2024 ANNUAL REPORT

HAO WEN HOLDINGS LIMITED
皓文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8019

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*This annual report, for which the directors (the "**Directors**") of Hao Wen Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this annual report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this annual report misleading.*

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CORPORATE INFORMATION

Directors

Executive Directors

Mr. FENG Keming
Ms. BAI Jie

Independent Non-Executive Directors

Mr. CHAN Kwan Yiu
Ms. MA Sijing
Ms. HO Yuen Ki

Company Secretary

Ms. TAM Tsz Yan

Assistant Company Secretary

Conyers Trust Company (Cayman) Limited

Registered Office

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P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

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199 Des Voeux Road Central
Sheung Wan
Hong Kong

Auditor

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants and Public Interest Entity Auditor
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Hong Kong

Compliance Officer

Mr. FENG Keming

Authorised Representatives

Mr. FENG Keming
Ms. TAM Tsz Yan

Legal Advisor on Cayman Islands Laws

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
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Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Garadenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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Hong Kong

Principal Banker in Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

GEM Stock Code

8019

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31 December 2024 (the "**Year**"), the Group continued to focus on the money lending business and processing and trading of electronic parts business.

The Group engaged in money lending business by providing both secured and unsecured loans to individuals and corporate customers. The Group provided personal loans, mortgage loans and corporate loans. Interest income earned from the money lending business was approximately RMB28,140,000 during the Year, which represented approximately 72.9% of the total revenue. The business segment for processing and trading of electronic parts of the Group engaged in sourcing, processing, and sales of computer-related and smartphone-related electronic parts and components, such as CPU, LED screen panel, hard-disk, and smartphone chipsets and lens. Revenue earned from the processing and trading of electronic parts business was approximately RMB10,443,000 during the Year, which represented 27.1% of the total revenue.

Financial Review

During the Year, the Group recorded an consolidated revenue of approximately RMB38,583,000 (2023: RMB45,740,000), which represented a drop of approximately 15.6% as compared with the corresponding period in 2023.

The decrease of revenue was mainly attributed to reduced demand in the People's Republic of China (the "**PRC**"), the revenue from processing and trading of electronic parts business decreased by approximately RMB2,656,000 or 20.3% to approximately RMB10,443,000 (2023: RMB13,099,000). Additionally, the revenue from money lending business dropped by approximately RMB4,501,000 or 13.8% as compared with the corresponding period in 2023. The Group generated interest income from its loan portfolio of approximately RMB28,140,000 for the Year (2023: RMB32,641,000).

Other gains or losses, net, decreased from approximately RMB10,685,000 to RMB707,000. This decrease was primarily due to (i) a decline in unrealised fair value gains on financial assets at fair value through profit or loss "**FVTPL**"), which dropped from approximately RMB7,813,000 to approximately RMB3,980,000 from the listed securities portfolio held by the Group; (ii) the loss on write-off of loan receivables due to a borrower's inability to repay; partially net-off by (iii) the increase in realised gains on disposal of financial assets at FVTPL.

The general and administrative expenses for the Year decreased by approximately RMB9,845,000 or 49.5% from approximately RMB19,883,000 to RMB10,038,000. This decrease was primarily attributed to a reduction in advertising expenses and depreciation on plant and equipment during the Year.

Finance costs for the Year increased by approximately RMB43,000 or 0.8% from approximately RMB5,076,000 to RMB5,119,000. This increase primarily represented the interest expenses on the unsecured bonds.

Loss attributable to owners of the Company for the Year amounted to approximately RMB8,363,000 (2023: RMB9,378,000), representing a decrease of approximately RMB1,015,000 or 10.8% compared with the corresponding period in 2023. The decrease was primarily attributable to the decrease in unrealised fair value gains of financial assets at FVTPL, general and administrative expenses, and no impairment losses were recognised on interests in associates for the Year as compared with the corresponding period in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

As at 31 December 2024, the Group had trade, loan and other receivables, prepayments and deposits of approximately RMB308,608,000 (2023: RMB339,800,000). The balance primarily represented of trade receivables of approximately RMB5,324,000 (2023: RMB9,779,000), loan receivables of approximately RMB301,388,000 (2023: RMB322,868,000) and other receivables of approximately RMB1,680,000 (2023: RMB4,746,000). The impairment losses on trade, loan and other receivables of approximately RMB22,542,000 (2023: RMB26,416,000) was recognised for the Year.

In money lending business, the Group maintained a net loan portfolio of approximately RMB301,388,000 (2023: RMB322,868,000) with loans to 74 borrowers, of which 65 were individuals and 9 were corporations. The principal amount of the loans ranged from approximately HK$280,000 to approximately HK$13,900,000 and the loan terms ranged from 6 months to 3 years. The amount of secured loans was approximately RMB225,261,000 and the amount of unsecured loans was approximately RMB76,127,000. The secured loan is secured by the pledge of assets and guarantee (if any) from the customers. As at 31 December 2024, the net amounts of loan receivables from the five largest borrowers in aggregate amounted to approximately RMB53,345,000, which accounted for approximately 17.7% of the loan receivables of the Group.

Loan Term	**Number of clients**	
	2024	2023
Within one year	**14**	24
One to two years	**53**	50
Over two years	**7**	10
	74	84

The following table sets forth the distribution of the remaining maturity of loan receivables:

	2024 RMB'000	2023 RMB'000
Within one year	**127,332**	156,178
More than one year but not exceeding three years	**174,056**	166,690
	301,388	322,868

The Company did not set specific target for customer of any background or industry or operation history. The source of customers of the Company were mainly via the business networks of the management of the Company or customers' referrals or advertisements.

At the end of the Year, the Group performed an impairment assessment on the loan receivables with reference to a valuation prepared by an independent professional valuer. The valuation measured allowance for ECL of loan receivables using the general approach under IFRS 9, which uses three categories for ECL on loan receivables that reflect their credit risk and how the loss allowance is determined for each of the categories. Based on the valuation, the allowance for ECL of loan receivables was approximately RMB114,862,000 (2023: RMB86,077,000) based on ECL applied to different stages. The increase in the allowance for ECL was mainly attributable to the economic downturn which had an adverse impact on the financial condition of the borrowers and caused a significant decrease on their ability to meet debt obligations. After assessments based on the borrowers' repayment and

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

financial status and communication with the borrowers' repayment and financial status and communication with the borrowers, certain loan receivables have been transferred to stage where the expected loss rate is highest. All borrowers are independent third parties of the Company and its connected person. The Group has issued demand letters to the borrowers who failed to fulfil his/her/its repayment obligation in the prescribed time and has been negotiating with the borrowers on new repayment arrangements according to the circumstances of the borrowers. Legal actions might be brought against the relevant borrowers if no positive results arise depending on the actual circumstances on a case-by-case basis. The impairment losses were recognised due to the unpredictable and uncontrollable factors which included the economic condition and pandemic. The Directors consider that internal control procedures of the Group significantly reduced the credit risks and were sound and effective.

On 15 January 2024, the Group entered into a sale and purchase agreement to dispose its investment in financial assets measured at fair value through other comprehensive income ("**FVTOCI**"), an unlisted equity security representing a 5.4% shareholding in Peak Zone Group Limited ("**Peak Zone**"). Peak Zone is a limited liability company incorporated in the British Virgin Islands, primarily engaged in providing integrated applications. The Group disposed its entire 5.4% equity interest in Peak Zone for a consideration of HK$80,000, equivalent to approximately RMB72,000. The disposal was completed on 19 March 2024.

Liquidity and Financial Resources

	2024	2023
Current ratio	**3.1 times**	7.8 times
Gearing ratio (Total liabilities/total assets)	**21.7%**	22.7%

The Group generally finances its operations through internally-generated cash flows and issues unsecured bonds to independent third parties and shareholder's equity.

As at 31 December 2024, the Group had current assets of approximately RMB195,957,000 (2023: RMB211,587,000) and liquid assets comprising cash and short-term securities investments totalling approximately RMB61,405,000 (2023: RMB38,279,000). The Group's current ratio, calculated based on current assets of approximately RMB195,957,000 (2023: RMB211,587,000) over the current liabilities of approximately RMB62,580,000 (2023: RMB27,055,000), was approximately 3.1 times as at 31 December 2024 (2023: 7.8 times).

As at 31 December 2024, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 21.7% (2023: 22.7%).

As at 31 December 2024, the Group had no lease liabilities (2023: nil).

With the amount of liquid assets and short-term securities investments on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Material Acquisition and Disposal

The Group had no material acquisition nor disposal of subsidiaries, associates and joint ventures during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Future Plan for Material Investment of Capital Assets

Saved as disclosed in this report, the Group did not have plans for material investments and capital assets as at 31 December 2024.

Bonds

On 12 January 2018, the Company issued unsecured bonds to independent third parties with principal amount of HK$30,000,000 and with effective interest rate of 11% per annum. The maturity date of which is 3 years. On 1 November 2020, the Company renewed the unsecured bonds with the same independent third parties with revised principal amount of HK$42,500,000 and effective interest rate of 8% per annum and the maturity date is the fifth anniversary of the renewal date.

On 16 June 2022, the Company issued unsecured bonds to independent third parties with principal amount of HK$20,000,000 which bears interest at 5.5% per annum. The maturity date of which is 5 years after issue of the unsecured bonds. During the year ended 31 December 2024, the Group has early repaid the principal amount of approximately RMB1,410,000 (equivalent to approximately HK$1,500,000) (2023: nil) as agreed by the Company and the bondholder.

Significant Investments Held

As at 31 December 2024, the Group had financial assets at FVTPL with a total market value of approximately RMB57,777,000 (2023: RMB35,444,000). Details of the financial assets at FVTPL were set out as follows:

	As at 31 December 2024					For the Year ended 31 December 2024		As at 31 December 2023
Name of securities	Number of shares held	Approximately percentage of shareholding interest	Fair value/ carrying value	Approximately percentage to the financial assets at FVTPL	Approximately percentage to the total assets	Realised gain/(loss)	Unrealised gain/(loss)	Fair value/ carrying value
			RMB'000			RMB'000	RMB'000	RMB'000
China Investment and Finance Group Limited ("**CH INV FIN GP**") (Stock code: 1226) (Note 1)	18,721,920	4.5%	23,406	40.5%	6.3%	(36)	5,455	10,779
Other investments (Note 2)			34,371	59.5%	93.7%	3,616	(1,475)	24,665
			57,777	100%	100.0%	3,580	3,980	35,444

Notes:

1. CH INV FIN GP is principally engaged in securities trading and investment holding.

2. The fair value of each of these investments represented less than 5% of the total assets of the Group as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

During the Year, the Group recorded an unrealised gains of approximately RMB3,980,000 (2023: RMB7,813,000) under the volatile stock market conditions during the Year and the Company did not receive any dividend from the above investments. The future performance of the equity securities held by the Group may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies. Save as disclosed above, there were no other significant investments held by the Group as at 31 December 2024.

Capital Structure

Authorised share capital

As at 31 December 2024, the authorised share capital of the Company (the "**Authorised Share Capital**") was HK$1,000,000,000 divided into 100,000,000,000 shares of HK$0.01 each. The Authorised Share Capital had no change during the Year.

Issued share capital

As at 31 December 2024, the number of shares in issue was 356,072,058 shares of HK$0.01 each.

Foreign Exchange Exposure

Most of the Group's assets, liabilities and transactions are denominated in Hong Kong dollars and Renminbi. The Group has not implemented any hedging policy during the Year, but the Directors will continue to monitor its foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Charges on Group Assets

As at 31 December 2024, none of the assets of the Group has been pledged to secure any loan granted to the Group (2023: nil).

Human Resources

As at 31 December 2024, the Group had 10 employees (2023: 12 employees) working in Hong Kong and the PRC, comprising of 2 executive Directors (2023: 3). The gender ratio of the Group's workforce (including senior management) was 50% male to 50% female. The Group shall continue to take into account diversity perspectives including gender diversity in its hiring of employees from time to time. The staff costs, including Directors' emoluments, were approximately RMB1,571,000 for the Year (2023: RMB1,545,000). During the years ended 31 December 2024 and 2023, the Group had no forfeited contributions under the MPF Scheme and the retirement benefit scheme in the PRC that might be used by the Group to reduce the existing level of contributions.

The emolument policy of the Directors are decided by the Board, taking into account recommendation from the remuneration committee of the Board, having regard to merit, qualification and competence of each Director. The Group remunerates its employees based on their performance, experience and the prevailing industrial practice. Benefits plans maintained by the Group including contribution to statutory mandatory provident fund scheme, medical insurance, the share option scheme and discretionary bonus.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Contingent Liabilities

As at 31 December 2024, the Group had no contingent liabilities (2023: nil).

Capital Commitment

As at 31 December 2024, the Group did not have any material capital commitment (2023: nil).

Business Outlook and Prospect

In 2024, the Group anticipates ongoing operational challenges and a decline in economic growth. These changing economic conditions may have an impact on the financial results of the Group. To mitigate these potential effects, the Group will closely monitor market developments and proactively respond to safeguard its financial position and operating results.

Despite the challenges ahead, the Group is pleased with the positioning of its loan portfolio and will continue to adopt a prudent but sensible risk management policy to maintain a balanced risk reward.

Looking forward, the Group will continue to dedicate efforts on the processing and trading of electronics parts business with the view to achieving product upgrade and takes various cost-savings and quality improvement measures for the business. The Group is confident that it will be well positioned in facing the upcoming challenges and preserving long-term profitability growth for its shareholders. The Group would also explore other potential investment opportunities in order to broaden our income sources.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. FENG Keming ("**Mr. Feng**"), aged 37, joined the Company in 2020 as an executive Director. He was graduated from 北京師範大學珠海分校 (Beijing Normal University Zhuhai*) with a Bachelor Degree in English in August 2011. Mr. Feng has more than 10 years of working experience in banking and financial industry. He has extensive experiences in providing financial services to the customers, including corporate clients and individual.

Ms. BAI Jie ("**Ms. Bai**"), aged 45, joined the Company in 2023 as an executive Director. Ms. Bai has over 10 years of experience in investment and financial industry as well as extensive experiences in project and corporate management in different industries.

