities approximate their fair values as at the year end date.

The following table presents the change in Level 3 instruments for the year:

	As at 31 December 2024 **Interest in a limited partnership** **RMB'000**
Opening balance	**20,024**
Disposal	**(20,000)**
(Loss)/gain recognised in profit and loss	**(24)**
Closing balance	**–**

	As at 31 December 2023	
	Interest in a limited partnership RMB'000	Ordinary shares with redemption right RMB'000
Opening balance	21,647	(163,129)
Conversion to ordinary shares	–	69,893
Changes in fair value due to own credit risk	–	(203)
Exchange difference arising from translation	–	(2,955)
(Loss)/gain recognised in profit and loss	(1,623)	96,394
Closing balance	20,024	–

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (continued)

There were no transfer of financial assets and liabilities between the fair value hierarchy classification during the years ended 31 December 2024 and 2023.

Financial instrument in Level 1

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Financial instrument in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instrument in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(b) Fair value measurement using significant unobservable inputs (Level 3)

Specific valuation techniques used to value financial instruments include:

- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;

- A combination of observable and unobservable inputs, including risk-free rate, discount rate, discount rate for lack of marketability, market multiples, etc.

Level 3 instruments of the Group's assets and liabilities include unlisted equity investment and ordinary shares with redemption right.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(b) Fair value measurement using significant unobservable inputs (Level 3) (continued)

Interest in a partnership

Description	Fair value as at 31 December 2023 RMB'000	Valuation technique	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Interest in a partnership	20,024	Discounted cash flow model	Discount rate	8.0%	The lower the discount rate, the higher the fair value

As at 31 December 2023, more operating data of the partnership was available for establishing a forecast than previous periods. The Directors considered that using discounted cashflow model would result in a more representative fair value. If the discount rate had increased/decreased by 1% with all the variables held constant, the profit before income tax for the year ended 31 December 2023 would have been RMB329,000 lower/RMB341,000 higher.

During the year ended 31 December 2024, investment in the partnership was terminated with a cash consideration of RMB20,000,000. The Group was no longer exposed to uncertainty related to fair value changes related to such instrument as at 31 December 2024.

Ordinary shares with redemption rights

During the year ended 31 December 2023, ordinary shares with redemption right were fully converted to ordinary shares upon the Listing. Thus the Group was no longer exposed to uncertainty related to fair value changes related to such instrument as at 31 December 2023.

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Revenue recognition

The Group's finance lease service involves both income from dealership of automobiles and provision of financing to customer. The allocation of lease income towards sales of automobile revenue and finance lease income requires accounting estimation. The Group measures the fair value of the automobile and recognises revenue from sales of automobile upon inception of lease. The Group makes use of public information to measure the amount of automobiles selling price as the Group does not sell these automobiles without financing services. Information such as, competitors and suppliers quotes for similar products are considered to estimate the selling price for sales of automobiles.

(b) Provision for credit losses of finance lease receivables

Management reviews its receivables for objective evidence of provision on a monthly basis. The provision policy for finance lease receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, past collection of each customer or counterparty and forward looking information. If the financial conditions of debtors of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional provision may be required.

5 REVENUE AND SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision-makers ("CODM") of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The Executive Directors regard the Group's business as a single operating segment and review financial information accordingly.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these financial statements. There was no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segment.

Geographical information

The Group's revenue is mainly derived from customers in the PRC. The principal assets of the Group were also located in the PRC as at 31 December 2024 and 2023. Accordingly, no analysis by geographical segment is provided.

Information about major customers

There are no single external customers contributed to more than 10% revenue of the Group during the years ended 31 December 2024 and 2023.

Revenue during the year are as follows:

	2024	2023
	RMB'000	RMB'000
Sales of automobiles under finance lease	**894,454**	840,927
Finance lease income	**298,462**	294,220
Operating lease income	**173,379**	147,726
Other automobile-related income	**18,336**	17,888
Outright car sales income	**79,453**	3,580
	1,464,084	1,304,341
Revenue from leases under IFRS 16	**1,366,295**	1,282,873
Revenue from contracts with customers under IFRS 15	**97,789**	21,468
	1,464,084	1,304,341
Timing of revenue recognition for revenue from contracts with customers under IFRS 15		
Recognised at a point in time	**81,772**	5,475
Recognised over time	**16,017**	15,993
	97,789	21,468

5 REVENUE AND SEGMENT INFORMATION (Continued)

Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers as at the end of the year:

	2024 **RMB'000**	2023 RMB'000
Contract liabilities, included in other payables and accruals *(Note 29)*	**4,693**	274

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised during the year relates to carried-forward contract liabilities:

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**274**	910

5.1 Accounting policies of revenue recognition

(a) Sales of automobiles under finance lease arrangement

Revenue from sale of new motor vehicle under finance lease arrangement where the Group earns a selling margin as a dealer are recognised upon transfer of control to customer which generally coincides with the time when the motor vehicles are delivered and accepted by the customers, which is determined as the lower of the fair value of the underlying automobiles and the present value of the lease payment accruing to the Group. The corresponding leased asset is derecognised when finance lease receivables is recognised on the consolidated statement of financial position (Note 17.1). Non-lease service component, if any, are separated and accounted for under "Other automobile-related income" as described below.

The difference between the sales revenue and the cost of sales is the selling profit or loss. The Group does not consider itself to be a dealer when leasing a repossessed automobile from previously default leases.

Initial direct costs incurred by the Group in negotiating and arranging finance leases is recognised in profit or loss in the financial period corresponding to the recognition of selling profit.

5 REVENUE AND SEGMENT INFORMATION (Continued)

5.1 Accounting policies of revenue recognition (Continued)

(b) Finance lease income

The Group provides auto vehicle finance lease services to individual customers, with the sales of auto vehicles (Note a). The interest income under finance lease is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the finance lease receivables (Note 17.1).

(c) Automobiles rental

The Group provides auto vehicle operating lease services to individual and corporate customers. Revenue from these services is recognised on a straight-line basis in accordance with the terms of the operating leases.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in consolidated statements of comprehensive income over the lease term on the same basis as the lease income. Contingent rents are recognised as income in consolidated statements of comprehensive income when earned.

(d) Other automobile-related income

The Group operates automobile aftermarket service platform for car users to facilitate third party vendors to provide aftermarket usage solutions to car users during automobile usage life cycle. Facilitation income is charged to the business-end customer at a fixed percentage of the volume of transactions completed with no variable consideration and is not refundable. The Group recognises revenue when the facilitation services are completed.

Revenue from other services including promotion of insurance solutions provided by third party vendors is recognised when performance obligation is satisfied, and when the Group has an enforceable right to payment for performance completed to date.

(e) Outright car sales income

The Group sells cars to individuals and corporates in the PRC and overseas on a one-off basis. The Group recognises revenue at the point of sale to customers.

6 OTHER INCOME, NET

	2024 RMB'000	2023 RMB'000
Government grants *(Note)*	**17,234**	20,518
Gain on disposals of a subsidiary	**2,170**	–
Others	**644**	347
	20,048	20,865

Note: Government grants primarily consist of the fiscal support that local governments offered to the Group's entities engaged in the finance leasing business in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

6.1 Accounting policies of government grants

Deferral and presentation of government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

7 OTHER LOSSES, NET

	2024 RMB'000	2023 RMB'000
Loss on disposal of property and equipment, net	**(5,218)**	(3,749)
Others	**(4,700)**	(4,282)
	(9,918)	(8,031)

8 EXPENSES BY NATURE

	2024	2023
	RMB'000	RMB'000
Auditor's remuneration		
– audit services	**2,097**	2,038
– non-audit services	**50**	50
Costs of inventory	**785,660**	683,377
Sales commission	**–**	83
Auto-insurance premium	**55,602**	45,728
Employee benefit expenses *(Note 9)*	**156,355**	138,262
Advertising expenses	**11,042**	10,983
Depreciation expenses *(Note 14)*	**132,700**	114,350
Amortisation expenses *(Note 15)*	**11,071**	11,767
Transportation expenses	**5,304**	4,843
Rental expenses	**3,742**	2,935
Traffic contravention penalty and handling fee	**3,169**	3,971
Travelling expenses	**11,539**	10,293
Listing expenses	**–**	19,418
Legal and professional expenses	**5,965**	5,424
Office expenses	**7,717**	5,257
Motor vehicle expenses	**16,771**	15,955
Provision for inventories	**13,287**	9,859
Repair and maintenance	**15,631**	12,587
Other taxes	**9,196**	11,424
Other expenses	**11,915**	9,095
	1,258,813	1,117,699

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING SALES COMMISSION TO STAFF)

	2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	**93,046**	81,110
Contribution to defined contribution plans and social security costs	**16,788**	18,310
Sales commission	**39,846**	34,903
Share-based payment *(Note 27)*	**8,273**	6,051
	157,953	140,374
Capitalised as intangible assets	**(1,598)**	(2,112)
	156,355	138,262

Note: No forfeited contribution is available to reduce the contribution payable in future year.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 include 3 directors (2023: 3 directors) whose emoluments are reflected in the analysis shown in Note 36. The emoluments payable to the remaining 2 individuals for the year (2023: 2 individuals) are as follows:

	2024 RMB'000	2023 RMB'000
Wages and salaries	**1,323**	1,227
Bonuses	**35**	35
Contribution to defined contribution plans and social security costs	**47**	97
	1,405	1,359

The emoluments fell within the following bands

	Number of individuals Year ended 31 December	
	2024	2023
HK$500,001 to HK$1,000,000	**2**	2
	2	2

10 FINANCE COST, NET

	2024 RMB'000	2023 RMB'000
Finance cost:		
Cost of funding (Note)	**(150,698)**	(150,859)
Interest expenses on other borrowings	**(8,967)**	(11,547)
Interest expenses on lease liabilities	**(722)**	(732)
	(160,387)	(163,138)
Finance income:		
Bank interest income	**343**	647
Imputed interest income from deposits for borrowings	**1,237**	997
	1,580	1,644
Finance cost, net	**(158,807)**	(161,494)

Note: Cost of funding represented finance cost for purchase of automobiles for lease.