Independent Non-Executive Directors

Mr. CHAN Kwan Yiu ("**Mr. Chan**"), aged 41, joined the Company in 2017 as an independent non-executive Director, the chairman of the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") of the Board. Mr. Chan was graduated from the Hong Kong Baptist University with the Master of Science degree in Corporate Governance and Directorship in 2013. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and an Associate of The Institute of Chartered Accountants in England and Wales. He is a Certified Public Accountant (Practising) in Hong Kong. Mr. Chan has over 10 years of experience in auditing and accounting in professional firms.

Ms. MA Sijing ("**Ms. Ma**"), aged 52, joined the Company in 2014 as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. Ma graduated from 中央廣播電視大學 (China Central Radio and TV University*) specializing in social work and obtained the certificate of accounting profession issued by 深圳龍崗財政局(Shenzhen Longgang Municipal Finance Bureau*) in the PRC in May 2005. Ms. Ma is currently the financial controller of a non-governmental organization primarily responsible for the financial and accounting matters in the PRC. Ms. Ma has over 15 years of experience in financial and accounting in different sectors, such as biotech industries and social services in the PRC.

Ms. HO Yuen Ki ("**Ms. Ho**"), aged 42, joined the Company in 2016 as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. Ho was graduated from University of Salford with the degree of Bachelor of Science (Hons.) in Finance and Accounting in 2004. Ms. Ho is a member of the Association of Chartered Certified Accountants. Ms. Ho has over 20 years of experience in auditing and accounting in different sectors, such as upholstery, apparels industry and accountant firms.

Company Secretary

Ms. TAM Tsz Yan ("**Ms. Tam**") was appointed as the company secretary of the Company in 2023. Ms. Tam holds a master's degree in corporate governance. She is currently an associate member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. She has extensive work experience in the company secretarial profession.

* Translation of Chinese forms for reference only.

CORPORATE GOVERNANCE REPORT

Corporate Governance

The Company is committed to achieve and maintain the highest standard of corporate governance consistent with the needs and requirements of the business and its shareholders, and consistent with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in the Appendix C1 to the GEM Listing Rules. The Group has considered the CG Code and has put in place corporate governance practices to meet the code provisions.

The corporate governance principles of the Company emphasise a quality board, sound internal controls, and transparency and accountability to all Shareholders.

Throughout the financial year ended 31 December 2024, except for deviations from code provision C.1.6 of the CG Code which are explained in paragraphs F.1 below, the Group has complied with all code provisions.

A Directors

A.1 The Board

The Board assumes the responsibility for leadership and control of the Company. Our Directors are collectively responsible for promoting the success of the Company by developing the strategic direction of the Group and directing and supervising the affairs of the Company.

The Board is responsible for the management of the business and affairs of the Group with the objective of enhancing shareholder value and presenting a balanced, clear and understandable assessment of the Company's performance, position and prospects in its annual, interim and quarterly reports, other inside information announcements, other financial disclosures as required under the GEM Listing Rules, reports to regulators, and information required to be disclosed pursuant to statutory requirements. The Board is also required to approve acquisitions or disposals and connected transactions within the meaning of Chapter 20 of the GEM Listing Rules that require notification or approval under the GEM Listing Rules.

The Board has a fiduciary duty and statutory responsibility towards the Group and is directly accountable to the Shareholders. Other responsibilities and matters reserved to the Board are set out in paragraph E.1 below.

CORPORATE GOVERNANCE REPORT *(Continued)*

The Board meets regularly, normally four times each year with a meeting scheduled at approximately three month intervals and additional meetings would be arranged if and when necessary. The dates of regular Board meetings for each year are normally made available to all Directors at the beginning of the year to provide sufficient notice to give all Directors an opportunity to attend. Regular meetings are for reviewing and approving the financial and operating performances of the Group as well as considering and approving the overall strategies and policies of the Group. Special Board meetings will be held when necessary. Matters on transactions where Directors are considered having a conflict of interest or material interests would not be dealt with by way of written resolutions and a separate Board meeting shall be held where independent non-executive Directors who have no interests should be present at the meeting. Directors having a conflict of interest or material interests in a transaction before the meeting of the Board will declare his/her interest therein in accordance with the articles of association of the Company (the "**Articles of Association**"), shall abstain from voting on the resolution and shall not be counted in the quorum present at such Board meeting. Such declaration of interests will be duly noted in the minutes of the relevant Board meeting.

Notices are given to all the Directors for attending regular Board meetings approximately fourteen (14) days before the meetings. For other Board meetings, reasonable notices are generally given. Board papers, together with all appropriate information are sent to all Directors at least three (3) days before each Board meetings to the extent practicable.

Board meetings involve the active participation, either in person or through other electronic means of communication, by all of the Directors. The company secretary of the Company (the "**Company Secretary**") assists in preparing the meeting agenda, and each Director may request the inclusion of items in the agenda. Directors are also consulted to suggest matters to be included in the agenda for all regular meetings of the Board.

Minutes of the Board meetings are recorded in detail and draft minutes are circulated within a reasonable time after the meeting to all Directors for their review and comments before being approved by the Board. All the minutes of the meetings are properly kept by the Company Secretary and are available for inspection by the Directors during normal office hours.

Participation of individual Directors at Board meetings during the Year is as follows:

	Number of meetings 6
Executive Directors:	
Mr. FENG Keming	6/6
Ms. BAI Jie	6/6
Independent non-executive Directors:	
Mr. CHAN Kwan Yiu	6/6
Ms. MA Sijing	6/6
Ms. HO Yuen Ki	6/6

CORPORATE GOVERNANCE REPORT *(Continued)*

A.2 Board composition

As at the date of this report, the Board comprises five Directors: two executive Directors and three independent non-executive Directors. The current composition of the Board is as follows:

	Membership of Board Committees:
Executive Directors:	
Mr. FENG Keming	–
Ms. BAI Jie	–
Independent non-executive Directors:	
Mr. CHAN Kwan Yiu	Chairman of the Audit Committee Chairman of the Remuneration Committee Chairman of the Nomination Committee
Ms. MA Sijing	Member of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee
Ms. HO Yuen Ki	Member of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee

The GEM Listing Rules require every listed issuer to have at least three independent non-executive Directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Mr. CHAN Kwan Yiu is a member of the Hong Kong Institute of Certified Public Accountants and an Associate of The Institute of Chartered Accountants in England and Wales. He is a Certified Public Accountant (Practising) in Hong Kong. Mr. Chan has over 10 years of experience in auditing and accounting in professional firms.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Board has assessed the independence of all the independent non-executive Directors and is satisfied of their independence.

The Company recognizes the importance of the Board independence to corporate governance. In particular, in order to ensure the strong independence of the Board and make ensure that the Board can obtain independent views and opinions, the following mechanisms are required: 1) in assessing the qualification of potential candidates to become independent Directors, the Nomination Committee and the Board will consider, among others, whether the candidates are able to dedicate sufficient time to fulfill their duties as independent Directors and the candidates' backgrounds and qualifications, in order to assess whether such candidates are able to bring an independent view to the Board; and 2) the Nomination Committee is authorized to assess the independence of all independent non-executive Directors on an annual basis with reference to the independence criteria set out in the Listing Rules so as to ensure that they can continue to exercise independent judgment.

CORPORATE GOVERNANCE REPORT *(Continued)*

All Directors have full and timely access to all information of the Company and to the advice and services of the company secretary and senior management of the Company. Directors are generally entitled to seek independent professional advice on the discharge of their duties to the Company in appropriate circumstances upon request and at our Company's expense.

At the same time, the Company has formulated internal policies (including but not limited to the Articles, the terms of reference of the Remuneration Committee, the Audit Committee and the Nomination Committee) to ensure that the Board is provided with independent views and opinions. For the year ended 31 December 2024, the Company has reviewed the implementation and effectiveness of the above mechanism and is of the view that the above mechanism is able to ensure that the Board is provided with independent views and opinions.

The Board members do not have any family, financial or business relations with each other. The biographies of our Directors are set out on page 10 of this annual report.

The list of Directors is disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time.

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

A.3 Appointment, re-election and removal of Directors

Code provision B.2.2 of the CG Code stipulates that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the independent non-executive Directors was appointed without a specific term of appointment. As the appointment of independent non-executive Directors are subject to the retirement by rotation provisions in the Articles of Association, the Board considers that it is not necessary to appoint the non-executive Directors for a specific term. At every annual general meeting of the Company (the "**AGM**"), one-third of the Directors for the time being, or if their number is not three or in a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation according to article 84(1) of the Articles of Association. All Directors, including those appointed for a fixed term, are subject to the retirement by rotation provision in the Articles of Association.

Pursuant to article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next following AGM and shall then be eligible for re-election.

CORPORATE GOVERNANCE REPORT *(Continued)*

A.4 Nomination Committee

The Board has established the Nomination Committee on 18 November 2009 with written terms of reference revised in January 2019. Currently, the Nomination Committee comprised of Mr. CHAN Kwan Yiu, Ms. MA Sijing and Ms. HO Yuen Ki, all are independent non-executive Directors.

The Nomination Committee is responsible for reviewing Board composition structure, size and diversity (including but not limited to gender, age, culture and educational background), identifying suitable candidates for directorship, assessing the independence of independent non-executive Directors and making recommendations to the Board regarding any proposed appointment or re-appointment. The Nomination Committee follows a formal, considered and transparent procedure for the appointment of new Directors to the Board. The appointment of a new Director is the collective decision of the Board, taking into consideration the recommendation of the Nomination Committee and the relevant candidate's qualification, expertise, experience, integrity and commitment to his/her responsibilities within the Group. In addition, all candidates to be selected and appointed as a Director must be able to meet the standards set out in Rules 5.01 and 5.02 of the GEM Listing Rules. A candidate who is to be appointed as an independent non-executive Director must also meet the independence criteria set out in Rule 5.09 of the GEM Listing Rules. Further appointment of independent non-executive Director who has serves more than 9 years should be subject to a separate resolution to be approved by the Shareholders and the Board would consider and set out the reasons why such independent non-executive Director continues to be independent and should be elected.

Pursuant to article 84(1) of the Articles of Association, at each AGM, one-third of the Directors shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Any Director who retires under article 83(3) of the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are retired by rotation at such meeting pursuant to article 84(2) of the Articles of Association. In this regard, Mr. FENG Keming, an executive Director and Mr. CHAN Kwan Yiu, an independent non-executive Director, shall retire from office by rotation upon the conclusion of the forthcoming AGM and be eligible to offer themselves for re-election.

The Nomination Committee has held 3 meetings during the Year.

Attendance of individual members at the Nomination Committee meetings during the Year is as follows:

	Number of meetings
	3
Mr. CHAN Kwan Yiu	3/3
Ms. MA Sijing	3/3
Ms. HO Yuen Ki	3/3

CORPORATE GOVERNANCE REPORT *(Continued)*

The summary of work performed by the Nomination Committee during the Year is as follows:

– To review the existing Board's structure, size, composition, and diversity;

– To review the board diversity policy;

– To review the nomination policy;

– To review and assess the independence of the independent non-executive Directors; and

– To make recommendations on the retiring Directors at the 2024 AGM of the Company.

Board Nomination Policy

The Company adopted a nomination policy, which establishes written guidelines to the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The Nomination Committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and the Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

CORPORATE GOVERNANCE REPORT *(Continued)*

Directors Remuneration Policy

The Company has adopted a director remuneration policy, it sets out the general principles which guide the Group to deal with the remuneration matters. This remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality Directors, senior management of the Group and attract experienced people of high calibre to oversee the business and development of the Group.

Board Diversity Policy

The composition of the Board is reviewed on an annual basis by the Nomination Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Company adopted its own board diversity policy (the "**Board Diversity Policy**") and recognises the benefits of having diversity in the composition of the Board.

The Company noted that people from different background and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse background will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, the Nomination Committee will consider factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

CORPORATE GOVERNANCE REPORT *(Continued)*

Composition of the Diversified Board

As at the date of this annual report, the Board comprises five Directors, two of which are male, three are female. The following table further illustrate the composition and diversity of the Board in terms of gender, age, length of service with the Group, educational background and professional experience as of the date of this annual report:

	Age Group			Length of Service		Gender	
Name of Director	**30 to 39**	**40 to 49**	**50 to 59**	**less than 4 years**	**more than 4 years**	**Male**	**Female**
Mr. FENG Keming	✓				✓	✓	
Ms. BAI Jie		✓		✓			✓
Mr. CHAN Kwan Yiu		✓			✓	✓	
Ms. MA Sijing			✓		✓		✓
Ms. HO Yuen Ki		✓			✓		✓

	Educational Background			Professional Experience		
Name of Director	**Law**	**Accountancy**	**Others**	**Law**	**Accounting and Finance**	**Management**
Mr. FENG Keming			✓		✓	✓
Ms. BAI Jie			✓		✓	✓
Mr. CHAN Kwan Yiu		✓			✓	✓
Ms. MA Sijing		✓			✓	✓
Ms. HO Yuen Ki		✓			✓	

The Nomination Committee has reviewed the policy concerning the diversity of Board members and believes that the Board has already had a diverse mix of gender, skills, knowledge and experience. The Company will strive to achieve gender balance of the Board through the following measures to be implemented by the Nomination Committee in accordance with the Board Diversity Policy. The Company will actively identify male and female individuals suitably qualified to become the Board members. To further ensure gender diversity of the Board in the long run, the Group will take opportunities to balance the proportion of gender of the Board, identify male and female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such individuals who possess qualities to become the Board members, which will be reviewed by the Nomination Committee periodically in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

A.5 Responsibilities of Directors

Each newly appointed Director is provided with a package of orientation materials setting out the required duties and responsibilities of Directors under the GEM Listing Rules and other relevant statutory requirements of Hong Kong. An orientation as to a Director's duties and obligations under the GEM Listing Rules and relevant legislations will be arranged for all newly appointed Directors.