10.1 Accounting policies for borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred. The interest expenses associated with the borrowings of the Group, including cost of funding for leases and interest expenses for general operations, are recognised as finance costs.

11 INCOME TAX EXPENSES

The income tax expenses of the Group are analysed as follows:

	2024 RMB'000	2023 RMB'000
Income tax expenses		
Current income tax	**12,437**	12,317
Deferred income tax *(Note 32)*	**1,202**	7,699
	13,639	20,016

11 INCOME TAX EXPENSES (Continued)

A reconciliation of the tax charge applicable to profit before income taxes using the applicable tax rates for relevant tax jurisdictions to the tax expenses is as follows:

	2024 **RMB'000**	2023 RMB'000
Profit before income tax	**53,368**	129,850
Tax calculated at PRC statutory income tax rate of 25%	**13,342**	32,463
Tax effects of:		
Expenses not deductible for tax purposes	**2,256**	2,914
Income not taxable for tax purposes	**–**	(15,237)
Tax loss not recognised	**169**	750
Withholding tax	**–**	(1,240)
Income tax on partnership dividends	**–**	366
Effect of change of the tax rate	**(2,128)**	–
	13,639	20,016

For the year ended 31 December 2024, the weighted average applicable tax rate were 22% (2023: 25%). The change in weighted average applicable tax rate from prior year was mainly caused by a change in mix of profits earned or losses incurred by the group entities.

During the year ended 31 December 2023, income not taxable for tax purpose mainly represented the fair value gain of ordinary shares with redemption right.

1. Cayman Islands Income Tax

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to Cayman Islands income tax.

2. British Virgin Islands Income Tax

Under the current laws of the British Virgin Islands ("BVI"), the BVI subsidiary is not subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the BVI.

3. Hong Kong Income Tax

No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the year.

4. Withholding Tax

The Group is subject to withholding tax at the rate of 10% on the distributions of profits generated from the Group's PRC subsidiaries which are directly owned by the Group's subsidiaries incorporated in Hong Kong.

11 INCOME TAX EXPENSES (Continued)

5. PRC Enterprise Income Tax ("EIT")

The income tax of the Group in respect of its operations in the PRC was calculated at the tax rate of 25% on the assessable profits for the year, while some subsidiaries which was certified as small and medium enterprises was entitled to concessionary tax rate of 5% for the year ended 31 December 2024.

12 EARNINGS PER SHARE

	2024	2023
Profit attributable to owners of the Company (RMB'000)	**39,970**	110,254
Weighted average number of ordinary shares in issue	**1,546,875,000**	1,094,245,407
Diluted impact on profit (RMB'000)	**–**	(96,394)
Diluted profit attributable to owners of the Company (RMB'000)	**39,970**	13,860
Potential ordinary shares with dilutive effect	**75,911,353**	194,076,713
Weighted average number of issued ordinary shares for calculating diluted profit per share	**1,622,786,353**	1,288,322,120
Profit per share		
– Basic (RMB cents per share)	**2.58**	10.08
– Diluted (RMB cents per share)	**2.46**	1.08

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2024.

The issue of 69,189,179 shares of the Company upon conversion of ordinary shares with redemption right on 9 November 2023 and the 103,125,000 new shares issued on 9 November 2023 upon the Listing are accounted for on a time portion basis when calculating the weighted average number of ordinary shares in issue during the year ended 31 December 2023.

The weighted average number of shares in issue for the years ended 31 December 2024 and 2023 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of subdivided shares on 18 November 2024.

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2024 and 2023, the effect of share options granted under the Pre-IPO Share Option Scheme was dilutive and has been taken into account in the calculation of diluted EPS.

For the year ended 31 December 2023, the effect of ordinary share with redemption right was dilutive and has been taken into account in the calculation of diluted EPS.

13 DIVIDEND

For the year ended 31 December 2024 and 2023, no dividend has been declared by the Company.

14 PROPERTY AND EQUIPMENT

(a) Property and equipment

	Right-of use assets RMB'000	Building RMB'000	Office equipment RMB'000	Auto-mobiles RMB'000	Leasehold improvement RMB'000	Total RMB'000
As of 31 December 2022						
Cost	54,209	4,638	10,427	530,963	26,413	626,650
Accumulated depreciation	(40,563)	(1,098)	(8,801)	(188,197)	(20,287)	(258,946)
Net book amount	13,646	3,540	1,626	342,766	6,126	367,704
For the year ended 31 December 2023						
Opening net book amount	13,646	3,540	1,626	342,766	6,126	367,704
Addition	8,413	–	832	266,573	2,864	278,682
Depreciation charge	(6,545)	(145)	(528)	(104,324)	(2,808)	(114,350)
Transfer to inventories	–	–	–	(59,638)	–	(59,638)
Disposal	(488)	–	(90)	(43,753)	–	(44,331)
Closing net book amount	15,026	3,395	1,840	401,624	6,182	428,067
As of 31 December 2023						
Cost	61,107	4,638	10,862	634,062	29,277	739,946
Accumulated depreciation	(46,081)	(1,243)	(9,022)	(232,438)	(23,095)	(311,879)
Net book amount	15,026	3,395	1,840	401,624	6,182	428,067

14 PROPERTY AND EQUIPMENT (Continued)

(a) Property and equipment (Continued)

	Right-of use assets RMB'000	Building RMB'000	Office equipment RMB'000	Auto-mobiles RMB'000	Leasehold improvement RMB'000	Total RMB'000
For the year ended 31 December 2024						
Opening net book amount	15,026	3,395	1,840	401,624	6,182	428,067
Addition	3,950	–	775	317,559	1,028	323,312
Depreciation charge	(7,547)	(144)	(457)	(121,796)	(2,756)	(132,700)
Transfer to inventories	–	–	–	(79,957)	–	(79,957)
Disposal	(24)	–	(52)	(44,303)	(11)	(44,390)
Closing net book amount	11,405	3,251	2,106	473,127	4,443	494,332
As of 31 December 2024						
Cost	63,811	4,638	11,216	734,411	30,305	844,381
Accumulated depreciation	(52,406)	(1,387)	(9,110)	(261,284)	(25,862)	(350,049)
Net book amount	11,405	3,251	2,106	473,127	4,443	494,332

As at 31 December 2024, automobiles of RMB469,888,000 (2023: RMB388,635,000) were subject to operating leases.

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Cost of revenue	**119,260**	98,762
Selling and marketing expenses	**6,910**	8,251
Administrative expenses	**6,530**	7,337
	132,700	114,350

(i) Non-current assets pledged as security

Refer to Note 30 for information on non-current assets pledged as security by the Group.

14 PROPERTY AND EQUIPMENT (Continued)

(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following balances relating to the leases:

	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Office and shop premises	11,061	14,673
Staff quarters	289	43
Car parks	55	310
	11,405	15,026
Lease liabilities		
Current	5,720	6,759
Non-current	5,475	8,137
	11,195	14,896

Additions to the right-of-use assets during the year ended 31 December 2024 amounted to RMB3,950,000 (2023: RMB8,413,000) representing the lease of office and shop premises, staff quarters and car parks.

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to the leases:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets *(Note 8)*	7,547	6,545
Expenses relating to short-term leases *(Note 8)*	3,742	2,935
Interest expense *(Note 10)*	722	732
	12,011	10,212

14 PROPERTY AND EQUIPMENT (Continued)

(b) Leases (Continued)

(ii) Amounts recognised in the consolidated statement of comprehensive income (continued)

Depreciation expenses related to right-of-use assets are recognised as below:

	2024 RMB'000	2023 RMB'000
Right-of-use assets:		
Office and shop premises	**7,174**	6,267
Staff quarters	**133**	71
Car parks	**240**	207
	7,547	6,545

The total cash outflow for leases for the year ended 31 December 2024 amounted to RMB16,770,000 (2023: RMB19,395,000).

14.1 Accounting policies for property, plant and equipment

(a) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Right-of-use assets	Shorter of lease term or useful life
Building	30 years
Office equipment	5 years
Leasehold improvement	Shorter of lease term or 5 years
Automobiles	5-10 years

(b) The Group's leasing activities and how these are accounted for

The Group leases various properties including office, and shop premises, staff quarters and car parks.

Leases entered by the Group are generally with lease term of 1 to 7 years without renewal option. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets must not be used as security for borrowing purposes.