CORPORATE GOVERNANCE REPORT *(Continued)*

Newly appointed Directors will also receive a comprehensive, formal and tailored introduction on the Company's operation and business. Our Directors are kept informed from time to time on the latest development of any changes to the regulatory requirements and the progress of compliance of applicable rules and regulations by the Company. Our Directors will also be updated from time to time on the business development and operation plans of the Company. All our Directors are encouraged to participate in continuing professional development seminars and/or courses to update their skills and knowledge on the latest development or changes in the relevant statutes, GEM Listing Rules and corporate governance practices.

According to the records maintained by the Company, the current Directors received the following training with an emphasis on the roles, functions and duties of a director of a listing company in compliance with the CG Code on continuous professional development.

	Corporate governance, rules and regulations (including directors' duties)	Financial, management and other business skills and knowledge
Executive Directors		
Mr. FENG Keming	✓	✓
Ms. BAI Jie	✓	✓
Independent Non-executive Directors		
Mr. CHAN Kwan Yiu	✓	✓
Ms. MA Sijing	✓	✓
Ms. HO Yuen Ki	✓	✓

Every Director is aware that he/she should give sufficient time and attention to the affairs of the Company.

The Company has adopted the standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"), in relation to the dealings in securities of the Company by the Directors.

Having made specific enquiry of all Directors, each Director has confirmed that he/she has complied with the standards set out in the Model Code during the Year.

The Company has also established written guidelines on terms no less exacting than the Model Code for securities transactions by employees of the Company, its subsidiaries and its holding company (including directors of the Company's holding company and its subsidiaries), who because of such office or employment, are likely to be in possession of unpublished inside information of the Company or its securities.

CORPORATE GOVERNANCE REPORT *(Continued)*

A.6 Supply of and access to information

With respect to regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying board papers are sent in full to all Directors in a timely manner as permitted under the circumstances. Notices are given to all the Directors for attending regular Board meetings fourteen (14) days before the meetings. For other Board meetings, reasonable notices are generally given. It has been the practice of the Board and accepted by all members of the Board that relevant information of Board meetings will be sent to all Directors three (3) days in advance of the relevant meetings or any reasonable time before such meetings where it is not practicable to send out the information three (3) days in advance.

Members of the management have been reminded that they have an obligation to supply the Board and the Board committees with adequate information on a timely basis to enable each of them to make informed decisions. The Board and each Director have separate and independent access to the Group's senior management for information on the latest developments and financial position of the Company and other information and materials necessary to enable the Directors to make informed decisions of the matters to be considered at the Board meetings. The compliance officer of the Company (the "**Compliance Officer**") and the Company Secretary meet the management of the Company and attend Board meetings when necessary to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company. Mr. FENG Keming was appointed as Compliance Officer on 20 June 2023. Ms. TAM Tsz Yan was appointed as Company Secretary with effect from 4 September 2023.

All Directors are entitled to have access to Board papers, minutes and related materials.

B Remuneration of Directors and Senior Management

B.1 The level of remuneration and disclosure

The Remuneration Committee was established on 8 August 2006 with written terms of reference revised in January 2023 in accordance with the CG Code.

The existing members of the Remuneration Committee are Mr. CHAN Kwan Yiu, Ms. MA Sijing and Ms. HO Yuen Ki, all are independent non-executive Directors. The terms of reference of the Remuneration Committee are adopted with reference to the CG Code, including the specific duties set out in code provisions E.1.2(a) to (i) of the CG Code.

CORPORATE GOVERNANCE REPORT *(Continued)*

The Remuneration Committee is responsible for making recommendations to the Board regarding the Group's policy and structure for remuneration of all Directors and senior management and reviewing and/or approving matters relating to share schemes under Chapter 23 of the GEM Listing Rules. The Remuneration Committee is authorised to seek any information it requires from any employee of the Group and has the power to request the executive Directors and other persons to attend its meetings.

The Remuneration Committee is also authorised to obtain outside professional advice and to secure the attendance of other persons with relevant experience and expertise if it considers as necessary.

The work performed by the Remuneration Committee during the Year included reviewing and approving the remuneration package of the Directors (including the three independent non-executive Directors) and the senior management of the Company.

During the process of consideration, no individual Director will be involved in decisions relating to his/her own remuneration.

Full minutes of the Remuneration Committee meeting are kept by the Company Secretary. Draft and final versions of the minutes of the Remuneration Committee meetings are sent to all members of the Remuneration Committee for comments and approval.

The Remuneration Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board, on request. The terms of reference are also available on both of the website of the Company and the website of the Stock Exchange.

During the Year, the Remuneration Committee has held 1 meeting.

Participation of individual Directors at the Remuneration Committee meeting during the Year is as follows:

	Number of meetings
	1
Independent non-executive Directors:	
Mr. CHAN Kwan Yiu	1/1
Ms. MA Sijing	1/1
Ms. HO Yuen Ki	1/1

CORPORATE GOVERNANCE REPORT *(Continued)*

C Accountability and Audit

C.1 Financial reporting

Management shall provide such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other matters put before the Board for approval.

The Directors are responsible for overseeing all financial aspects of the Company and for keeping proper accounting records and preparing financial statements for each financial period, that give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the Year, the Directors have:

– approved the adoption of all applicable IFRS Accounting Standards which are issued by the International Accounting Standards Board;

– selected and applied consistently appropriate accounting policies;

– made judgments and estimates that are prudent and reasonable; and

– prepared the accounts on a going concern basis.

The Board is accountable to its shareholders for a clear and balanced assessment of the Group's financial position and prospects. In this regard, the Directors' responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other inside information announcements and other financial disclosures required under the GEM Listing Rules, reports to regulators, and information required to be disclosed pursuant to statutory requirements.

The consolidated financial statements for the Year were audited by McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"). The Audit Committee has recommended to the Board that McMillan Woods be nominated for re-appointment as the auditor of the Company at the forthcoming AGM.

For the year ended 31 December 2024, the audit fees paid or payable by the Company in relation to statutory audit amounted to approximately RMB599,000. There was no non-audit service provided by McMillan Woods for the year ended 31 December 2024.

The statement of the Auditor about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 59 to 63 of this annual report.

CORPORATE GOVERNANCE REPORT *(Continued)*

C.2 Risk management and internal control

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness on an annual basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The internal control system includes safeguarding of the interest of shareholders and the Group's assets. It has been an important duty of the Board to conduct a review of internal control system to ensure the effectiveness and adequacy of the system of the Group annually or at any time necessary. The review covers all material controls, including financial, operational and compliance controls, as well as risk management functions.

The Group has engaged an independent internal control review advisor (the "**Internal Control Advisor**") to conduct the annual review on the effectiveness of the internal control system. Review of the Group's internal controls covered major operational, financial and compliance controls, as well as risk management functions of different systems has been performed on a systematic rotational basis on the risk assessments of the operations and controls. During the risk assessment process, the Internal Control Advisor interviewed the relevant personnel and identified the business objectives and significant risks of the Group. A risk management report prepared by the Internal Control Advisor which sets out the risks, issues and recommended action plan was presented to the Board for review and endorsement. The Board considered that significant risks of the Group were managed within the acceptable level and the management will continue to monitor the residual risks and report to the Board on ongoing basis.

For the year ended 31 December 2024, the Board have reviewed the effectiveness of the internal control and risk management systems and they consider them effective and adequate.

C.3 Inside Information

The Company takes the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong as the Company's basis of identification of inside information, to ensure the timely report of inside information to the executive Directors and maintain communication with the Board. Meanwhile, the Company handles and disseminates the inside information according to the related policy of the Company to ensure that the inside information is kept confidential before being approved for dissemination and the relevant information will be released effectively and consistently.

CORPORATE GOVERNANCE REPORT *(Continued)*

C.4 Audit Committee

The Audit Committee was established on 5 July 2001 and its terms of reference was adopted and revised in December 2015 and January 2019, and have included the duties set out in code provision D.3.3(a) to (n) of the CG Code. The Audit Committee comprised of three members and all of whom are independent non-executive Directors. Mr. CHAN Kwan Yiu who processes appropriate professional qualifications, accounting and related financial management expertise, is also appointed as the chairman of the Audit Committee. The Audit Committee does not have any member who is a former partner of the Group's existing audit firm.

During the Year, the Audit Committee has held 4 meetings and discharged its responsibilities.

Attendance of individual members at the Audit Committee meetings during the Year is as follows:

	Number of meetings
	4
Mr. CHAN Kwan Yiu	4/4
Ms. MA Sijing	4/4
Ms. HO Yuen Ki	4/4

The principal duties of the Audit Committee included reviewing the Group's financial controls, internal control and risk management systems, annual report, accounts and quarterly and interim reports.

The summary of work performed by the Audit Committee during the Year is as follows:

– reviewing the auditor's management letter and management's response;

– reviewing and considering the recently issued accounting standards, the adoption of new accounting standards and the change in significant accounting policies;

– recommending the appointment of auditor;

– reviewing the audited consolidated financial statements and annual results announcement for the year ended 31 December 2023;

– reviewing the interim report and the interim results announcement for the six months ended 30 June 2024; and

– meeting with the auditor to go through any significant audit issues or key findings noted during the audit of the Group's 2023 annual results and before the commencement of the audit of the Group's 2024 annual results.

All issues raised by the Audit Committee have been addressed by the management. The work and findings of the Audit Committee have been reported to the Board. During the Year, no issues brought to the attention of the management and the Board were of sufficient importance to require disclosure in this annual report.

CORPORATE GOVERNANCE REPORT *(Continued)*

Full minutes of the Audit Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes of the Audit Committee meetings are sent to all members of the Audit Committee for comments and approval.

The Audit Committee will make available its terms of reference, explaining its role and the authority delegated to it by the Board, on request. The terms of reference are also available on the website of the Company and the website of the Stock Exchange.

This annual report has been reviewed by the Audit Committee.

C.5 Anti-Corruption and Whistle-blowing Policy

The Group has always valued integrity in its operations, firmly creating an honest working environment, requiring both the Board and all its employees to strictly adhere to relevant laws and moral standards. The Group has set up audit committees and employed external professionals in accordance with the HKEx corporate governance and disclosure requirement. We regularly review our internal governance mechanisms and provide internal anti-corruption training in hopes of improving the Group's governance level.

The Group regularly provides employees with information regarding anti-corruption to increase their awareness of the issue while also maintaining professional conduct. Through our whistle-blowing system, employees can report bribery, abuse of power or any illegal or dishonest activities by employees' partners or clients anonymously. The Group promises to protect the identity of the whistle-blower. If any corrupt or fraudulent incidents are discovered, the Group will immediately conduct an investigation and report to management and law enforcement authorities. The Group will review each case and rectify any gaps in our internal policies.

The Group complies with all applicable laws on prohibiting corruption and bribery in Hong Kong, which includes but not limited to the Prevention of Bribery Ordinance (Cap. 201 of Hong Kong Laws). During the Year, no corruption or fraudulent incident was discovered in the Group. The Group will review the implementation of the respective system periodically and devote more resources to improving the mechanism or provides anti-corruption training to directors and employees if needed.

Please refer to the "Environmental, Social and Governance Report" of the Company in this annual report for more details.

D Company Secretary

Ms. TAM Tsz Yan ("**Ms. Tam**") has been appointed as the Company Secretary since 4 September 2023. She reports to the Board directly. All members of the Board have access to her advice and services. Ms. Tam has confirmed that, during the Year, she has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

The biographical detail of Ms. Tam is set out in the section headed "Profiles of Directors and Senior Management" on page 10 of this annual report.

CORPORATE GOVERNANCE REPORT *(Continued)*

E Delegation by the Board

E.1 Management functions

In general, the Board oversees the Company's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management pursuant to the Group's strategic objectives. The Board delegates the implementation of strategies and day-to-day operation of the Group to the management.

E.2 Board committees

Apart from the Audit Committee (as described under paragraph C.3), the Remuneration Committee (as described under paragraph B.1) and the Nomination Committee (as described under paragraph A.5), the Board has not established any other committee of the Board.

F Communication with Shareholders

F.1 Effective communication

The Company attaches great importance to communications with Shareholders. Information on the Group's activities, business, strategies and developments is provided in the Company's annual reports and interim reports. Shareholders are encouraged to attend all general meetings of the Company which offer a valuable forum for dialogue and interaction with management. The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the Year and concluded as effective.

In line with the practice of the Company, in respect of each issue to be considered at the AGMs and extraordinary general meetings of the Company (the "**EGMs**"), including the re-election of Directors, a separate resolution will be proposed by the chairman of the meeting.

In accordance with the code provision F.2.2 as set out in the CG Code, the chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee has attended the AGM held on 14 June 2024 (the "**2024 AGM**").

Certain executive Director and independent non-executive Directors, had other business engagements and were not able to attend the 2024 AGM. In this regard, the Compliance Officer and the Company Secretary had reminded the relevant independent non-executive Directors as well as the current independent non-executive Directors to attend general meetings of the Company in future, for compliance of code provision C.1.6 as set out in the CG Code.

CORPORATE GOVERNANCE REPORT *(Continued)*

Participation of individual Directors at general meeting during the Year is as follows:

	Number of meeting 1
Executive Directors:	
Mr. FENG Keming	1/1
Ms. Bai Jie	0/1
Independent non-executive Directors:	
Mr. CHAN Kwan Yiu	1/1
Ms. MA Sijing	1/1
Ms. HO Yuen Ki	0/1

Notice of general meeting was sent to Shareholders at least 21 clear days before the AGM and at least 14 clear days for all other general meetings. The Company's auditor has also attended the 2024 AGM.

Designated executive Director(s) and senior management maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any queries.

Dividend Policy

The Company adopted a policy on payment of dividends (the "**Dividend Policy**") in March 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to the Shareholders after considering the Company's ability to pay dividends, which will depend on a number of factors, including but not limited to:

(i) the Group's actual and expected financial performance;

(ii) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(iii) the retained profits and distributable reserves of the Company and each of the members of the Group;

(iv) the Group's liquidity position;

(v) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(vi) any other factors that the Board deems relevant.

CORPORATE GOVERNANCE REPORT *(Continued)*

The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring interim dividends from time to time.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

F.2 Voting by poll

At the 2024 AGM, the chairperson of the general meetings had provided an explanation of the procedures for conducting a poll at the commencement of the meeting. Poll results were posted on the website of the Stock Exchange (as well as on the website of the Company) on the day of the holding of the Shareholders' meeting.