14 PROPERTY AND EQUIPMENT (Continued)

14.1 Accounting policies for property, plant and equipment (Continued)

(b) The Group's leasing activities and how these are accounted for (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

15 INTANGIBLE ASSETS

	Computer software RMB'000	Self-developed application RMB'000	Intangible assets under development RMB'000	Total RMB'000
As at 1 January 2023				
Cost	7,269	61,900	2,697	71,866
Accumulated amortization	(7,031)	(43,056)	–	(50,087)
Net book amount	238	18,844	2,697	21,779
For the year ended 31 December 2023				
Opening net book amount	238	18,844	2,697	21,779
Additions	–	–	9,687	9,687
Transfer upon completion	–	12,384	(12,384)	–
Amortisation charge	(233)	(11,534)	–	(11,767)
Closing net book amount	5	19,694	–	19,699
As at 31 December 2023				
Cost	**7,269**	**74,284**	**–**	**81,553**
Accumulated amortization	**(7,264)**	**(54,590)**	**–**	**(61,854)**
Net book amount	**5**	**19,694**	**–**	**19,699**
For the year ended 31 December 2024				
Opening net book amount	**5**	**19,694**	**–**	**19,699**
Additions	**–**	**–**	**11,989**	**11,989**
Transfer upon completion	**–**	**11,121**	**(11,121)**	**–**
Amortisation charge	**(5)**	**(11,066)**	**–**	**(11,071)**
Closing net book amount	**–**	**19,749**	**868**	**20,617**
As at 31 December 2024				
Cost	**7,269**	**85,405**	**868**	**93,542**
Accumulated amortization	**(7,269)**	**(65,656)**	**–**	**(72,925)**
Net book amount	**–**	**19,749**	**868**	**20,617**

15 INTANGIBLE ASSETS (Continued)

Amortisation expenses have been charged to profit or loss as follows:

	2024 RMB'000	2023 RMB'000
Cost of revenues	**52**	414
Selling expenses	**7,578**	8,574
Administrative expenses	**3,441**	2,779
	11,071	11,767

The intangible assets under development are generally completed within 1 year, and no amortisation is provided.

15.1 Accounting policies for intangible assets

(i) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Software	5 years
Self-developed applications	3 years

(ii) Acquired computer software

Separately acquired computer software are shown at historical cost. The computer software acquired are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Self-developed applications

Costs associated with maintaining self-developed applications are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- it is technically feasible to complete the product and use or sell it;
- there is an ability to use or sell the products;

15 INTANGIBLE ASSETS (Continued)

15.1 Accounting policies for intangible assets (Continued)

(iii) Self-developed applications (continued)

- it can be demonstrated how the products will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the products are available; and
- the expenditure attributable to the products during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the application product include the application development employee costs and an appropriate portion of relevant overheads.

Research expenditure and development expenditure that do not meet the criteria in (b) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2024	2023
	RMB'000	RMB'000
Assets as per consolidated statement of financial position		
Financial assets at fair value through profit or loss:		
Interest in a partnership	**–**	20,024
Financial asset at amortised cost:		
Finance lease receivables *(Note 17)*	**1,806,596**	1,656,601
Trade receivables *(Note 18)*	**14,768**	9,928
Deposits and other receivables	**121,257**	101,886
Restricted cash *(Note 20(b))*	**–**	5,652
Cash and cash equivalents *(Note 20(a))*	**340,598**	267,733
	2,283,219	2,061,824
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
Borrowings *(Note 30)*	**2,281,558**	1,865,655
Lease liabilities *(Note 14(b))*	**11,195**	14,896
Trade payables *(Note 28)*	**80,584**	135,520
Other payables (excluding advances from customers, contract liabilities, staff costs and welfare accruals and other tax payables)	**33,143**	43,217
	2,406,480	2,059,288

17 FINANCE LEASE RECEIVABLES

The Group provides automobile financing lease services. Details of finance lease receivables as at year end are as below:

	2024 RMB'000	2023 RMB'000
Finance lease receivables		
– Finance lease receivables, gross	**2,278,400**	2,109,522
– Unearned finance income	**(455,179)**	(438,622)
Finance lease receivables, net	**1,823,221**	1,670,900
Less: allowance for impairment of finance lease receivables	**(16,625)**	(14,299)
Carrying amount of finance lease receivables	**1,806,596**	1,656,601
Finance lease receivables, gross		
– Within one year	**999,065**	917,475
– Between one and two years	**677,661**	646,771
– Between two and five years	**601,674**	545,276
	2,278,400	2,109,522
Finance lease receivables, net		
– Within one year	**767,998**	697,880
– Between one and two years	**527,552**	500,020
– Between two and five years	**527,671**	473,000
	1,823,221	1,670,900

17 FINANCE LEASE RECEIVABLES (Continued)

An ageing analysis of finance lease receivables is as follows:

	2024 RMB'000	2023 RMB'000
Not past due	1,718,732	1,571,867
Past due		
Up to 1 month	70,064	68,976
1 to 3 months	20,974	18,235
3 to 6 months	7,578	7,171
6 to 12 months	3,310	3,118
Over 12 months	2,563	1,533
Finance lease receivables, net	1,823,221	1,670,900
Less: allowance for impairment of finance lease receivables	(16,625)	(14,299)
Carrying amount of finance lease receivables	1,806,596	1,656,601

As of 31 December 2024, carrying amounts of the finance lease receivables are denominated in RMB and approximate their fair values (2023: same).

Movements on the Group's allowance for impairment of finance lease receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	14,299	13,296
Recovery of finance receivables written-off	96	1,064
Charge for the year	2,485	3,573
Written-off	(255)	(3,634)
At end of year	16,625	14,299

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees are classified as finance leases. When the Group earns a selling profit from dealership of automobile under finance lease, the Group will recognise as sales revenue (Note 5.1 (a)), arising from the leased assets, at the lower of the fair value of the underlying leased asset or present value of the minimum lease payments computed at a market interest rate.

17 FINANCE LEASE RECEIVABLES (Continued)

17.1 Accounting policies for finance lease receivables

The leased asset is derecognised and the present value of the lease receivable is recognised on the consolidated statement of financial position and included in finance lease receivables. The difference between the gross receivables and the present value of the lease receivables is recognised as unearned finance income.

Finance lease receivables that are factored out to financial institutions with recourse to the Group is not derecognised until the recourse period has expired and the risk and rewards of the finance lease receivables have been fully transferred.

18 TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**15,484**	11,002
Less: allowance for impairment of trade receivables	**(716)**	(1,074)
	14,768	9,928

As of 31 December 2024, the carrying amounts of trade receivables were primarily denominated in RMB and approximate their fair values (2023: same).

An ageing analysis of trade receivables (net of allowance for impairment) based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Up to 3 months	**12,739**	8,444
3 to 6 months	**1,015**	974
Over 6 months	**1,014**	510
	14,768	9,928

Movements on the Group's allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**1,074**	627
(Credited)/charge for the year, net	**(358)**	447
At end of year	**716**	1,074

18 TRADE RECEIVABLES (Continued)

18.1 Accounting policies for trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days credit terms and therefore all classified as current. The credit terms are assessed and approved on a case by case basis. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 **RMB'000**	2023 RMB'000
Financial assets		
Non-current assets:		
Deposits	**30,604**	36,894
	30,604	36,894
Current assets:		
Deposits	**33,872**	19,152
Purchase rebate receivables	**6,743**	5,820
Value added tax refund receivables	**13,209**	11,172
Other receivables	**37,445**	29,176
	91,269	65,320
Less: allowance on impairment of other receivables	**(616)**	(328)
	90,653	64,992
Total financial assets	**121,257**	101,886
Current assets:		
Prepayment for inventories	**115,620**	48,381
Prepayment for auto-insurance premium	**55,998**	46,915
Prepaid expenses	**18,814**	18,497
Other tax recoverable	**99,381**	81,477
Other prepayments	**1,084**	1,550
Total non-financial assets	**290,897**	196,820
Total prepayments, deposits and other receivables	**412,154**	298,706

20 CASH AND BANK BALANCE

(a) Cash and cash equivalents

	2024 RMB'000	2023 RMB'000
Cash at licensed payment platforms *(Note (i))*	**7,403**	7,320
Cash at banks *(Note (ii))*	**333,195**	260,413
	340,598	267,733

Notes:

(i) Cash at licensed payment platforms, which are denominated in RMB, are deposited with major licensed payment platforms in the PRC. The balances are unsecured and non-interest bearing.

(ii) Cash at banks earns interest either at floating rates based on daily bank deposit rates or fixed rates determined at deposit dates. The Group's cash at banks are mostly denominated in RMB deposited with reputable banks in the PRC with insignificant credit risk. As at 31 December 2024, the Group had cash at banks amounting to RMB332,578,000 (2023: RMB246,025,000) held in the PRC. These cash at banks are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The carrying amounts of the Group's cash at licensed payment platforms and cash at banks are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	**332,675**	239,379
HK$	**6,902**	28,350
USD	**1,021**	4
	340,598	267,733

20 CASH AND BANK BALANCE (Continued)

(b) Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the consolidated statement of financial position, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows (Note 33).

	2024	2023
	RMB'000	RMB'000
Restricted cash	–	5,652

As at 31 December 2023, the Group's restricted cash was denominated in RMB and mainly comprised of bank deposits pledged for bills payable.

21 ASSETS CLASSIFIED AS HELD FOR SALE

The Group entered into an agreement with a third party regarding the potential partial disposal of Fujian Xidun Automobile Service Co., Ltd. ("Fujian Xidun", an indirect wholly-owned subsidiary of the Group) and received a security deposit of RMB27,000,000 during the year ended 31 December 2023. Accordingly, the following asset of Fujian Xidun was reclassified as held for sale as at 31 December 2023. Subsequently, 53% of equity interest in Fujian Xidun has been transferred to the third party in January 2024 and it became an associate of the Group (Note 24).

	2024	2023
	RMB'000	RMB'000
Prepayment of acquisition of land use right	–	44,500

21.1 Accounting policies for assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Assets are not depreciated or amortised while they are classified as held for sale.

Assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

22 INVENTORIES

	2024 RMB'000	2023 RMB'000
Automobiles	**176,758**	175,192
Vehicle telematics equipment	**2,501**	2,406
	179,259	177,598
Provision for inventories	**(7,122)**	(7,622)
	172,137	169,976

Automobiles included new and repossessed automobiles. For the year ended 31 December 2024, the cost of inventories recognised as expenses included in cost of revenue amounted to approximately RMB785,660,000 (2023: RMB683,377,000).

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Interest in a partnership	**–**	20,024

Particulars of the partnership are as follows:

Name of entity	Place of incorporation	Principal place of operation	Measurement method	Proportion of issued shares/ Registered capital held by the Group as at 31 December 2024	2023	Principal activities
杭州金木吉新能源科技合夥企業(有限合夥)	The PRC	The PRC	Fair value through profit and loss	**–**	33.33%	Investment in electric car charging ports

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The limited partnership had a finite life of 7 years. The net assets value of the partnership will be distributed to the partners in proportion to the respective contribution ratio at the end of its term. The Group does not have control or significant influence over the limited partnership as a limited partner. As such, the interest in the limited partnership is measured at fair value through profit and loss.

During the year ended 31 December 2024, the Group terminated the partnership agreement and received a consideration totalling RMB20,000,000, with receipts of RMB7,000,000, RMB4,870,000, and RMB8,130,000 made on 18 June 2024, 18 September 2024, and 25 September 2024, respectively. Following the termination, the Group no longer holds any equity interests in the partnership as at 31 December 2024.

24 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	2024 RMB'000	2023 RMB'000
Movement in the investment in an associate are as follows:		
At 1 January	–	–
Additions		
– Cash consideration	48,530	–
At 31 December	48,530	–

The associate has not commenced operations during 2024, and as no recognition of profit or loss has been recorded, the Group has not recognized its share of profits or losses to be accounted for under the equity method.

The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of establishment is also its principal place of business.

Name of entity	Place of business/country of establishment	% of effective Interest As at 31 December		Nature of the relationship	Measurement method	Carrying amount As at December 31	
		2024	2023			2024 RMB'000	2023 RMB'000
Fujian Xidun Automobile Service Co., Ltd. (福建喜盾汽車服務有限公司)	PRC	49%	–	Associate	Equity method	48,530	–

On 9 January 2024, the Group entered into a share transfer agreement with Fujian Taikun to dispose of 53% equity interest in Fujian Xidun Automobile Service Co., Ltd. ("Fujian Xidun") for a total consideration of RMB530,000. On 11 January 2024, the Group received the transfer consideration and completed the share transfer. Following this disposal, Fujian Xidun ceased to be a subsidiary and became an associate of the Group with 47% equity interest.

24 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (Continued)

On 15 January 2024, the Group and Fujian Taikun jointly invested RMB49,000,000 in the associate, with the Group contributing RMB23,030,000. The Group's shareholding percentage remained unchanged after this capital injection.

On 29 October 2024, the Group entered into a capital increase agreement with Fujian Taikun to jointly invest an additional RMB50,000,000 in the associate, of which the Group contributed RMB24,500,000 (representing 49% of the total capital injection).

On the same date (29 October 2024), the Group entered into a supplementary share transfer agreement with Fujian Taikun to acquire an additional 2% equity interest in the associate for a consideration of RMB1,000,000. The Group paid the transfer consideration on 8 November 2024 and completed the share transfer, resulting in the Group's total shareholding percentage in the associate increasing to 49%. The Group is entitled to corresponding voting rights and profit-sharing rights in proportion to its shareholding.

25 SHARE CAPITAL

	Number of ordinary shares	Share capital nominal value	
		HK$'000	RMB'000
Authorised:			
At 1 January 2023	1,000,000,000	10,000	9,016
Creation of shares *(Note a)*	3,000,000,000	30,000	27,496
At 31 December 2023 and 1 January 2024	4,000,000,000	40,000	36,512
Share Subdivision *(Note c)*	8,000,000,000	–	–
At 31 December 2024	**12,000,000,000**	**40,000**	**36,512**
Issued and fully paid:			
At 1 January 2023	319,746,094	3,198	2,858
Conversion of ordinary shares with redemption right into ordinary shares	69,189,179	691	635
Capitalisation issue *(Note b)*	23,564,727	236	216
Issuance upon listing	103,125,000	1,031	948
At 31 December 2023 and 1 January 2024	515,625,000	5,156	4,657
Share Subdivision *(Note c)*	1,031,250,000	–	–
At 31 December 2024	**1,546,875,000**	**5,156**	**4,657**

25 SHARE CAPITAL (Continued)

	Number of ordinary shares	Share capital nominal value	
		HK$'000	RMB'000
Ordinary share with redemption right as financial liabilities *(Note 30)*			
At 1 January 2023	69,189,179	691	635
Conversion of ordinary shares with redemption right into ordinary shares	(69,189,179)	(691)	(635)
At 31 December 2023, 1 January 2024 and 31 December 2024	–	–	–
Total	**1,546,875,000**	**5,156**	**4,657**

Note a: Pursuant to the shareholders resolution passed on 9 October 2023, the Company's authorised share capital was increased from HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each to HK$40,000,000 divided into 4,000,000,000 shares of HK$0.01 each by the creation of an additional 3,000,000,000 shares of HK$0.01 each.

Note b: On 9 November 2023, an amount of HK$236,000 standing to the credit of the share premium account of the Company was applied in paying up in full at par 23,564,727 shares, such shares were allotted and issued to the then shareholders of the Company as at 9 October 2023 on a pro rata basis.

Note c: On 18 November 2024, the Company subdivided each of the existing issued and unissued shares of par value of HK$0.01 each in the share capital of the Company into three (3) Subdivided Shares of par value of one third Hong Kong cent each. After such Share Subdivision, the authorised share capital of the Company will be HK$40,000,000 divided into 12,000,000,000 Subdivided Shares of par value of one third Hong Kong cent each, of which 1,546,875,000 Subdivided Shares of par value of one third Hong Kong cent each will be in issue and fully paid or credited as fully paid.

26 OTHER RESERVES AND RETAINED EARNINGS

	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory reserve *(Note a)* RMB'000	Share-based payment reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Total RMB'000
Balances as at 1 January 2023	326,067	(23,505)	(434)	38,868	–	2,432	153,951	497,379
Profit for the year	–	–	–	–	–	–	110,254	110,254
Exchange difference arising from translation of functional currency to presentation currency	–	–	(1,763)	–	–	–	–	(1,763)
Changes in fair value of ordinary shares with redemption right due to own credit risk	–	–	–	–	–	(203)	–	(203)
Conversion of convertible redeemable preferred shares to ordinary shares	69,258	–	–	–	–	–	–	69,258
Share-based payment *(Note 27)*	–	–	–	–	6,051	–	–	6,051
Issuance of ordinary shares relating to initial public offering, netting of underwriting commissions and other issuance costs	90,076	–	–	–	–	–	–	90,076
Capitalisation issue	(216)	–	–	–	–	–	–	(216)
Transfer of accumulated changes in fair value due to own credit risk upon derecognition of ordinary shares with redemption right	–	–	–	–	–	(2,229)	2,229	–
Transfer to statutory reserve	–	–	–	4,278	–	–	(4,278)	–
Balances as at 31 December 2023	485,185	(23,505)	(2,197)	43,146	6,051	–	262,156	770,836

26 OTHER RESERVES AND RETAINED EARNINGS (Continued)

	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory reserve (Note a) RMB'000	Share-based payment reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Total RMB'000
Balances as at 1 January 2024	485,185	(23,505)	(2,197)	43,146	6,051	–	262,156	770,836
Profit for the year	–	–	–	–	–	–	39,970	39,970
Exchange difference arising from translation of functional currency to presentation currency	–	–	(1,606)	–	–	–	–	(1,606)
Share-based payment *(Note 27)*	–	–	–	–	8,273	–	–	8,273
Transfer to statutory reserve	–	–	–	5,269	–	–	(5,269)	–
Balances as at 31 December 2024	485,185	(23,505)	(3,803)	48,415	14,324	–	296,857	817,473

Notes:

(a) In accordance with the relevant applicable PRC regulations, the PRC subsidiaries are required to appropriate to reserve fund an amount of not less than 10% of the profit after income tax, calculated based on the PRC accounting standards. Should the accumulated total of this reserve fund reaches 50% of the registered capital of the PRC subsidiaries, the subsidiaries will not be required to make any further appropriation. The reserve fund can only be used, upon approval by the shareholders' meeting or similar authorities, to offset accumulated losses or increase capital.