Separate resolutions are proposed at Shareholders' meeting on each substantial issue, including the re-election of individual Directors.

G Shareholders' Rights

G.1 Convening an extraordinary general meeting and Procedures for putting forward proposals at shareholders' meeting

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2013 Revision). However, Shareholders are requested to follow article 58 of the Articles of Association, general meetings shall be convened on the written requisition of any one or more members 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 shall at all times have the right, 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 specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

G.2 Procedures for nominating a new Director

Pursuant to article 85 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

CORPORATE GOVERNANCE REPORT *(Continued)*

H Investor Relations

The Company has disclosed all necessary information to the Shareholders and established a range of communication channels between itself, its shareholders and investors which in compliance with the GEM Listing Rules.

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

The Company's website (www.tricor.com.hk/webservice/008019) offers timely access to the Company's financial information, announcements, circulars to Shareholders and information on the Company's corporate governance structure and practices. For efficient communication with Shareholders and in the interest of environmental protection, Shareholders are encouraged to elect to receive the Company's corporate communications by electronic means through the Company's website.

AGMs provide a forum for communication between Shareholders and the Board. The Chairman of the Board, other members of the Board and external auditor attend the AGM and answer questions from Shareholders.

The Board always welcome Shareholders' and other stakeholder's questions and concerns relating to the Group's management and governance. Shareholders and other stakeholders may at any time send their enquiries and concerns to the Board by addressing them to Company Secretary by post. The address is Level 12, Infinitus Plaza, 199 Dex Voeux Road Central, Sheung Wan, Hong Kong.

I Constitutional Documents

There was no change to the Memorandum and Articles of Association during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About This Report

This Environmental, Social and Governance Report (the "**ESG Report**") provides an overview of the Group on its environmental, social and governance ("**ESG**") performances for the year ended 31 December 2024 (the "**Reporting Period**"). Within the Reporting Period, the Group's operations mainly include two major areas: (i) money lending, and (ii) processing and trading of electronic parts. These business activities are primarily based in Hong Kong and the PRC.

The preparation and presentation of related information in this 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 to the Rules (the "**GEM Listing Rules**") Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. The Company has prepared this Report to meet the "Comply or Explain" provisions, of which mandatory Key Performance Indicators (KPIs) are disclosed and its reporting principles: "Materiality", "Quantitative", "Balance" and "Consistency".

1. Materiality: The Group conducted a materiality assessment internally and reports the ESG issues with sufficient importance to the Group's operation and relevant stakeholder groups in the ESG Report.

2. Quantitative: All data included in the ESG Report should be measurable. Narrative information will be provided to explain its purpose and impacts and give comparative data where appropriate.

3. Balance: The ESG Report shall avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the readers to present the overall ESG performances of the Group.

4. Consistency: Consistent methodologies are adopted to allow for meaningful comparisons of ESG data over time. Remarks will be added if any historical data has been restated.

Stakeholder's Feedback

The Group communicates with its stakeholders through financial reports, legal disclosure, shareholder meetings and other channels, in order to reveal its operating conditions to the stakeholders. The ESG Report is also intended to allow stakeholders to understand our non-financial performance.

We welcome stakeholders' feedback on the ESG Report. Please share your views with us via:

Address: Level 12, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong
Telephone: (852) 2155 9506
Fax: (852) 2155 9510

ESG Governance

As a responsible corporate, Hao Wen Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") is dedicated to providing top-quality products and services to its customers while protecting the environment and being socially responsible to its stakeholders.

The board (the "**Board**") of directors (the "**Directors**") bears full responsibility for the Group's ESG strategy and approval of the ESG Report. The Board has reviewed the material ESG issues, and will manage and monitor these issues and take them into consideration in determining the Group's business directions and strategies. The Executives shall also monitor the ESG strategies during the daily operation and report to the Board if there are any possible areas of improvement. The Group will actively undertake social responsibility in pursuing a better environment.

While actively developing our business, the Group strives to balance the interests of stakeholders. We highly value communication with our investors, shareholders, clients, employees, business partners, suppliers and other stakeholders in the community. To foster corporate's sustainable growth, we shall continue to understand the needs and achieve balance among different parties.

Materiality Assessment

Material topics are defined as any issues in which the Group's businesses have the most impact and influence on the operations and stakeholders. A materiality assessment was performed annually in order to identify sustainability topics that are material and relevant to the Group. To identify potential material topics for disclosure in the Report, we took reference to the ESG Reporting Guide and set possible topics for assessment.

After conducting the materiality assessment, the Group has identified the ESG aspects which are "relevant" and "important" to our operations. Namely, employment, labour standards, health and safety, the protection of customer privacy and anti-corruption come up as the most significant topics during the Reporting Period.

Aspects	Material ESG Issues
B. Social Aspect	
B1. Employment	• Employee welfare • Inclusion and equal opportunities • Talent attraction and retention
B2. Health and Safety	• Occupational health and safety
B4. Labour Standards	• Prevention of child and forced labour
B6. Product Responsibility	• Protection of customer privacy
B7. Anti-corruption	• Corporate governance • Anti-corruption

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

Environmental Aspects

The Group is conscious of the impacts on the environment due to our business activities. The Group strives to enhance the environmental awareness of our employees at all levels by integrating conservation elements into our operations and strengthening our pollution control. We have formulated a series of rules and standards regarding environmental protection.

Emissions

The Group has formulated internal environmental policies and measures in alignment with the Air Pollution Control Ordinance (Cap. 311 of Hong Kong Laws), the Environmental protection Law of the People's Republic of China and other environmental regulations and laws. In accordance with the Group's internal operation guidelines, we ensure that all emissions from our operation, such as exhaust gas, greenhouse gas and wastewater, are within the maximum limit stipulated by the relevant laws.

During the Reporting Period, the Group did not violate any environmental protection laws and regulations that had a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

Air and Greenhouse Gas Emissions

The Group's money lending business does not involve any direct emission of exhaust gas and greenhouse gas. However, we still strive to better utilize resources and minimize the adverse impact and indirect greenhouse gas emissions of our businesses on the environment by increasing operational efficiency and implementing environmentally-friendly measures in offices.

During the Reporting Period, the Group's total greenhouse gas emission was 14.1 tonnes of CO_2-equivalent, all originating from purchased power or indirect emissions. The intensity of greenhouse gas emissions was 1.4 tonnes CO_2-e per employee.

Greenhouse Gas Emissions	2024	Unit
Scope 1 emissions	–	Tonnes CO_2-e
Scope 2 emissions	**14.1**	Tonnes CO_2-e
Total greenhouse gas emissions	**14.1**	Tonnes CO_2-e
Intensity (by employee)	**1.4**	Tonnes CO_2-e/employee

Waste Management

The Group's operation of processing electronic parts involves production procedures of light industries. All industrial waste produced by the Group's processing of electronic parts is handled and disposed by professional organisations recognised and certified by relevant government authorities. In regards to broken or non-responsive electronic products, the Group will attempt to repair them. Those which do not meet the required specification level will be resold or donated to other organizations to extend their lifespan, therefore, reducing electronic waste and its damage to the natural environment.

General office waste, including non-hazardous electronic products, is handled according to the Group's guidelines to categorize, recycle and dispose by recognised professional recycling companies, or by the Property Management Office of the building in which the Group resides to properly discard or salvage. To reduce waste production, the Group has implemented measures within the Reporting Period, including:

- promote paperless office by encouraging the application of electronic documents, double-sided printing and recycling of waste paper; and
- maintain a record of stationery and equipment inventory and request registration before use to encourage employees to treasure and conserve resources.

At this current stage, operational waste is not a material issue for us, as there is negligible waste generated from our operations. As such, for the target setting on waste reduction, we have not been able to set a target in this report. However, we do realise the importance of waste and achieving circular economy, and we are now reviewing our Company policy on waste management strategies.

Use of Resources

The Group has implemented the "green office" management to enhance the efficiency of resource usage. During the Reporting Period, the green office measures included:

- maximize the use of natural light or LED lighting;
- limit hours or air-conditioning according to the instruction of the building management;
- maintain a suitable indoor temperature, and clean the air conditioner and ventilation system regularly so as to reduce electricity consumption;
- encourage the directors and employees to use phone calls and video conferencing for meetings so that the need for business travel could be reduced;
- put signs in the pantry and washrooms to encourage water saving among employees;
- purchase office equipment which is environmentally friendly and energy-efficient;
- maintain a record of stationery and equipment inventory and request registration before use to encourage employees to treasure and conserve resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

During the Reporting Period, the Group's total energy consumption was 21.3 MWh and the total amount of water consumption was 485 m^3. In light of escalating environmental standards and the threat of climate change, the Group shall review the effectiveness of its implemented measures from time to time and adopt improvement plans when necessary. The Group targets to maintain or reduce the energy and water consumption levels by 2025 with the baseline year in 2024.

We will also look at the feasibility of various methods which could strengthen our environmental performance, such as setting up a sustainability task force and establishing targets for energy saving and/or emission reduction.

	2024	Unit
Direct and indirect energy consumption by type		
Direct energy consumption	–	GJ
Indirect energy consumption	**21.3**	MWh
Total energy consumption	**21.3**	MWh
Intensity (by employee)	**2.1**	MWh-/employee
Water consumption in total and intensity		
Total water consumption	**485**	m^3
Intensity (by employee)	**48.5**	m^3/employee

The Environment and Natural Resources

As a corporate citizen, the Group strives to implement measures that will minimize its negative impact on the environment.

We have also engaged in procuring environmentally friendly products, such as recycled paper, refillable pens, recyclable printer cartilage, energy-efficient office electronics, furniture made from recycled materials, etc. The Group encourages employees to participate in various eco-friendly events and personal experiences and protect the environment, thus creating a "green" office. We have also placed plants around the office aiming to improve the interior atmosphere and assist the absorption of toxic chemicals from new furniture and oil paint, etc. The Group actively attempts to strengthen our employee's environmental consciousness and ingrain the idea of sustainable expansion through the provision of relevant information.

We regularly assess our operation's environmental risk, review environmental measures and take essential actions to reduce risks while abiding by relevant laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

Climate Change

The Group recognises that climate change is posing risks and opportunities to our operation. We are committed to managing the risks caused by climate change and capturing the opportunities for potential change in customer needs. The Board will demonstrate leadership in the management and mitigation process of climate-related issues. The senior management would provide updates to the Board and immediate support to the staff during urgent situations.

The Group may be exposed to physical risks affecting both internal operations and money lending business. Physical risks are those risks that arise from the physical impacts of climate change. They can be further divided into acute physical risks driven by extreme weather events, such as heavy rains, typhoons, floods and droughts, and chronic physical risks driven by longer-term shifts in climate patterns, such as rising sea levels. When physical risks materialize, physical capital, such as equipment, factories and offices, may be damaged. This may lead to a deterioration in the loan repayment ability of the client, which in turn affects the revenue of the Group.

Employment and Labour Practices

Employment

When preparing and enforcing a human resources management scheme, the Group took reference to the Employment Ordinance (Cap. 57 of Hong Kong Laws), the Minimum Wage Ordinance (Cap. 608 of Hong Kong Laws), the Employees' Compensation Ordinance (Cap. 282 of Hong Kong Laws), the Labour Law of the People's Republic of China and other relevant laws, together with the general practice and benchmark of the industry. All employees are bounded by the work guidelines and employment contracts made in accordance with this human resource management scheme. Relevant documents have detailed the Group's employment policies, employee welfare, rights and responsibilities, code of business ethics, and guidelines for workplace safety and health to protect the respective rights of both parties.

During the Reporting Period, there were no incidents of non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

Recruitment and Promotion

We have created a well-rounded remuneration, incentive and performance management system which includes basic salary, mandatory provident fund, insurance, legal and additional annual leaves, sick leaves, and a variety of staff benefits and subsidies. To attract talent and maintain current employees for supporting the Group's long-term and stable growth, we give our employees a competitive salary and welfare package, while maintaining an effective incentive mechanism through grating share options to senior management and long-term employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

Compensation and Dismissal

In situations where an employee has continuously performed below the Group's required level or seriously violated the Group's regulations or termination due to the restructuring of the Group's workforce, our human resources department will initiate a series of procedures to terminate his or her employment contract. Terms and conditions relating to dismissal are enumerated in the employment contract and other employment policy manual, to ensure that the procedure and compensation for terminating the employment relationship are made in compliance with the Employment Ordinance (Cap. 57 of the Hong Kong Laws) and other applicable guidelines promulgated by the government.

Equal Opportunity and Diversity

Employees of the group are an integral part of its stakeholders. Diversity and equality form part of our human resources strategy. Our employment policies support the building of a work environment without prejudices due to gender, age, nationality, sexual orientation, family status, race or religion. All employees have equal job opportunities.

In general, the Group's employment procedure mainly considers the business needs and the candidate's profile. Unless under special situations, the Group will not refuse to employ or fire any employees due to their gender, family situation or other unsound reasons. The Group offers employees appropriate remunerations based on fair principles, the state of the labour market and financial status.

Employee Communication

We value the interactions with our employees to understand their needs. We encourage employees to communicate with their supervisors or managers about their working status and career goals.

The tables below demonstrate the number of employees and the turnover rate by gender, employment type, level, age group and geographical region.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

Number of Employees		2024	Unit
Total number of employees		**10**	employee
By gender	Female	**5**	employee
	Male	**5**	employee
By employment type	Full-time	**10**	employee
	Part-time	**0**	employee
By level	Executive	**3**	employee
	General employee	**7**	employee
By age group	30 years old or below	**2**	employee
	31-40 years old	**3**	employee
	41-50 years old	**3**	employee
	Over 50 years old	**2**	employee
By geographical region	Hong Kong	**3**	employee
	China	**7**	employee

Turnover Rate		2024	Unit
Total turnover rate		**18.2**	%
By gender	Female	**0**	%
	Male	**33.3**	%
By employment type	Full-time	**18.2**	%
	Part-time	**0**	%
By level	Executive	**0**	%
	General employee	**25**	%
By age group	30 years old or below	**40**	%
	31-40 years old	**0**	%
	41-50 years old	**0**	%
	Over 50 years old	**40**	%
By geographical region	Hong Kong	**0**	%
	China	**25**	%

Health and Safety

Work Environment Safety

The Group values the health and well-being of its employees and strives to create a safe, healthy and hygienic working environment for all employees and those who may be impacted by its operations and activities.