(b) On 9 November 2023, upon the Listing on the Main Board of the Stock Exchange, the Company issued 103,125,000 new ordinary shares at par value of HK$0.01 per share for cash consideration of HK$1.1 each, and raised gross proceeds of approximately HK$113,440,000 (equivalents to approximately RMB104,180,000). The nominal value of the share capital was approximately HK$1,031,000 (equivalents to approximately RMB948,000), and share premium arising from the issuance was approximately HK$98,920,000 (equivalents to approximately RMB90,076,000), after netting off share issuance costs of approximately HK$14,510,000 (equivalents to approximately RMB13,156,000).

27 SHARE-BASED PAYMENT

During the year ended 31 December 2023, the board of directors of the Company approved the establishment of a Pre-IPO Share Incentive Plan (the "Pre-IPO Share Incentive Plan") with the purpose of motivating, attracting and retaining those individuals for outstanding performance to generate superior returns to the shareholders of the Group. The maximum aggregate number of shares which may be issued pursuant to the Pre-IPO Share Incentive Plan is 38,671,875 ordinary shares.

The share options have graded vesting terms, and will be vested from the grant date over five financial years on the condition that employees remain in service together with a performance requirement.

The options may be exercised at any time after the IPO of the Company provided the options have vested and subject to the terms of the Pre-IPO Share Incentive Plan. The options are exercisable for a maximum period of five years after the date of grant, i.e. up to 17 October 2028. The exercise price per option is HK$0.55.

27 SHARE-BASED PAYMENT (Continued)

Set out below is a summary of the options granted under the plan:

	Number of share options 2024	**Weighted average exercise price per share option 2024**	Number of share options 2023	Weighted average exercise price per share option 2023
As at 1 January	**36,389,000**	**HK$0.55**	–	–
Granted during the year	**–**	**–**	38,199,000	HK$0.55
Share Subdivision *(Note 25 (c))*	**72,778,000**	**HK$0.18**	–	–
Forfeited during the year	**(6,570,000)**	**HK$0.18**	(1,810,000)	HK$0.55
Outstanding as at 31 December	**102,597,000**	**HK$0.18**	36,389,000	HK$0.55
Vested and exercisable at 31 December	**41,038,800**	**HK$0.18**	5,830,000	HK$0.55

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	**Expiry date**	**Exercise price**	**Vesting year**	**2024**	2023
18 October 2023	17 October 2028	HK$0.18	20% for each of the financial year since 31 December 2023	**102,597,000**	36,389,000

Based on the fair value of the underlying ordinary shares of the Company, the Group has used Binomial model to determine the fair value of the share options as of the grant date. Key assumptions are set as below:

	2024	2023
Equity value per share (in HK$)	**0.37**	1.10
Exercise price (in HK$)	**0.18**	0.55
Option value per shares (in HK$)	**0.21**	0.62
Risk free interest rate	**4.20%**	4.20%
Expected life	**5 years**	5 years
Expected volatility	**45.00%**	45.00%
Dividend yield	**0.00%**	0.00%

27 SHARE-BASED PAYMENT (Continued)

Expenses arising from share-based payment transactions for the year:

	2024 RMB'000	2023 RMB'000
Pre-IPO Share Incentive Plan	8,273	6,051

28 TRADE PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	76,229	135,520
Bills payables	4,355	–
	80,584	135,520

Trade payables approximate their fair values and are denominated in RMB. The average credit period taken for trade purchase is generally 30 to 90 days.

An ageing analysis of trade payables based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Up to 3 months	77,936	128,830
3 to 6 months	471	5,532
Over 6 months	2,177	1,158
	80,584	135,520

29 OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Advance receipt from potential customers	**8,548**	6,734
Contract liabilities *(Note 5)*	**4,693**	274
Staff costs and welfare accruals	**26,443**	22,218
Other tax payables	**7,807**	647
Deposit from lessees	**26,597**	31,138
Dividend payable	**–**	3,365
Advance receipt for scrap sales of inventories	**5,307**	5,291
Deposits for transfer of equity interest of a subsidiary (Note a)	**–**	27,000
Others	**10,091**	13,315
	89,486	109,982

Note a: In December 2023, the Group had received security deposits from a third party for a potential disposal of 53% equity interest in Fujian Xidun (a wholly-owned subsidiary of the Group) (Note 19). The disposal was subsequently completed in January 2024 and the deposits were refunded.

30 BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings, secured	**110,993**	79,378
Bank borrowings, unsecured	**5,004**	21,613
Other borrowings, secured	**2,098,976**	1,726,666
Other borrowings, unsecured	**66,585**	37,998
	2,281,558	1,865,655
Less: non-current portion	**(1,129,638)**	(945,709)
Current portion	**1,151,920**	919,946

30 BORROWINGS (Continued)

Other borrowings represented borrowings from non-banking financial institutions and individual lenders. The borrowings are repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**1,151,920**	919,946
Between 1 and 2 years	**632,234**	533,918
Between 2 and 5 years	**497,404**	411,791
At end of the year	**2,281,558**	1,865,655

As of 31 December 2024, the borrowings are denominated in RMB and the carrying amounts approximate their fair values (2023: same).

The weighted average effective interest rates as at year end are as follows:

	2024	2023
Bank borrowings, secured	**5.39%**	6.94%
Bank borrowings, unsecured	**6.79%**	7.29%
Other borrowings, secured	**7.45%**	8.38%
Other borrowings, unsecured	**5.30%**	8.75%

As at 31 December 2024, the Group's borrowings of RMB2,206,053,000 (2023: RMB1,806,044,000) were secured by personal guarantee and indemnity provided by the directors and certain assets of the Group as summarised below.

	2024 RMB'000	2023 RMB'000
Property and equipment	**376,789**	369,645
Deposits for borrowings *(Note 19)*	**57,489**	48,302
Inventories	**103,020**	105,016
Finance lease receivables (at gross)	**1,711,893**	1,621,112

31 ORDINARY SHARES WITH REDEMPTION RIGHT

Pursuant to the Investment Agreements entered into between Xixiangfeng Finance Lease Group Co., Ltd. ("XXF Group") and two Pre-IPO investors (namely "Pre-IPO Investor 1 and Pre-IPO Investor 2"), XXF Group issued 34,106,250 ordinary shares with redemption right at the subscription price of approximately RMB2.35 per ordinary share for a total consideration of RMB80,000,000 to Pre-IPO Investor 1 and Pre-IPO Investor 2 (together "Series A Shares"). Also, in connection with Pre-IPO Investor 2's acquisition of 21,316,406 ordinary shares from Hangzhou Chain Reaction at the same time, XXF Group has granted Pre-IPO Investor 2 the same redemption right in relation to the transferred shares ("Series B Shares") at no consideration, the impact of which is immaterial.

On 2 December 2019, pursuant to the agreement entered between Pre-IPO Investor 1 and the Group, the Company issued and allotted 6,821,250 ordinary shares with redemption right ("Series C1 Shares") at RMB2.93 per share totaling RMB20,000,000, the impact of which is immaterial as the issuance price is approximated to the fair value of the ordinary shares with redemption right.

On 10 June 2021, the Group entered into an agreement with Pre-IPO Investor 1 whereby the Company issued and allotted 6,945,273 ordinary shares with redemption right ("Series C2 Shares") at RMB2.88 per share totaling RMB20,000,000. The issuance price is approximated to the fair value of the ordinary shares with redemption right.

The ordinary shares with redemption right are designated as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised at finance costs in profit or loss.

Subsequent to initial recognition, the ordinary shares with redemption right are carried at fair value with changes in fair value recognised in profit or loss, except for the effects of changes in the liability's credit risk that should be charged to other comprehensive income.

All ordinary shares with redemption right were converted into ordinary shares upon completion of the Listing of the Company on 9 November 2023. The cumulative loss recognised in other comprehensive income related to the ordinary shares with redemption right due to changes of fair value in the liability's credit risk of RMB2,229,000 was transferred from other reserves to accumulated losses upon the Listing. The fair value of each ordinary share with redemption right at the conversion date is the offer price of new shares (HK$1.1 per share) in the Listing.

32 DEFERRED INCOME TAX

The analysis of deferred income tax assets is as follows:

	2024 RMB'000	2023 RMB'000
Deferred income tax (liabilities)/assets:		
To be recovered after more than 12 months	**(6,781)**	(5,704)
To be recovered within 12 months	**1,780**	1,905
	(5,001)	(3,799)

The gross movements on the deferred income tax account during the year are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	**(3,799)**	3,900
Charged to consolidated statement of comprehensive income	**(1,202)**	(7,699)
At end of the year	**(5,001)**	(3,799)

Deferred tax assets/(liabilities)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Provision for receivable and inventory RMB'000	Provision RMB'000	Accelerated tax depreciation RMB'000	Decelerated tax depreciation RMB'000	Tax losses RMB'000	Withholding tax RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	5,332	7,635	(12,361)	3,882	479	(1,240)	173	3,900
Credited/(charged) to consolidated statement of comprehensive income	498	(7,635)	(6,484)	2,894	754	1,240	1,034	(7,699)
At 31 December 2023	5,830	–	(18,845)	6,776	1,233	–	1,207	(3,799)
At 1 January 2024	**5,830**	**–**	**(18,845)**	**6,776**	**1,233**	**–**	**1,207**	**(3,799)**
Credited/(charged) to consolidated statement of comprehensive income	**343**	**–**	**(2,008)**	**(490)**	**974**	**–**	**(21)**	**(1,202)**
At 31 December 2024	**6,173**	**–**	**(20,853)**	**6,286**	**2,207**	**–**	**1,186**	**(5,001)**

32 DEFERRED INCOME TAX (Continued)

Deferred tax assets/(liabilities) (Continued)

Deferred income tax assets are recognised for deductible temporary differences to the extent that the realisation of the related tax benefits through future taxable profits is probable.