Maintaining a healthy and safe standard is the Group's priority in its operations. The Group follows the nature of the industry, practices and the Occupational Safety and Health Ordinance (Cap. 509 of Hong Kong Laws) in the preparation of its work safety and health guidelines. We strictly oversee the execution of the employee handbook's safety procedures. If an employee becomes injured, lost earning capacity or suffers from an occupational disease specified in the Employees' Compensation Ordinance (Cap. 282 of Hong Kong Laws) during or due to work, the Group will make proper compensation with reference to the relevant regulations and employment contract. The Group believes that its working environment and nature do not constitute any material safety risks to employees in general.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

Safety Awareness

To enhance the safety awareness of employees, the Group continued to provide training and information to employees during the Reporting Period. We will regularly participate in fire escape drills held by the office building and arrange for employees to attend safety lectures arranged by different organizations. We ensure that the office has sufficient emergency equipment and fire equipment in the office. The Group provides annual body checks and medical insurance for permanent employees within their welfare package to ensure their health and safety.

Physical and Mental Health

Apart from work safety, the Group values the mental health of its employees. We organize various activities to strengthen the interaction and understanding between employees, maintain work-life balance and strengthen their sense of belonging. Accommodation and canteen are provided to support the daily living of the employees. The Group has always utilized an open-door policy, allowing employees to express their opinions about work pressure and hopefully maintain a pleasant and positive working atmosphere.

During the Reporting Period, there was no non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. During the past three years, including the Reporting Period, the Group did not record any accidents that resulted in death or serious physical injury.

	2024
Number of work-related fatalities	**0**
Rate of work-related fatalities	**0%**
Lost days due to work injury	**0**

Development and Training

Talent Development Policy

The Group recognises the importance of attracting and developing talent and acknowledges the importance of employee training to the overall development of the Group. We provide training to management and professional talents according to the development strategy and business needs to improve the structure of the Group's human resources. At the same time, we value developing talent by improving employee quality, qualifications and skills to encourage their growth. The Group offers opportunities for employees to "promote from within" to select those who perform exceptionally and show potential to hold a core position within the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

Employee Training

During the Reporting Period, the Group provided various types of training to the employees, including seminars and training on both money-lending business and processing and trading of electronic parts as well as other career development training, such as business management skills, project management skills, communication skills and presentation skills. The Group has also arranged for the Board to participate in seminars organized by external parties to understand the new GEM listing regulations and legal changes to improve corporate knowledge.

The Group adapts to the industry conditions, employee feedback and other factors to continuously improve their training structure, therefore increasing employee participation and the effectiveness of their training.

Number of trained employees		2024	Unit
Total number of trained employees		**10**	employee
Percentage of total employees trained		**100**	%
By gender	Female	**100**	%
	Male	**100**	%
By level	Executive	**100**	%
	General employee	**100**	%

Average training hours completed		2024	Unit
Average training hours per employee		**17.5**	hours/employee
By gender	Female	**18**	hours/employee
	Male	**17**	hours/employee
By level	Executive	**20**	hours/employee
	General employee	**16.4**	hours/employee

Labour Standards

Anti-child and Forced Labour

The Group strictly abides by the Employment Ordinance (Cap.57 of Hong Kong Laws), the Labour Law of the PRC and other international labour standards when forming internal guidelines and labour policies. All recruitment and promotional activities are strictly overseen by the Group's Human Resources management scheme.

We strictly prohibit the engagement of any child and forced labour in any of our operations, and forbid any type of forced labour by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly forbidden. We promise not to hire any children whose ages are below the legal requirement by the local labour law. We maintain close communication with our business partners to avoid cooperating with suppliers and business partners who engage in child or forced labour.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

Anti-harassment and Bullying in the Workplace

In addition, the Group strives to protect its employees, and forbids any workplace discrimination due to gender, age or any other reason through harassment, intimidation, threatening or any other bullying behavior. If any violation of this guideline is discovered, the Group will immediately initiate an investigation to dismiss or take disciplinary actions against the employee, while also improving current employee policies if needed.

During the Reporting Period, the Group did not have any issue of non-compliance with relevant laws and regulations regarding child labour or forced labour.

Operating Practices and Social Investment

Supply Chain Management

The Group maintains close communication with its subsidiaries and carries out essential oversight and risk management, to prevent respective subsidiaries from hiring major suppliers. The Group expects suppliers to share the same philosophy and complies with any applicable environmental laws, rules and regulations, including obtaining required environmental approvals and certifications. In addition, suppliers are responsible for ensuring the health and safety of employees and other workers in the workplace, and maintaining a hygienic work environment. The Group also operates in a good faith by adhering to their business ethics such as prohibition on employing child and forcing labour and maintaining high levels of quality control and their respective environmental and social responsibilities along the supply chain.

Number of suppliers by geographical region		2024	Unit
Total number of suppliers		3	supplier
By geographical region	Hong Kong	0	supplier
	China	3	supplier

Product Responsibility

During the Reporting Period, the Group provided both secured and unsecured loans to individuals and corporate customers, including personal loans, mortgage loans and corporate loans. At the same time, the Group engaged in sourcing, processing, and sales of computer-related and smartphone-related electronic parts and components, such as CPU, LED screen panels, hard disk, smartphone chipsets and lenses.

Focus on Quality

The Group stresses the importance of excellent service and corporate reputation. We actively monitor product and service quality through internal controls. Concerning the lending operations, the Group aims to provide exceptional customer experience to both retail and corporate customers, ensuring the Group adheres to the Money Lenders Ordinance (Cap. 163 of Hong Kong Laws) and other applicable laws. According to market conditions and using fair principles, we form service agreements with our clients which detail the service content and contract terms to protect the interest of both parties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

In our electronic processing and trading business, the Group actively maintains sensible operational management. Apart from the business needs of requiring to enlarge the processing plant, the Group occasionally inspects the manufacturing workflow. Through strict oversight of each procedure, we can ensure that the product fulfils relevant safety and client requirements.

The Group maintains and examines its communication channels with its clients including the respective personnel for each client. The Group operates the beauty treatment business, which requires frequent communication with clients. The Group has been striving for perfection and continuously improving service quality. Therefore, the Group have implemented a robust client feedback management system to determine the degree of client satisfaction with the Group's services, and actively manage and respond to client feedback. Through promptly handling customer feedback and complaints, investigating these cases can strengthen the design of our customer service policies and better fulfill the requirement of the customers.

Protection of Customer Privacy

Operations in money lending often require clients to provide private and sensitive information. Therefore, the Group's collection, usage, maintenance and disposal of customer information consistently adhere to the Personal Data (Privacy) Ordinance (Cap. 486 of Hong Kong Laws) and other applicable laws. The Group has guidelines created in accordance with the code of practices for these laws and regulations, to advise employees on the careful handling of clients' personal data and credit and business records. Clients will be informed as clearly as possible regarding the categories of parties to which the clients' data may be disclosed and the purposes of such disclosure. The collection of related information will be collected with the client's approval, protecting clients from unnecessary losses.

Advertising and Labelling

The Group does not engage in extensive publicity activities promoting our services, regarding the description and introductions of our service, we comply with the Trade Descriptions Ordinance (Cap. 362 of Hong Kong Laws) and applicable laws, regulations and standards enforced by other countries, regions and our industry. All advertising activities regarding our products and services are launched after confirmation that we followed the requirements for the use and execution of brand identity and advertisement of our products and services. When needed, the Group will also get legal advice and assistance through legal consultation.

During the Reporting Period, the Group did not have any non-compliance with all relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matter. No losses were arising from the leak of clients' privacy or other service problems, nor any complaints and damage claims made by our clients because of poor service quality.

	2024
Percentage of total products sold or shipped subject to recalls	**0%**
Number of products and service-related complaints received	**0**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

Anti-Corruption

The Group has always valued integrity in its operations, firmly creating an honest working environment, requiring both the Board and all its employees to strictly adhere to relevant laws and moral standards. The Group has set up audit committees and employed external professionals in accordance with the HKEx corporate governance and disclosure requirement. We regularly review our internal governance mechanisms and provide internal anti-corruption training in hopes of improving the Group's governance level.

Within daily operations, the Group does not permit any activities relevant to corruption or fraudulent behaviours including the solicitation or acceptance of undue advantages from customers or competitors to illegally obtain funds, business opportunities or provide confidential business information. All regulations regarding anti-corruption, anti-bribery and conflicts of interest have been detailed within the employee's code of conduct to ensure strict compliance with all relevant laws by all employees.

In addition, the Group has a responsibility to conduct risk analysis and due diligence for current and potential clients, to combat money laundering or terrorist financing. The Group will require clients and third parties to provide reliable documents, data and information within legal boundaries to recognise and verify clients' identities. We will also investigate ownership and control structures of corporate customers or test and retain records in case of suspicious transactions which may need to be reported.

Whistle-blowing Policy

The Group regularly provides employees with information regarding anti-corruption to increase their awareness of the issue while also maintaining professional conduct. Through our whistle-blowing system, employees can report bribery, abuse of power or any illegal or dishonest activities by employees' partners or clients anonymously. The Group promises to protect the identity of the whistle-blower. If any corrupt or fraudulent incidents are discovered, the Group will immediately conduct an investigation and report to management and law enforcement authorities. The Group will review each case and rectify any gaps in our internal policies.

The Group complies with all applicable laws on prohibiting corruption and bribery in Hong Kong, which includes but not limited to the Prevention of Bribery Ordinance (Cap. 201 of Hong Kong Laws). During the Reporting Period, no corruption or fraudulent incident was discovered in the Group. The Group will review the implementation of the respective system periodically and devote more resources to improving the mechanism or provides anti-corruption training to directors and employees if needed.

Community Investment

The Group values corporate social responsibility, increasing employees' concern for the community and raising their awareness for mutual support.

During the Reporting Period, the Group promoted the spirit of corporate social responsibility by arranging and participating in appropriate community activities. The Group hopes to promote mutual employee relationships, help those in need and build the link between employees and the community through these events. The Group will evaluate the sustainability and feasibility of various community investment activities to give to the community given a sound business and financial state of the company.

HKEX ESG REPORTING GUIDE CONTENT INDEX

KPIs		Disclosure Requirements	Sections
1	Governance Structure	Disclosure of the board's oversight of ESG issues;	ESG Governance
		board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues)(including risks to the issuer's businesses	ESG Governance
		how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance
	Reporting Principles	Description of, or an explanation on, the application of the following Reporting Principles (Materiality, Quantitative, Consistency) in the preparation of the ESG report	About This Report
	Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change	About This Report
	Environmental		
A1	Emissions		
A1	General Disclosure	Policies	Emissions
		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
A1.1		The types of emissions and respective emissions data.	Emissions
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).	Waste Management
A1.3		Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
A1.4		Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
A1.5		Description of emission target(s) set and steps taken to achieve them.	Waste Management
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.	Emissions

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

KPIs		Disclosure Requirements	Sections
A2	Use of Resource		
A2	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
A2.1		Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
A2.2		Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
A2.3		Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
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.	Use of Resources
A2.5		Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources
A3	The Environment and Natural Resources		
A3	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
A3.1		Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources
A4	Climate Change		
A4	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
A4.1		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
	Social		
B1	Employment		
B1	General Disclosure	Policies	Employment; Equal Opportunity and Diversity
		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, antidiscrimination, and other benefits and welfare.	Employment; Equal Opportunity and Diversity
B1.1		Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employee Communication
B1.2		Employee turnover rate by gender, age group and geographical region.	Employee Communication

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

KPIs		Disclosure Requirements	Sections
B2	Health and Safety		
B2	General Disclosure	Policies	Work Environment Safety
		Compliance with relevant laws and regulations that have a significant impact on the issuer.	Work Environment Safety
B2.1		Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Physical and Mental Health
B2.2		Lost days due to work injury.	Physical and Mental Health
B2.3		Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safety Awareness
B3	Development and Training		
B3	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development Policy
B3.1		The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training
B3.2		The average training hours completed per employee by gender and employee category.	Employee Training
B4	Labour Standards		
B4	General Disclosure	Policies	Labour Standards
		Compliance with relevant laws and regulations that have a significant impact on the issuer.	Labour Standards
B4.1		Description of measures to review employment practices to avoid child and forced labour.	Anti-child and Forced Labour
B4.2		Description of steps taken to eliminate such practices when discovered.	Anti-child and Forced Labour
B5	Supply Chain Management		
B5	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1		Number of suppliers by geographical region.	Supply Chain Management
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
B5.3		Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4		Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

KPIs		Disclosure Requirements	Sections
B6	Product Responsibility		
B6	General Disclosure	Policies	Product Responsibility
		Compliance with relevant laws and regulations that have a significant impact on the issuer.	Product Responsibility
B6.1		Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Advertising and Labelling
B6.2		Number of products and service related complaints received and how they are dealt with.	Advertising and Labelling
B6.3		Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
B6.4		Description of quality assurance process and recall procedures.	Product Responsibility
B6.5		Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
B7	Anti-corruption		
B7	General Disclosure	Policies	Anti-Corruption
		Compliance with relevant laws and regulations that have a significant impact on the issuer.	Anti-Corruption
B7.1		Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption
B7.2		Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
B7.3		Description of anti-corruption training provided to directors and staff.	Anti-Corruption
B8	Community Investment		
B8	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
B8.1		Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
B8.2		Resources contributed (e.g. money or time) to the focus area.	Community Investment

REPORT OF THE DIRECTORS

The Directors presented their annual report together with the audited consolidated financial statements for the Year.

Principal Activities and Geographical Analysis of Operations

The Company is an investment holding company. The principal activities of the Group, are detailed in the note 8 to the consolidated financial statements. The Group is principally engaged in the money lending business and processing and trading of electronic parts business. An analysis of the Group's performance of the Year by business segment and its geographical segment information is set out on note 9 to the consolidated financial statements.