The Group did not recognise deferred income tax assets of RMB1,553,000 (2023: RMB7,902,000), in respect of tax losses amounted to RMB36,981,000 (2023: RMB32,154,000) as at 31 December 2024, as it is not certain that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entities.

The expiry date of these tax losses are as follows:

	2024 **RMB'000**	2023 RMB'000
Within one year	**6,313**	5,867
Between two to five years	**29,872**	25,491
No expiry date	**796**	796
	36,981	32,154

As at 31 December 2024, deferred income tax liability has not been provided for in the consolidated financial statements in respect of temporary differences attributable to unremitted profits earned by certain PRC subsidiaries of the Group amounting to approximately RMB17,859,000 (2023: RMB12,700,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash (used in)/generated from operations

	2024 RMB'000	2023 RMB'000
Profit before income tax	**53,368**	129,850
Adjustment for:		
Provision for credit losses	**3,226**	4,526
Provision for inventories	**13,287**	9,859
Depreciation	**132,700**	114,350
Amortization of intangible assets	**11,071**	11,767
Loss on disposals of property and equipment	**5,218**	3,749
Fair value gain on ordinary shares with redemption right	**–**	(96,394)
Fair value loss on financial assets through profit or loss	**24**	1,623
Finance income	**(1,580)**	(1,644)
Finance cost	**160,387**	163,138
Operating cash flow before changes in working capital	**377,701**	340,824
Increase in trade and other receivables and finance lease receivables	**(210,047)**	(170,198)
Increase in trade and other payables	**(72,066)**	52,612
Decrease in restricted cash	**5,652**	(1,118)
Increase in inventories	**(122,132)**	(46,507)
Cash (used in)/generated from operations	**(20,892)**	175,613

(b) Disposal of property and equipment

	2024 RMB'000	2023 RMB'000
Proceeds	**39,172**	40,545
Early termination of leases of premises	**–**	37
Net book value of disposed property and equipment *(Note 14)*	**(44,390)**	(44,331)
Loss on disposals	**(5,218)**	(3,749)

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of cash used in purchase of property and equipment

	2024 RMB'000	2023 RMB'000
Total property and equipment addition during the year *(Note 14)*	**323,312**	278,682
Less: transfer from inventory to property and equipment	**(186,641)**	(119,944)
Less: addition of right-of-use assets *(Note 14)*	**(3,950)**	(8,413)
Cash used in purchase of property and equipment during the year	**132,721**	150,325

(d) Cash flow information — Financing activities

	Borrowings	
	2024 RMB'000	2023 RMB'000
At the beginning of year	**1,865,655**	1,713,415
Non-cash movements		
Interest	**159,665**	162,406
Discount effect of deposits for borrowings	**(209)**	(440)
Cash flow from operating Activities		
Interest paid	**(158,496)**	(162,045)
Cash flow from financing activities		
Addition	**1,844,411**	1,315,916
Repayment	**(1,429,468)**	(1,163,597)
At the end of year	**2,281,558**	1,865,655

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(d) Cash flow information — Financing activities (Continued)

	Lease liabilities	
	2024	2023
	RMB'000	RMB'000
At the beginning of year	**14,896**	13,856
Non-cash movements		
Addition	**3,950**	8,413
Interest	**722**	732
Write-off	**–**	(37)
Cash flow from operating activities		
Interest paid	**(722)**	(732)
Cash flow from financing activities		
Repayment	**(7,651)**	(7,336)
At the end of year	**11,195**	14,896

	Ordinary shares with redemption right	
	2024	2023
	RMB'000	RMB'000
At the beginning of year	**–**	163,129
Cash flow from financing activities		
Non-cash movement		
Fair value changes through profit or loss	**–**	(96,394)
Fair value change due to own credit risk	**–**	203
Exchange difference arising from translation	**–**	2,955
Conversion of ordinary shares with redemption right into ordinary shares	**–**	(69,893)
At the end of year	**–**	–

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(d) Cash flow information — Financing activities (Continued)

	Amount due to shareholders	
	2024	2023
	RMB'000	RMB'000
At the beginning of year	–	8,158
Payment to shareholders	–	(8,090)
Non-cash movements Exchange difference	–	(68)
At the end of year	–	–

(e) Major non-cash transactions

During the year ended 31 December 2024, there were no major non-cash transactions (2023: same).

34 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2024 and 2023.

35 RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the year. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the year:

Related party	Relationship with the Group
Ningde Public Transport Company Limited (“寧德市公共交通有限公司”)	A related company controlled by a non-controlling shareholder of a subsidiary with significant influence
Ningde Sandu Port Automobile Transportation Co., Ltd. (“寧德三都港汽車運輸有限公司”)	A related company controlled by a non-controlling shareholder of a subsidiary with significant influence
Shenghui Logistic Group Co., Ltd. (“盛輝物流集團有限公司”)	A company controlled by a director of the Company
Ningde Yongsheng Property Management Co., Ltd. (“寧德市永盛物業管理有限公司”)	A company controlled by a director of the Company

	2024 **RMB’000**	2023 RMB’000
Lease payment *(Note i)*		
– Ningde Public Transport Company Limited	**–**	289
– Ningde Sandu Port Automobile Transportation Co., Ltd.	**66**	–
– Shenghui Logistic Group Co. Ltd.	**814**	870
– Ningde Yongsheng Property Management Co. Ltd.	**11**	11
	891	1,170
Property management fee *(Note ii)*		
– Ningde Yongsheng Property Management Co., Ltd.	**121**	121
Addition of right-of-use asset *(Note iii)*		
– Ningde Public Transport Company Limited	**–**	180
– Ningde Sandu Port Automobile Transportation Co., Ltd.	**180**	–

Notes:

(i) Lease payment is charged in accordance with the agreement entered into between the Group and the related party.

(ii) Management fee is charged in accordance with the agreement entered into between the relevant parties.

(iii) Addition of right-of-use asset from related companies was conducted in the normal course of business at prices and terms as agreed between the Group and the related party.

35 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	2024 RMB'000	2023 RMB'000
Right-of-use asset (trade nature)		
– Ningde Public Transport Company Limited	–	170
– Ningde Sandu Port Automobile Transportation Co., Ltd.	110	–
Lease liabilities (trade nature) *(Note)*		
– Ningde Public Transport Company Limited	–	154
– Ningde Sandu Port Automobile Transportation Co., Ltd.	96	–

Note: Lease liabilities are settled in accordance with the agreement entered into between the Group and the related party.

(c) Key management compensation

	2024 RMB'000	2023 RMB'000
Salaries, bonuses, allowances and benefits in kind	5,126	4,163
Retirement benefit costs-defined contribution plans	123	225
	5,249	4,388

36 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' remuneration

	Director's fees RMB'000	Salaries, wages and bonuses RMB'000	Pension cost-defined contribution plan RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
For the year ended 31 December 2023:					
Executive directors					
Huang Wei	–	1,004	75	693	1,772
Ye Fuwei	–	1,004	75	691	1,770
Zhang Jinghua	–	506	75	182	763
Non-executive directors					
Liu Wei	–	–	–	–	–
Xu Rui	–	–	–	–	–
Independent non-executive directors					
Fung Che Wai, Anthony	–	31	–	–	31
Chen Shuo	–	21	–	–	21
Wu Fei	–	31	–	–	31
Total	–	2,597	225	1,566	4,388

36 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' remuneration (Continued)

	Director's fees RMB'000	Salaries, wages and bonuses RMB'000	Pension cost-defined contribution plan RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
For the year ended 31 December 2024:					
Executive directors					
Huang Wei	–	1,004	45	896	1,945
Ye Fuwei	–	1,004	44	894	1,942
Zhang Jinghua	–	506	34	235	775
Non-executive directors					
Liu Wei	–	–	–	–	–
Xu Rui	–	–	–	–	–
Independent non-executive directors					
Fung Che Wai, Anthony	–	219	–	–	219
Chen Shuo	–	149	–	–	149
Wu Fei	–	219	–	–	219
Total	–	3,101	123	2,025	5,249

During the year ended 31 December 2024, the non-executive directors had not received any remuneration (2023: nil).

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 December 2024 (2023: nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2024 (2023: nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Company did not pay consideration to any third parties for making available directors' services. (2023: nil)

36 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealing in favour of directors during the year ended 31 December 2024 (2023: nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024 (2023: nil).