Business Review

Detailed business review of the Group's business during the Year, including the analysis of Group's performance during the Year by using the financial key performance indicators, is set out in the section of Management Discussion and Analysis on pages 4 to 9 this annual report. Future development of the Company's business is set out in the section of Business Outlook and Prospect in this annual report on page 9.

Key risks and uncertainties

The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties.

Business risks

The Group's money lending business is subject to risks that a customer or counterparty may fail to perform its contractual obligations on payment of the principal and interest. While the Group has internal policies and procedures designed to manage such risks, these policies and procedures may not be fully effective. Any material customers delay or default on their payments could adversely affect the Group's financial position and profitability. Although the Group has adopted the money lending policy and money lending procedure manual which provide guidelines on the handling and/or monitoring of the money lending procedures according to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), the Group may face the risk of breaching the relevant rules and regulations from time to time, which may result in penalty or other potential liabilities to the Group.

Risk Management Policies

The Group has developed a credit policy and procedures manual for its money lending business. The credit policy and procedures manual specify, among others, the loan application, credit assessment, credit approval and monitoring ongoing credit risk procedures. Furthermore, the Group would perform public search towards the borrower and guarantor (if any) to ensure compliance with the relevant requirements and regulations of anti-money laundering and counterterrorist financing ("**AML & CTF**"). The Group continues to monitor and review the operation and performance of the risk management system, and to improve the system from time to time to adapt to the changes in market conditions and regulatory environment. The core principle of risk management system is to minimise such risks in business activities and to protect the long-term interests of the Group and the shareholders of the Company.

REPORT OF THE DIRECTORS *(Continued)*

In general, each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval. The following is a summary of the general guidelines of assessing loan applications:

(i) Identity and address proof – identity documents from individuals and statutory records from business and utility bills, bank/credit card statements or formal correspondence issued by either a governmental department or statutory body must be provided for verification;

(ii) Credit worthiness assessment – conduct due diligence on the borrower's background, operating and financial conditions, credit history, financing purposes, major shareholders and guarantors and conduct public searches; and

(iii) Repayment ability assessment – evaluate information including but not limited to the tax return, bank statement, payroll slip, employment contract, rental income receipt, tenancy agreement, financial statements and auditor's report, past payment record, the value and liquidity of collateral (if any) and repayment abilities of guarantor (if any).

After credit assessment and review of the loan applications, with loan terms determined having taken into consideration factors such as the credit risks of the borrowers, their recoverability, the borrowers' needs and the prevailing market interest rates, the loan application will be subject to the approval of the management. Subject to the size of the loan, different approval authority will be applied, the control limit is set according to the materiality of the loan exposure decided by the Board from time to time. Any loan with principal amount that is less than 5% of the net assets of the Group is subject to approval by the credit committee of the Group and any loan exceeding such limit is subject to approval of the Board.

Upon granting the loan, recoverability of the loans will be monitored on an ongoing basis. In assessing the recoverability of the loan, information such as (i) historical payment records; (ii) communication with borrowers; and (iii) any foreseeable changes in the economic environment that would significantly deteriorating the borrowers' ability to meet their obligations shall be provided. The Group would obtain updated information from the borrowers when late repayment records were noted to reassess the creditworthiness of the borrowers and recoverability of the loan. When there are past due accounts, the Group would take actions including discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower.

Meanwhile, the Group applies the general approach under IFRS 9, in which ECL of loan receivable are determined based on the changes in credit quality of the loan receivable since initial recognition and the estimated expectation of an economic loss of the loan receivable under consideration. In calculating the ECL rates, the Group considers historical loss rates for each category, the prevailing economic conditions and adjusts for forward looking data.

The Group's processing and trading of electronic parts business are mainly operating in the PRC. Any addition or amendment to existing laws and regulations or any reduction of demand in PRC may affect the Group's financial position and performance. The Group's processing and electronic parts business are highly competitive to price and quality. The pricing of similar products by competitors may adversely affect the pricing of the products and could resulted in keen competition in price, lower business' revenue and profitability level or suffer from loss of market share.

The Group will update and monitor the risks exposures to the Group's businesses to ensure appropriate measures are implemented on a timely manner.

REPORT OF THE DIRECTORS *(Continued)*

Market risks

The business operations of the Group are primarily based in Hong Kong and the PRC. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in those territories. Any changes in the political and economic policies/environments of the those territories (including, but not limited to, government policies, political instability, expropriation, laws, labour activism, war, civil unrest, terrorism, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions) may adversely affect the Group's business and results of operations as well as its ability to sustain its expansion strategies and thus future growth. The Group manages and monitors the market risks exposure to the Group's business to ensure appropriate measures are implemented on a timely manner.

Foreign exchange rate risks

The Group has assets and liabilities denominated in currencies other than its functional currency and that are subject to fluctuation in foreign exchange rate. The Group monitors the foreign exchange exposure and will consider to hedge significant foreign currency exposure should the need arise.

Equity price risks

Equity price risk arises from fluctuation in quoted market price of the Group's investment in listed equity securities. The Group counters the equity price risk by ensuring a board diversification of the Group's investment portfolio and ensuring the investment portfolio are frequently reviewed and monitored.

Operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system, or from external events. In order to manage these risks, the Group had set a standard operational procedures, limits of authority and reporting framework and invests in human resources and equipments to manage and reduce the operational risks exposure.

Liquidity risks

Liquidity risk is the potential that our Group will not be able to meet its obligations when fall due. In order to manage the liquidity risk, the Group will continually monitors cash flows and maintains an adequate level of cash and credit facilities to ensure the Group to meet its finance needs.

REPORT OF THE DIRECTORS *(Continued)*

Compliance with relevant laws and regulation

During the Year, the Company was not aware of any material non-compliance with any relevant laws and regulations that have a significant impact to the Group.

Relationships with stakeholders

Employees are the assets of the Group. The Group provides competitive remuneration package and a pleasant workplace environment to attract and motivate the employees. An annual performance evaluation will be conducted annually based on individual's contributions and achievements throughout the Year and the Group will make necessary adjustments based on the result of the performance evaluation.

In addition to the salaries, the Group had set up a mandatory provident fund scheme ("**MPF Scheme**") in accordance with the Hong Kong Employment Ordinance and medical insurance plan for our staffs in Hong Kong. The MPF Scheme is subject to regulations under the Mandatory Provident Fund Scheme Ordinance and is a defined contribution retirement plan administrated by independent trustees. The Group's staffs in the PRC are entitled to national statutory social insurance under the statutory Employment Ordinance of the PRC.

The Group understands the importance of maintaining a good relationship with our business partners, which including the Group's customers and suppliers. The Group believes that a healthy relationship can be build up by providing better products and enhanced services to the customers, maintaining an effective communication channel to the employees and collaborating with key suppliers.

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

Environmental Policy and Social Responsibility

The Group is committed to protect the environment and maintain a high standard of corporate social governance. Details of the policies are set out in the section headed "Environmental, Social and Governance Report" from pages 30 to 46 of this annual report.

Major Customers and Suppliers

For the Year, the five largest customers accounted for approximately 27.1% of the Group's total revenue. The five largest suppliers accounted for approximately 100% of the Group's total purchases. In addition, the largest customer accounted for approximately 6.2% of the Group's total revenue while the largest supplier accounted for approximately 43.8% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which, to the 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.

REPORT OF THE DIRECTORS *(Continued)*

Results and Dividends

Details of the Group's results for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 64 of this annual report.

The Directors did not recommend the payment of final dividend in respect of the Year.

Share Capital

Details of movements in the Company's issued share capital in 2024 and 2023 are set out in the note 28(a) to the consolidated financial statements.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Year.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles of Association and the laws in the Cayman Islands in relation to the issue of new shares by the Company.

Reserves

Details of movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and note 29 to the consolidated financial statements, respectively.

Distributable Reserves

As at 31 December 2024 and 2023, the Company has no reserves available for distribution to its shareholders.

Plant and equipment

Details of movements in plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements.

Bank and Other Borrowings

The Company has no bank and other borrowings during the years ended 31 December 2024 and 2023.

REPORT OF THE DIRECTORS *(Continued)*

Connected Transactions

There were no connected party transactions entered into by the Group for the Year.

Directors

The Directors who held office during the Year and up to the date of this report were:

Executive Directors

Mr. FENG Keming
Ms. BAI Jie

Independent Non-executive Directors

Mr. CHAN Kwan Yiu
Ms. MA Sijing
Ms. HO Yuen Ki

Mr. FENG Keming and Mr. CHAN Kwan Yiu will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 5.09 of GEM Listing Rules and the Company considers the independent non-executive Directors remained independent.

Biographical Details of Directors and Senior Management

Biographical details of the Directors and senior management of the Company are set out on page 10 of this annual report.

Controlling Shareholder's Interests in Contracts

As at 31 December 2024 or during the Year, no contract of significance in relation to business of the Group (whether for the provision of services to the Group or not) had been entered into between the Company, or any of its subsidiary companies, and a controlling shareholder of the Company (within the meaning of the GEM Listing Rules) or any of its subsidiaries.

Management Contracts

No contracts, other than a contract of service with any Director or any person under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

REPORT OF THE DIRECTORS *(Continued)*

Directors' Service Contracts

All Directors have not been appointed for any fixed term but shall be subject to retirement by rotation in accordance with the Articles of Association.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

No Director or Director's Connected entity had a significant beneficial interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during or at the end of the Year.

Directors' and Chief Executives' Interests or Short Positions in the Shares, Underlying Shares or Debentures of the Company or any Associated Corporations

As at 31 December 2024, the Directors and the chief executives of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong ("**SFO**")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are as follows:

Long positions in the shares of the Company

Name of Director	Capacity	Number of issued shares	Total	Approximately percentage of shareholding
Mr. FENG Keming	Beneficial owner	2,140,000	2,140,000	0.60%
Ms. HO Yuen Ki	Beneficial owner	2,140,000	2,140,000	0.60%

Save as disclosed above, as at 31 December 2024, none of the Directors or the chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations.

REPORT OF THE DIRECTORS *(Continued)*

Substantial Shareholders and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As at 31 December 2024, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

Share Option Scheme

The Company has adopted the share option scheme (the "**Share Option Scheme**") on 15 November 2019 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. During the Year, no share options were granted, exercised nor cancelled but 157,000 outstanding share options were lapsed under the Share Option Scheme. As at 31 December 2024, there was no share option outstanding under the Share Option Scheme. The number of options available for grant under the Share Option Scheme as of 1 January 2024 and 31 December 2024 was 33,047,205, which represented approximately 9.3% of the issued share capital of the Company as of 31 December 2024. The total number of share available for issue under the Share Option Scheme is 33,047,205, which represented approximately 9.3% of the issued share capital of the Company as at the date of this report. The total number of Shares that may be issued in respect of share options granted under Share Option Scheme of the Company during the Year divided by the weighted average number of shares in issue for the Year was Nil.

Details of the Share Option Scheme is as follows:

1 Purposes

The purpose of the Share Option Scheme is to provide incentives and/or rewards to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company.

2 Eligible participants

Under the terms of the Share Option Scheme, the scope of eligible participants comprise the following persons:

1. any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of our subsidiaries or any Invested Entity;

2. any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

3. any supplier of goods or services to any member of the Group or any Invested Entity;

4. any customer of any member of the Group or any Invested Entity;

REPORT OF THE DIRECTORS *(Continued)*

Share Option Scheme *(Continued)*

2 Eligible participants *(Continued)*

5. any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

6. any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

7. any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

8. any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

3 Maximum number of shares

The maximum number of shares in respect of which share options may be granted under the Share Option Scheme shall not exceed 10% of the Shares in issue as at the date of approval of the adoption of the Share Option Scheme. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes, must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

4 Maximum entitlement of each eligible participant

Maximum entitlement of each eligible participant is 1% of the issued share capital of the Company from time to time within any 12-month period up to the date of the latest grant, any further grant of options to an eligible participant in excess of the Individual Limit (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant must be subject to the Shareholders' approval in general meeting of the Company with such eligible participant and his/her associates abstaining from voting.

5 Option period

The option period is determined by the Board provided that it is not later than 10 years from the date the Board makes an offer of the grant of an option subject to the provision for early termination. There is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

6 Acceptance of offer

Options granted must be accepted within 21 days from the date of the offer of grant of the option, upon payment of HK$1 per grant.

REPORT OF THE DIRECTORS *(Continued)*

Share Option Scheme *(Continued)*

7 Exercise price

The exercise price must be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares on the date of offer of the grant.

8 Remaining life of the scheme

It shall be effective for a period of ten years commencing on 15 November 2019.

Pursuant to the Share Option Scheme, certain Directors and participants were granted share options to subscribe for the Company's shares. The following table disclosed movements in the Company's share options during the Year:

Details of grantees	Date granted	Period during which options are exercisable	No. of options outstanding as at 1 January 2024	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	No. of options outstanding as at 31 December 2024	Exercise price per share	Weighted average closing price of the shares immediately before the date of exercise
Category: Employee										
Employee	8 April 2022	8 April 2022 to 7 April 2024	157,000	–	–	–	(157,000)	–	HK$0.25	HK$0.25
			157,000	–	–	–	(157,000)	–		

Notes:

(i) All share options granted were vested immediately.

(ii) The Remuneration Committee had reviewed, among other things, the Share Option Scheme and approved the grant having considered that the grant was consistent with the aim of maintaining the Share Option Scheme to recognise the contributions of the personnel and to provide incentives to the grantees to continue to work for the success and improved performance of the Group.

Save as disclosed above, no share option had been granted, exercised, cancelled nor lapsed during the Year.

Information on the accounting policy for share options granted and the weighted average value per option is provided in note 30 to the consolidated financial statements.

REPORT OF THE DIRECTORS *(Continued)*

Directors' and Chief Executives' Rights to Acquire Shares or Debt Securities

As at 31 December 2024, save for the Share Option Scheme, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

Competing Interest

The Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the Year.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has taken out and maintained directors and officers liability insurance which provides appropriate cover for, among others, Directors.

Pursuant to the Articles of Association, the Directors, Company Secretary and other officers of the Company 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, may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

Audit Committee

The Company established the Audit Committee in July 2001 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include, among others, the review and supervision of the financial reporting process and the internal control and risk management systems of the Group on ongoing basis. During the Year, the Audit Committee comprised of three members and all of whom are independent non-executive Directors. Mr. CHAN Kwan Yiu who processes appropriate professional qualifications, accounting and related financial management expertise, is the chairman of the Audit Committee. The Group's consolidated financial results for the Year have been reviewed by the Audit Committee, and it was in its opinion that (i) the preparation of such results complied with the applicable standards and statutory requirements and the requirements of the Stock Exchange; and that (ii) the internal control and risk management systems of the Group had been properly implemented and was adequate to keep the Board informed of the business and the management affairs of the Group. During the Year, no material matters were identified and reported by the Audit Committee to the Board.

REPORT OF THE DIRECTORS *(Continued)*

Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Events after the Reporting Year

The Group has no material events after the Year and up to the date of this annual report.

Corporate Governance

Throughout the Year, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules, except rule C.1.6 of the CG Code that independent non-executive Directors did not attend all general meetings.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The internal control system includes safeguarding of the interest of shareholders and the Group's assets. It has been an important duty of the Board to conduct a review of internal control system to ensure the effectiveness and adequacy of the system of the Group annually or at any time necessary. The review covers all material controls, including financial, operational and compliance controls, as well as risk management functions.

Compliance with the Model Code

The Company has adopted the standard set out in Rules 5.48 to 5.67 (the "**Model Code**") of the GEM Listing Rules, in relation to the dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, each Director has confirmed that he/she has complied with the standards set out in the Model Code during the Year.

Auditor

The consolidated financial statements for the Year have been audited by McMillan Woods who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of McMillan Woods as the auditor of the Company for the ensuing year will be proposed at the forthcoming AGM.

On behalf of the Board
FENG Keming
Executive Director

Hong Kong, 31 March 2025

INDEPENDENT AUDITOR'S REPORT

McMillanWoods
Professionalism at the forefront

TO THE SHAREHOLDERS OF
HAO WEN HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Hao Wen Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 64 to 124, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 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 issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The key audit matter we identified is impairment assessment of loan receivables.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

Key Audit Matter *(Continued)*

Key audit matter	How our audit addressed the key audit matter

Impairment assessment of loan receivables

Refer to the material accounting policy information in note 4(s), critical judgements and key estimates in note 5, and relevant disclosures in notes 6(c) and 22 to the consolidated financial statements.

We identified impairment assessment of loan receivables as a key audit matter due to the significance of the balance (with carrying amount representing 81% of total assets of the Group) to the consolidated financial statements overall as a whole and involvement of significant judgements and estimations is required in assessing the allowance for expected credit losses ("**ECLs**") on loan receivables.

The measurement of the allowance for ECLs requires the application of significant judgements with increased complexity including the identification of exposure with a significant deterioration in credit quality, and assumptions and estimates used in the ECL model (for exposures assessed individually). In measuring the allowance for ECLs on loan receivables, an independent professional qualified valuer was engaged by the management of the Group.

As at 31 December 2024, the Group's loan receivables amounted to approximately RMB301,388,000 (net of allowance for ECL of approximately RMB114,862,000). Impairment losses on loan receivables of approximately RMB25,641,000 have been recognised for the year ended 31 December 2024.

Our procedures in relation to management's impairment assessment of loan receivables included:

- Obtaining an understanding of and evaluating the Group's credit policies;
- Evaluating the competence, capabilities and objectivity of the independent professional qualified valuer;
- With the assistance of auditor's expert, assessing the reasonableness of the methodology used in the ECL model by examining the model input used by management to form such judgements, including testing the accuracy of the historical default data, loss given default and significant increase in credit risk;
- Evaluating whether the default rates are appropriately adjusted based on current economic conditions and forward looking information;
- Selecting samples to assess the reasonableness of management's judgements on identifying whether the loan receivables with significant increase in credit risk have been incorporated in the ECL model;
- Reviewing settlements after the financial year end relating to the loan receivables as at 31 December 2024; and
- Reviewing the appropriateness of the disclosure including the disclosures of credit risk and the impairment losses on the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

Other Information

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

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

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

Responsibilities of Directors and 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 issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT *(Continued)*

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, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

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

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Yeung Man Sun
Audit Engagement Director
Practising Certificate Number: P07606

24/F, Siu On Centre, 188 Lockhart Road
Wanchai, Hong Kong

Hong Kong, 31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Revenue	8	**38,583**	45,740
Cost of sales		**(9,954)**	(12,444)
Gross profit		**28,629**	33,296
Other gains or losses, net	10	**707**	10,685
Impairment losses on trade, loan and other receivables, net		**(22,542)**	(26,416)
Impairment losses on interests in associates	20	**–**	(1,984)
General and administrative expenses		**(10,038)**	(19,883)
Loss from operations		**(3,244)**	(4,302)
Finance cost	11(a)	**(5,119)**	(5,076)
Loss before tax	11	**(8,363)**	(9,378)
Income tax	12	**–**	–
Loss for the year attributable to owners of the Company		**(8,363)**	(9,378)
Other comprehensive income, net of tax:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**5,432**	6,950
Item that will not be reclassified to profit or loss:			
Gain on fair value change of financial asset at fair value through other comprehensive income		**–**	72
		5,432	7,022
Total comprehensive expense for the year attributable to owners of the Company		**(2,931)**	(2,356)
Loss per share	16		
Basic and diluted (RMB cents)		**(2.35)**	(2.63)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Plant and equipment	17	–	317
Goodwill	18	–	–
Financial asset at fair value through other comprehensive income	19	–	72
Interests in associates	20	–	–
Loan receivables	22	174,056	166,690
		174,056	167,079
Current assets			
Trade and other receivables, prepayments and deposits	22	7,220	16,932
Loan receivables	22	127,332	156,178
Financial assets at fair value through profit or loss	23	57,777	35,444
Tax recoverable		–	198
Cash and bank balances	24	3,628	2,835
		195,957	211,587
Current liabilities			
Trade and other payables	25	19,498	27,050
Income tax payable		–	5
Bonds payables	27	43,082	–
		62,580	27,055
Net current assets		133,377	184,532
Total assets less current liabilities		307,433	351,611
Non-current liability			
Bonds payables	27	17,638	58,885
Net assets		289,795	292,726
Capital and reserves			
Share capital	28(a)	3,614	3,614
Reserves		286,181	289,112
Total equity		289,795	292,726

The consolidated financial statements on pages 64 to 124 were approved and authorised for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by:

Feng Keming
Director

Bai Jie
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital (note 28(a)) RMB'000	Share premium (note 28(b)(i)) RMB'000	Capital reduction reserve (note 28(b)(ii)) RMB'000	Share-based compensation reserve (note 28(b)(iii)) RMB'000	Financial asset at fair value through other comprehensive income reserve (note 28(b)(iv)) RMB'000	Exchange reserve (note 28(b)(v)) RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2023	3,614	379,917	536,025	12	(17,273)	23,539	(630,752)	295,082
Loss for the year	–	–	–	–	–	–	(9,378)	(9,378)
Other comprehensive income, net of tax:								
Exchange differences on translating foreign operations	–	–	–	–	–	6,950	–	6,950
Gain on fair value change of financial asset at fair value through other comprehensive income	–	–	–	–	72	–	–	72
Total comprehensive expense for the year	–	–	–	–	72	6,950	(9,378)	(2,356)
At 31 December 2023 and 1 January 2024	**3,614**	**379,917**	**536,025**	**12**	**(17,201)**	**30,489**	**(640,130)**	**292,726**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(8,363)**	**(8,363)**
Other comprehensive income, net of tax:								
Exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**–**	**5,432**	**–**	**5,432**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**5,432**	**(8,363)**	**(2,931)**
Disposal of a financial asset at fair value through other comprehensive income (note 19)	**–**	**–**	**–**	**–**	**17,201**	**–**	**(17,201)**	**–**
Lapse of share options (note 30)	**–**	**–**	**–**	**(12)**	**–**	**–**	**12**	**–**
At 31 December 2024	**3,614**	**379,917**	**536,025**	**–**	**–**	**35,921**	**(665,682)**	**289,795**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Loss before tax		**(8,363)**	(9,378)
Adjustments for:			
Depreciation of plant and equipment		**323**	1,100
Unrealised fair value gains of financial assets at fair value through profit or loss		**(3,980)**	(7,813)
Impairment losses on interests in associates		**–**	1,984
Loss on write-off of loan receivables		**6,856**	–
Finance cost		**5,119**	5,076
Impairment losses on trade, loan and other receivables		**22,542**	26,416
Bank interest income		**(3)**	(6)
Gain on modification of bonds payables		**–**	(2,866)
Operating cash flows before working capital changes		**22,494**	14,513
Decrease/(increase) in trade, loan and other receivables, prepayments and deposits		**4,892**	(19,700)
Increase in financial assets at fair value through profit or loss		**(13,007)**	(14,300)
(Decrease)/increase in trade and other payables		**(8,419)**	18,797
Cash generated form/(used in) operations		**5,960**	(690)
Income tax refunded		**193**	–
Net cash generated from/(used in) operating activities		**6,153**	(690)
Cash flows from investing activities			
Proceeds from disposal of financial asset at fair value through other comprehensive income		**72**	–
Bank interest received		**3**	6
Net cash from investing activities		**75**	6
Cash flows from financing activities			
Interest paid of bonds payables		**(4,147)**	(995)
Partial repayment of bonds payables		**(1,410)**	–
Net cash used in financing activities		**(5,557)**	(995)
Net increase/(decrease) in cash and cash equivalents		**671**	(1,679)
Cash and cash equivalents at the beginning of the year		**2,835**	4,364
Effect of foreign exchange rate changes		**122**	150
Cash and cash equivalents at the end of the year, representing cash and bank balances	24	**3,628**	2,835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Hao Wen Holdings Limited (the "**Company**") was a limited company incorporated in the Cayman Islands on 1 August 2000 as an exempted company under the Companies Law (2000 Revision) of the Cayman Islands, and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") from 20 July 2001. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Level 12, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "**Group**") are primarily engaged in the money lending, processing and trading of electronic parts, provision of beauty treatment services and sales of burial plots and related services and cemetery maintenance services.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"), which its collective term includes all individual International Financial Reporting Standards ("**IFRSs**"), International Accounting Standards ("**IASs**") and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") and the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policy information adopted by the Group are discussed in note 4.

The IASB has issued certain new and amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(a) Application of amendments to IFRS Accounting Standards

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024, for the preparation of these consolidated financial statements:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, certain new and amendments to IFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 21 and IFRS 1	Lack of Exchangeability[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effect date to be determined by the IASB

The Directors of the Company anticipate that all of the pronouncements of the above new and amendments to IFRS Accounting Standards will be adopted for the period beginning on or after the effective date of the pronouncement. Information on new IFRS Accounting Standard that is expected to have impact on the consolidated financial statements of the Group is provided below. Other amendments to IFRS Accounting Standards are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 *Presentation and Disclosure in Financial Statements*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of these consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Investments in subsidiaries

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

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Interest in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Associates *(Continued)*

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate; and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated exchange reserve. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currencies of the Company and its operating subsidiaries in the People's Republic of China (the "**PRC**") are Hong Kong dollars ("**HK$**") and Renminbi ("**RMB**") respectively. For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency as the directors of the Company considered that RMB as the presentation currency best suits the needs of the shareholders and investors. All financial information presented in RMB has been rounded to the nearest thousand.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains or losses resulting from this translation policy are recognised in profit or loss.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Foreign currency translation *(Continued)*

(iii) Translation on consolidation

The results and financial position of all the Group's entities that have a functional currency different from the Company's presentation currency are translated into the Company's 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 are translated at average exchange rates for the period (unless this average 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 exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the following estimated useful lives on a straight-line basis.

– Furniture and office equipment	5 – 8 years
– Machinery and equipment	5 – 10 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Recognition and derecognition of financial instruments

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

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

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

(g) Financial assets

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

Debt investments

Debt investments held by the Group are classified into amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

Equity investments

Investments in equity securities are classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensives income ("**FVTOCI**") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the financial assets at FVTOCI reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the financial assets at FVTOCI reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from investments in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other gains or losses, net.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(h) Trade, loan and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

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 less allowance for expected credit losses ("**ECLs**").

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

(i) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(j) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Equity instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Revenue

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Sale of electronic parts

Revenue from sale of electronic parts is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of electronic parts).

Interest income from money lending

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount, net of loss allowance) of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(m) Employee benefits

(i) 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 end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(n) Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. When share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to accumulated losses.

(o) Borrowing costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(p) Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for the ECLs.

(r) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit ("**CGU**") to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(s) Impairment of financial assets

The Group recognises a loss allowance for ECLs on loan receivables, trade receivables, deposits, other receivables and cash and bank balances. The amount of the ECLs is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(s) Impairment of financial assets *(Continued)*

Significant increase in credit risk (Continued)

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

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(s) Impairment of financial assets *(Continued)*

Significant increase in credit risk (Continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(s) Impairment of financial assets *(Continued)*

Credit-impaired financial assets (Continued)

- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

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

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

As explained in note 4(s), ECL under general approach are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Principal vs agent consideration

The Group engages in processing and trading of electronic parts during the years ended 31 December 2024 and 2023. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration the indicators such as the Group is primarily responsible for fulfilling the promise to provide the electronic parts. In addition, the Group has inventory risk over the electronic parts and the Group has discretion in establishing prices for the electronic parts. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 December 2024, revenue from processing and trading of electronic parts of approximately RMB10,443,000 (2023: RMB13,099,000) has been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Critical judgements in applying accounting policies *(Continued)*

Key source of estimation uncertainty

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

Impairment assessment on trade, loan and other receivables

The management of the Group estimates the amount of impairment losses on trade, loan and other receivables based on the credit risk of trade, loan and other receivables. The amount of the impairment losses based on the ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2024, the carrying amounts of trade receivables, loan receivables and other receivables were approximately RMB5,324,000, RMB301,388,000 and RMB1,740,000 (net of allowance for ECL of approximately RMB7,000, RMB114,862,000 and RMB18,868,000) (2023: RMB9,779,000, RMB322,868,000 and RMB4,804,000 (net of ECL allowance of approximately RMB31,000, RMB86,077,000 and RMB21,557,000)) respectively. The information about the ECL an the Group's trade, loan and other receivables are disclosed in note 6(c).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The group companies mainly operated in their local jurisdictions with most of the transactions settled in their functional currencies and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Since the Group did not have significant exposure to risk resulting from changes in foreign currency exchange rate, no sensitivity analysis was presented for the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Price risk

Price risk is the risk that the fair value changes of equity securities as a result of changes in the level of equity indices and the value of individual securities. At the end of the reporting period, the Group is exposed to equity price risk mainly through its investment in listed equity securities in Hong Kong classified as financial assets at FVTPL (note 23). The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. For financial assets at FVTPL, equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

As at 31 December 2024, if equity prices of financial assets at FVTPL had been 10% (2023: 10%) higher/lower, with all other variables held constant, the loss before tax would have been decreased/increased by approximately RMB5,778,000 (2023: RMB3,544,000).