37 CAPITAL COMMITMENT

	2024	2023
	RMB'000	RMB'000
Contracted for:		
– Acquisition of land use right	–	44,500

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Company name	Place and date of incorporation	Principal activities and place of operation	Registered capital	Effective interest held by the Group as at 31 December 2024	2023
Directly held:					
Celestial Bonanza Group Limited	BVI	Investment holding, BVI	USD50,000	100%	100%
Indirectly held:					
XXF Group (Hong Kong) Limited	HK	Investment holding, HK	HK$5	100%	100%
XXF Group	PRC	Leasing service, PRC	RMB481,468,750	100%	100%
Fujian Shenqi Financial Lease Co., Ltd.* ("Fujian Shenqi")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%
Fujian Xiqi Automobile Sale Co., Ltd.* ("Fujian Xiqi")	PRC	Trading of automobile, PRC	RMB50,000,000	100%	100%
Fujian Lvyi Information Technology Co., Ltd.* ("Fujian Lvyi")	PRC	Information technology, PRC	RMB50,000,000	100%	100%
Fujian Anxin Second – hand Car Market Co., Ltd.* ("Fujian Anxin")	PRC	Dormant, PRC	RMB10,000,000	N/A	N/A
Fujian Xidun	PRC	Information technology, PRC	RMB100,000,000	N/A	100%
Fujian Qoocar Information Technology Co., Ltd.* ("Fujian Qoocar")	PRC	Information technology, PRC	RMB20,000,000	100%	100%
Fujian ZyooCar Technology Co., Ltd.* ("Fujian ZyooCar")	PRC	Leasing service, PRC	RMB50,000,000	51%	51%
Xixiangfeng (Xiamen) Automobile Service Co., Ltd.* ("Xiamen Xixiangfeng")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place and date of incorporation	Principal activities and place of operation	Registered capital	Effective interest held by the Group as at 31 December 2024	2023
Fujian Taoqi Internet Technology Co., Ltd.* ("Taoqi Internet")	PRC	Information technology, PRC	RMB50,000,000	100%	100%
Fujian Taoqi Yuncar Information Consultancy Co., Ltd.* ("Taoqi Yuncar")	PRC	Information technology, PRC	RMB10,000,000	100%	100%
Guoxin Zhonglian (Fuzhou) Automobile Service Co., Ltd.* ("Guoxin Zhonglian")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%
Fujian Xidi Automobile Service Co., Ltd.* ("Fujian Xidi")	PRC	Leasing service, PRC	RMB170,000,000	100%	100%
Fujian Heqi Technology Co., Ltd.* ("Fujian Heqi")	PRC	Insurance agency service, PRC	RMB10,000,000	100%	100%
Tianjin Xidi Automobile Service Co., Ltd.* ("Tianjin Xidi")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%
Taizhou Xidi Automobile Service Co., Ltd.* ("Taizhou Xidi")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%
Shaoxing Xidi Automobile Service Co., Ltd.* ("Shaoxing Xidi")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%
Fujian Xiyun New Energy Technology Co., Ltd.* ("Fujian Xiyun")	PRC	Dormant, PRC	RMB25,000,000	N/A	N/A
Fujian Xitu Technology Co., Ltd.* ("Fujian Xitu")	PRC	Information technology, PRC	RMB10,000,000	100%	100%
Shanxi Zhonghong Automobile Service Co., Ltd.* ("Shanxi Zhonghong")	PRC	Leasing service, PRC	RMB10,000,000	N/A	100%

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place and date of incorporation	Principal activities and place of operation	Registered capital	Effective interest held by the Group as at 31 December 2024	2023
Guangdong Minyue Automobile Service Co., Ltd.* ("Guangdong Minyue")	PRC	Leasing service, PRC	RMB10,000,000	N/A	100%
Nanning Xidi Automobile Hailing Operation Service Co., Ltd.* ("Nanning Xidi")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%
Zhongshan Xidi Automobile Service Co., Ltd.* ("Zhongshan Xidi")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%
Putian Xidi Network Car Appointment Service Co., Ltd.* ("Putian Xidi")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%
Zhoushan Xidi Automobile Service Co., Ltd.* ("Zhoushan Xidi")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%
Zhu Zhou Xidi Automobile Service Co., Ltd.* ("Zhu Zhou Xidi")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%
An Qing Xidi Automobile Service Co., Ltd.* ("An Qing Xidi")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%
Wu Xi Xidi Automobile Service Co., Ltd.* ("Wu Xi Xidi")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%
Tangshan Xiqi Automobile Sales Co., Ltd.* ("Tangshan Xiqi")	PRC	Car sales, PRC	RMB10,000,000	100%	100%
Xin Jiang Xiqi Automobile Sales Co., Ltd.* ("Xin Jiang Xiqi")	PRC	Car sales, PRC	RMB10,000,000	100%	100%
Dong Guan Xidi Automobile Service Co., Ltd.* ("Dong Guan Xidi")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%
Kunming Xidi Network Car Service Co., Ltd.* ("Kunming Xidi")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place and date of incorporation	Principal activities and place of operation	Registered capital	Effective interest held by the Group as at 31 December 2024	2023
Nan Tong Xiqi Automobile Sales Co., Ltd.* ("Nan Tong Xiqi")	PRC	Car sales, PRC	RMB10,000,000	100%	100%
Yin Chuan Xidi Automobile Service Co., Ltd.* ("Yin Chuan Xidi")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%
Jia Xing Xidi Automobile Service Co., Ltd.* ("Jia Xing Xidi")	PRC	Operating lease, PRC	RMB10,000,000	N/A	100%
Fu Jian Cheyijia Automobile Sales Co., Ltd.* ("Fu Jian Cheyijia")	PRC	Car sales, PRC	RMB50,000,000	100%	100%
Fu Jian Cheyixing Technology Co., Ltd.* ("Fu Jian Cheyixing")	PRC	Information technology, PRC	RMB50,000,000	100%	100%
Mao Ming Xiqi Automobile Sales Co., Ltd* ("Mao Ming Xiqi")	PRC	Car sales, PRC	RMB10,000,000	100%	100%
Jie Yang Xidi Network Car Service Co., Ltd* ("Jie Yang Xidi")	PRC	Operating lease, PRC	RMB10,000,000	100%	100%
Harbin Xiqi Automobile Sales Co., Ltd.* ("Harbin Xiqi")	PRC	Car sales, PRC	RMB10,000,000	100%	N/A
Horgos Xiqi Automobile Sales Co., Ltd ("Horgos Xiqi")	PRC	Car sales, PRC	RMB1,000,000	100%	N/A
Langfang Xiqi Automobile Sales Co., Ltd ("Lang fang Xiqi")	PRC	Car sales, PRC	RMB1,000,000	100%	N/A
Kashgar Xiqi Automobile Sales Co., Ltd. ("Kashgar Xiqi")	PRC	Car sales, PRC	RMB1,000,000	100%	N/A
Fujian Cheyida Automobile Sales Co., Ltd ("Fu Jian Cheyida")	PRC	Car sales, PRC	RMB10,000,000	100%	N/A
Fujian Chelifang Automobile Sales Co., Ltd. ("Fu Jian Chelifang")	PRC	Car sales, PRC	RMB10,000,000	100%	N/A
Fujian Chejietong Automobile Sales Co., Ltd. ("Fu Jian Chejietong")	PRC	Car sales, PRC	RMB10,000,000	100%	N/A
Hangzhou Xiqi Automobile Sales Co., Ltd. ("Hang zhou Xiqi")	PRC	Car sales, PRC	RMB1,000,000	100%	N/A
Linyi Xidi Automobile Service Co., Ltd. ("Lin Yi Xidi")	PRC	Operating lease, PRC	RMB1,000,000	100%	N/A
Shanwei Xidi Network Car Appointment Service Co., Ltd. ("Shan Wei Xidi")	PRC	Operating lease, PRC	RMB1,000,000	100%	N/A
Taiyuan Xidi Automobile Service Co., Ltd. ("Tai Yuan Xidi")	PRC	Operating lease, PRC	RMB1,000,000	100%	N/A

* The English name of companies established in the PRC are translations of their Chinese names at the best effort of the directors of the Company as they do not have official English names.

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets		
Non-current asset		
Investment in a subsidiary	1,135,867	823,019
Property and equipment	618	1,429
	1,136,485	824,448
Current assets		
Prepayments and other receivables	700	734
Amount due from subsidiaries	41,901	22,274
Cash and cash equivalents	158	14,111
	42,759	37,119
Total assets	1,179,244	861,567
Equity		
Equity attributable to equity holders of the Company		
Share capital	4,657	4,657
Other reserves (a)	1,122,069	1,082,161
Accumulated losses	49,154	(230,425)
Total equity	1,175,880	856,393
Liabilities		
Non-current liabilities		
Lease liabilities	–	702
Current liabilities		
Accruals and other payables	2,769	3,745
Lease liabilities	595	727
	3,364	4,472
Total liabilities	3,364	5,174
Total equity and liabilities	1,179,244	861,567

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserves movement

	Share premium RMB'000	Exchange reserve RMB'000	Share-based payment reserve and others RMB'000	Accumulated losses RMB'000	Total RMB'000
Balances as at 1 January 2023	916,311	(1,511)	2,432	(14,408)	902,824
Loss for the year	–	–	–	(217,992)	(217,992)
Changes in fair value of ordinary shares with redemption right due to own credit risk	–	–	(203)	–	(203)
Conversion of convertible redeemable preferred shares to ordinary shares	69,258	–	–	–	69,258
Share-based payment *(Note 27)*	–	–	6,051	–	6,051
Issuance of ordinary shares relating to initial public offering, netting of underwriting commissions and other issuance costs	90,076	–	–	–	90,076
Capitalisation issue	(216)	–	–	–	(216)
Transfer of accumulated changes in fair value due to own credit risk upon derecognition of ordinary shares with redemption right	–	–	(2,229)	2,229	–
Currency translation differences	–	1,958	–	–	1,958
Balances as at 31 December 2023	1,075,429	427	6,051	(230,171)	851,736
Balances as at 1 January 2024	1,075,429	427	6,051	(230,171)	851,736
Profit for the year	–	–	–	279,325	279,325
Share-based payment *(Note 27)*	–	–	8,273	–	8,273
Currency translation differences	–	31,889	–	–	31,889
Balances as at 31 December 2024	**1,075,429**	**32,316**	**14,324**	**49,154**	**1,171,223**

40 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 11 February 2025, the Group, Fujian Taikun and Fujian Xidun signed a loan agreement, pursuant to which it was agreed that the Group and Fujian Taikun would provide Fujian Xidun with a loan of no more than RMB50,000,000 in proportion to their respective shareholding in Fujian Xidun, with a term of 12 months, for the land construction project of Fujian Xidun. As of the date of this annual report, the Group has provided a loan of RMB4,900,000 to Fujian Xidun.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION

41.1 Principles of consolidation

(a) Consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method of accounting to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.1 Principles of consolidation *(Continued)*

(a) Consolidation (continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transaction with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 41.4.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.1 Principles of consolidation *(Continued)*

(b) Separate financial statements

Investments in subsidiaries are carried at cost less impairment. Cost includes direct attributable costs of investment. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

41.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers ("CODM"). The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group that make strategic decisions.

41.3 Foreign currencies

(a) Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong Dollar ("HK$").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statements of comprehensive income within the "Finance cost, net". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "Other losses, net".

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.3 Foreign currencies (Continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

41.4 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the each report date.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.5 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

De-recognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.5 Financial assets (Continued)

(c) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Financial assets measured at amortised cost

  The Group measures financial assets at amortised cost when both of the following conditions are met:

  – the asset is held within a business model whose objective is to collect the contractual cash flows; and

  – the contractual terms give rise to cash flows that are solely payments of principal and interest.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- Financial assets measured at fair value through other comprehensive income

  The Group measures financial assets at FVOCI when both of the following conditions are met:

  – the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

  – the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.5 Financial assets (Continued)

(c) Measurement (continued)

Debt instruments (continued)

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(losses) and impairment expenses are presented as separate line item in profit or loss.

- Financial assets measured at fair value through profit or loss

  All financial assets that are other than those categorised as financial assets measured at amortised cost or financial assets at FVOCI are categorised as financial assets measured at FVPL.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.5 Financial assets (Continued)

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and financial assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and finance lease receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of trade and finance lease receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other financial assets at amortised cost are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

41.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

41.7 Inventories

Inventories mainly represent vehicles for finance lease and vehicle telematics equipment. Inventories are stated at the lower of cost and net realisable value. Cost of vehicle includes the purchase price of motor vehicle, licensing fee, tax and cost of telematics equipment installed.

Net realisable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.8 Cash and cash equivalent

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand and other short-term highly liquid investments with original maturities of three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, in the consolidated statements of financial position.

41.9 Share capital

Ordinary shares is classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

41.10 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

41.11 Borrowings

Borrowings are recognised initially at fair values, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

41.12 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.12 Current and deferred tax (Continued)

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.13 Employee benefits

(a) Pension obligations

The Group participates in a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions, on a mandatory, contractual or voluntary basis, into a separate entity. The Group's subsidiaries operating in the PRC have to make contribution to staff retirement scheme managed by local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to profit or loss as and when incurred. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employment costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Housing funds, medical insurances and other social insurances

PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other social insurance plan. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds, medical insurances and other social insurance are expensed as incurred.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave

(d) Bonus plans

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.14 Share-based payments

As disclosed in Note 27, the Group operates an equity-settled share-based compensation plan, under which the Group receives service from its employees in exchange for the equity instruments of the Company.

The fair value of the employee service received in exchange for the grant of equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- Including any market performance conditions (e.g., the entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with corresponding adjustment to equity.

41.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

41 OTHER MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

41.16 Vendor rebate

Volume-related vendor rebates are recognised as a deduction from cost of sales on accruals basis with reference to the expected entitlement earned up to the reporting date for each relevant supplier contract. Rebates relating to items purchased but still held at the reporting date are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

41.17 Dividend

Dividend declared to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

"AGM"	the forthcoming annual general meeting of the Company to be held on Wednesday, 18 June 2025
"Articles of Association"	the amended and restated memorandum and articles of association of the Company
"associate"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Business Days"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Company", "the Company" or "our Company"	XXF Group Holdings Limited, an exempted company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2473)
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Executive Director(s)"	the executive Director(s)
"Fujian Fuyuan"	Fujian Free Trade Zone Pingtan Area Fuyuan Investment Partnership Enterprise (Limited Partnership)* (福建自貿試驗區平潭片區富元投資合夥企業(有限合夥)), a limited liability partnership established in the PRC and controlled by Mr. Huang Wei as the executive partner and general partner
"Fujian Taikun"	Fujian Taikun Investment Co., Ltd.* (福建泰鯤投資有限公司) (formerly known as Fujian Taikang Investment Co., Ltd.* (福建泰康投資有限公司)), a company established under the laws of the PRC and an Independent Third Party
"Fujian Xidun"	Fujian Xidun Automobile Service Co., Ltd.* (福建喜盾汽車服務有限公司), a company established under the laws of the PRC and, as at the date of this report, owned as to 49% by XXF Group and 51% by Fujian Taikun
"Fuzhou Zhitong"	Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership)* (福州智通投資合夥企業(有限合夥)), a limited liability partnership established in the PRC and controlled by Mr. Huang Wei
"Global Offering"	as defined in the Prospectus

"Glorypearl Capital"	Glorypearl Capital Resources Company Limited (明珠資本資源有限公司), a company incorporated in the BVI with limited liability, one of our substantial Shareholders, and wholly owned by Mr. Huang Wei
"Group", "the Group", "our", "our Group", "we" or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Happy Gain"	Happy Gain Business Developments Limited, a company incorporated in the BVI with limited liability and indirectly wholly owned by Mr. Huang Wei
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	individual(s) or company(ies) who/which, to the best knowledge of the Directors having made due and careful enquiries, is (are) not a connected person(s) of the Company within the meaning ascribed under the Listing Rules
"Independent Non-executive Director(s)"	the Independent Non-executive Director(s)
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	9 November 2023, being the date from which the Shares are listed and dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board

"Non-executive Director(s)"	the Non-executive Director(s)
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company on 9 October 2023
"Precious Luck"	Precious Luck Developments Management Limited, a company incorporated in the BVI with limited liability and indirectly controlled by Mr. Huang Wei
"Prosperous Splendor"	Prosperous Splendor Investment Holding Limited (盛輝投資控股有限公司), a company incorporated in the BVI and owned as to 4.48% by Mr. Liu Wei, our non-executive Director, and 95.52% by Mr. Liu Yonghui, father of Mr. Liu Wei
"Prospectus"	the prospectus issued by the Company dated 30 October 2023
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the one-year period from 1 January 2024 to 31 December 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Shanghai Bo Yu"	Shanghai Bo Yu Enterprise Management Partnership (Limited Partnership)* (上海渤毓企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC and indirectly controlled by Mr. Huang Wei
"Shanghai Boyu"	Shanghai Boyu Enterprise Management Partnership (Limited Partnership)* (上海渤鈺企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC and indirectly controlled by Mr. Huang Wei
"Shanghai Boyun"	Shanghai Boyun Enterprise Management Partnership (Limited Partnership)* (上海渤鋆企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC and indirectly controlled by Mr. Huang Wei
"Shanghai Xuante"	Shanghai Xuante Enterprise Management Co. Ltd.* (上海煊特企業管理有限公司), a company established under the laws of the PRC which is controlled as to approximately 47.18% by Ms. Qiu Hui and 32.27% by Mr. Lin Dachun

"Share(s)"	ordinary share(s) in the share capital of the Company with the nominal value of one third Hong Kong cent (approximately HK$0.003333333333) each
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 9 October 2023 and effective upon the Listing Date
"Share Incentive Schemes"	the Pre-IPO Share Option Scheme and the Share Option Scheme
"Shareholder(s)"	holder(s) of Share(s)
"Southern Fortune"	Southern Fortune Enterprises Management Limited, a company incorporated in the BVI with limited liability and indirectly controlled by Mr. Huang Wei
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules
"Weichuang Hongjing"	Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd.* (福州偉創宏景企業管理有限公司), a company established under the laws of the PRC and indirectly controlled by Mr. Huang Wei
"Weichuang Xingsheng"	Fuzhou Weichuang Xingsheng Enterprise Management Co., Ltd.* (福州偉創興晟企業管理有限公司), a company established under the laws of the PRC and wholly owned by Mr. Huang Wei
"XXF Group"	Xixiangfeng Finance Lease Group Co., Ltd.* (喜相逢融資租賃集團有限公司), a company established under the laws of the PRC on 7 September 2007 and an indirect wholly-owned subsidiary of the Company
"%"	per cent