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade, loan and other receivables and deposits) and from its financing activities for deposits with banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have a low credit risk.

The Group has a concentration of credit risk in certain individual customers. At the end of the reporting period, the five largest receivables balances accounted for approximately 98% (2023: 80%) of the trade receivables. The largest trade receivable was approximately RMB1,539,000 (2023: RMB1,680,000) which represented approximately 29% (2023: 17%) of the Group's total trade receivables. The Group also has concentration of credit risk as 4% (2023: 3%) and 8% (2023: 6%) of the total loan receivables due from the Group's largest one and two debtors, respectively. The Group seeks to minimise its risk by dealing with counterparties which have a good credit history.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken for the recoverable amount. In addition, the Group reviews the recoverable amount of each individual's debt regularly at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Loan receivables

Management has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's loan portfolio. The Group has adopted internal control procedures to mitigate credit risk by evaluation of creditability of the borrowers.

The Group has developed a credit policy and procedures manual for its money lending business. The credit policy and procedures manual specify, among others, the loan application, credit assessment, credit approval and monitoring ongoing credit risk procedures. The Group continues to monitor and review the operation and performance of the risk management system, and to improve the system from time to time to adapt to the changes in market conditions and regulatory environment.

The Group applies general approach by grouping the debtors shared the same credit risk characteristics using three categories for ECL on loan receivables which reflect their credit risk and how the ECL is determined for each of the categories. In calculating the ECL rates, the Group considers historical loss rates for each category, the prevailing economic conditions, and adjusts for forward looking information.

Stage 1

Loan receivables have not experienced a significant increase in credit risk since origination and impairment is recognised on the basis of 12-month ECL (12-month ECLs).

Stage 2

Loan receivables to customers have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime ECL (Lifetime ECLs – non-credit impaired).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Loan receivables *(Continued)*

Stage 3

Loan receivables that are in default and considered credit-impaired (Lifetime ECLs – credit-impaired).

As at 31 December 2024, the ECL allowance on the loan receivables was approximately RMB114,862,000 (2023: RMB86,077,000) based on ECL applied to different stages.

	As at 31 December 2024			
	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Total RMB'000**
Loan receivables, gross	**183,200**	**160,164**	**72,886**	**416,250**
Less: Allowance for ECL on loan receivables	**(3,994)**	**(37,982)**	**(72,886)**	**(114,862)**
Loan receivables, net	**179,206**	**122,182**	**–**	**301,388**

	As at 31 December 2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Loan receivables, gross	249,716	102,923	56,306	408,945
Less: Allowance for ECL on loan receivables	(5,695)	(24,076)	(56,306)	(86,077)
Loan receivables, net	244,021	78,847	–	322,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Loan receivables *(Continued)*

The ageing analysis of the gross carrying amount of the loan receivables as at 31 December 2024, based on the loan repayment dates, is presented as follows:

	2024 **RMB'000**	2023 RMB'000
Not past due	**368,594**	364,753
Past due between 91-180 days	**5,339**	45
Past due between 181-365 days	**–**	10,909
Past due over 365 days	**42,317**	33,238
	416,250	408,945

The movement of the allowance for ECL on loan receivables is as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1 January 2023	18,175	3,355	59,379	80,909
Transfer from Stage 1 to Stage 2	(4,554)	4,554	–	–
Transfer from Stage 2 to Stage 3	–	(2,470)	2,470	–
(Reversal of)/impairment losses on loan receivables	(8,298)	18,565	7,374	17,641
Written-off	–	–	(14,116)	(14,116)
Exchange realignment	372	72	1,199	1,643
At 31 December 2023 and 1 January 2024	5,695	24,076	56,306	86,077
Transfer from Stage 1 to Stage 2	(1,671)	1,671	–	–
Transfer from Stage 2 to Stage 3	–	(3,409)	3,409	–
(Reversal of)/impairment losses on loan receivables	(247)	14,722	11,166	25,641
Written-off	–	–	(150)	(150)
Exchange realignment	217	922	2,155	3,294
At 31 December 2024	3,994	37,982	72,886	114,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables

The Group applies simplified approach to provide for ECL with reference to IFRS 9, which permits the use of the lifetime ECL for trade receivables. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the ECL based on past due status is not further distinguished between the Group's different customer bases. The Group has performed historical analysis and identified the economic variable credit risk and ECL. This considers available reasonable and supportive forwarding-looking information.

As at 31 December 2024	**Not past due**	**0 – 90 days**	**91 – 180 days**	**181 – 365 days**	**Total**
ECL rate	**0.11%**	**0.16%**	**–**	**–**	
Gross carrying amount (RMB'000)	**2,738**	**2,505**	**52**	**36**	**5,331**
Allowance for ECL (RMB'000)	**(3)**	**(4)**	**–**	**–**	**(7)**
Net carrying amount (RMB'000)	**2,735**	**2,501**	**52**	**36**	**5,324**

As at 31 December 2023	Not past due	0 – 90 days	91 – 180 days	181 – 365 days	Total
ECL rate	0.12%	0.29%	0.41%	0.46%	
Gross carrying amount (RMB'000)	2,545	2,419	2,908	1,938	9,810
Allowance for ECL (RMB'000)	(3)	(7)	(12)	(9)	(31)
Net carrying amount (RMB'000)	2,542	2,412	2,896	1,929	9,779

Movements for allowance for ECL of trade receivables are as follows:

	Lifetime ECL RMB'000
At 1 January 2023	75
Reversal of impairment losses	(44)
At 31 December 2023 and 1 January 2024	31
Reversal of impairment losses	(24)
At 31 December 2024	7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Other receivables and deposits

An impairment analysis is performed at the end of each reporting period by considering the probability of default. ECL are estimated by applying general approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

Stage 1

The debtors have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months ECL (12-month ECLs).

Stage 2

The debtors have experienced a significant increase in credit risk since origination and impairment is recognised on the basis lifetime ECL (Lifetime ECLs – non-credit impaired).

Stage 3

The debtors that are in default and considered credit-impaired (Lifetime ECLs – credit impaired).

Movement for allowance for ECL of other receivables and deposits under stage 3 are as follows:

	Total RMB'000
At 1 January 2023	12,738
Impairment losses	8,819
At 31 December 2023 and 1 January 2024	21,557
Reversal of impairment losses	(3,075)
Exchange realignment	386
At 31 December 2024	18,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates at the end of the reporting period) and the earliest date the Group can be required to pay:

	2024					
	Interest rate	**Carrying amount RMB'000**	**Total Contractual undiscounted cash flows RMB'000**	**Within 1 year or on demand RMB'000**	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**
Trade and other payables	**–**	**19,498**	**19,498**	**19,498**	**–**	**–**
Bonds payables	**5.5%-8%**	**60,720**	**66,004**	**46,702**	**956**	**18,346**
		80,218	**85,502**	**66,200**	**956**	**18,346**

	2023					
	Interest rate	Carrying amount RMB'000	Total Contractual undiscounted cash flows RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000
Trade and other payables	–	27,050	27,050	27,050	–	–
Bonds payables	5.5%-8%	58,885	70,315	7,665	42,551	20,099
		85,935	97,365	34,715	42,551	20,099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Interest rate risk

The Group's loan receivables and bonds payables bear interests at fixed interest rates which expose the Group to fair value interest rate risks.

The Group's exposure to cash flow interest rate risk mainly arises from its bank deposits. These bank deposits bear interests at floating rates varied with the prevailing market condition.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of each reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

Sensitivity analysis on cash flow interest rate risk has not been presented as the reasonably possible changes in market interest rate will not have significant impact on the Group's consolidated financial statements.

(f) Categories of financial instruments

	2024 **RMB'000**	2023 RMB'000
Financial assets		
– Financial assets measured at amortised cost	**312,080**	340,286
– Financial assets at FVTPL	**57,777**	35,444
– Financial asset at FVTOCI	**–**	72
Financial liabilities		
– Financial liabilities at amortised cost	**80,218**	85,935

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

7. FAIR VALUE MEASUREMENTS

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Fair value of financial assets that are measured at fair value on a recurring basis

Disclosures of levels in fair value hierarchy

At 31 December 2024	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets at FVTPL (quoted bid price in an active market)	**57,777**	**–**	**–**	**57,777**

At 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL (quoted bid price in an active market)	35,444	–	–	35,444
Financial asset at FVTOCI (recent transaction price)	–	72	–	72

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

7. FAIR VALUE MEASUREMENTS *(Continued)*

Fair value of financial assets that are measured at fair value on a recurring basis *(Continued)*

Disclosures of levels in fair value hierarchy (Continued)

During the year ended 31 December 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets.

During the year ended 31 December 2023, the financial asset at FVTOCI had been transferred out from Level 3 to Level 2 and measured at fair value under fair value hierarchy Level 2.

Any gain or loss arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the financial asset at FVTOCI reserve in other comprehensive income. Upon disposal of the unlisted equity securities, the amount accumulated in other comprehensive income would be reclassified directly to accumulated losses.

Any gain or loss arising from the remeasurement of the Group's financial assets at FVTPL are recognised in the consolidated statement of profit or loss.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2024 and 2023 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount as at 31 December 2024	Fair value as at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
	RMB'000	RMB'000	Level 1	Level 2	Level 3
Bonds payables	**60,720**	**54,545**	**–**	**–**	**54,545**

	Carrying amount as at 31 December 2023	Fair value as at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
	RMB'000	RMB'000	Level 1	Level 2	Level 3
Bonds payables	58,885	51,308	–	–	51,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

8. REVENUE

Revenue represents (i) the sales value of goods supplied to customers, net of value added tax and is stated after deduction of goods returns and trade discounts, if any; and (ii) interest income earned from the money lending business.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines:		
– Sales of electronic parts	**10,443**	13,099
Revenue from other source		
Interest income from money lending	**28,140**	32,641
	38,583	45,740

The Group derives revenue from the transfer of goods and services at a point in time in the following major product line and geographical region:

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition:		
A point in time	**10,443**	13,099
Geographical market:		
The PRC, excluding Hong Kong	**10,443**	13,099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

9. SEGMENT INFORMATION

The executive directors of the Company are identified as the chief operating decision maker (the "**CODM**") of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. The Group's operating and reportable segments are as follows:

(i) the "**Money Lending**" segment engages into provision of loans for interest income;

(ii) the "**Electronic Parts**" segment engages into processing and trading of electronic parts business;

(iii) the "**Burial Business**" segment engages into sales of burial plots and related services and cemetery maintenance services; and

(iv) the "**Beauty Business**" segment engages into provision of non-surgical injection treatments with upfront payment.

The accounting policies of the operating segments are the same as those described in note 4. There was no inter-segment sale or transfer during the years ended 31 December 2024 and 2023. Central income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the CODM for assessment of segment performance. Segment assets do not include financial asset at FVTOCI, financial assets at FVTPL, tax recoverable, and other unallocated head office and corporate assets. Segment liabilities do not include income tax payable, bonds payables and other unallocated head office and corporate liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

9. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

	Money Lending		Electronic Parts		Burial Business		Beauty Business		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue										
External sales	**28,140**	32,641	**10,443**	13,099	**–**	–	**–**	–	**38,583**	45,740
Results										
Segment results	**(12,272)**	(2,018)	**(112)**	(676)	**–**	(19)	**–**	(5,553)	**(12,384)**	(8,266)
Unallocated corporate expenses									**(1,498)**	(4,737)
Unallocated other gains, net									**7,563**	10,685
Impairment losses on interests in associates									**–**	(1,984)
Reversal of impairment losses on other receivables									**3,075**	–
Loss from operations									**(3,244)**	(4,302)
Finance cost									**(5,119)**	(5,076)
Loss before tax									**(8,363)**	(9,378)

Segment assets and liabilities

	Money Lending		Electronic Parts		Burial Business		Beauty Business		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Assets										
Segment assets	**301,388**	323,977	**5,387**	9,782	**–**	–	**–**	93	**306,775**	333,852
Unallocated corporate assets									**63,238**	44,814
									370,013	378,666
Liabilities										
Segment liabilities	**13,522**	14,368	**4,988**	6,447	**–**	–	**–**	–	**18,510**	20,815
Unallocated corporate liabilities									**61,708**	65,125
									80,218	85,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

9. SEGMENT INFORMATION *(Continued)*

Other segment information

The following is an analysis of the Group's other segment information:

	Money Lending		Electronic parts		Burial Business		Beauty Business		Unallocated		Consolidated	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Depreciation on plant and equipment	**323**	422	**–**	678	**–**	–	**–**	–	**–**	–	**323**	1,100
Impairment losses on interests in associates	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1,984	**–**	1,984
Impairment losses/(reversal of impairment losses) on trade, loan and other receivables	**25,641**	17,641	**(24)**	(44)	**–**	–	**–**	8,819	**(3,075)**	–	**22,542**	26,416
Realised gains on disposal of financial assets at FVTPL	**–**	–	**–**	–	**–**	–	**–**	–	**(3,580)**	–	**(3,580)**	–
Unrealised fair value gains on financial assets of FVTPL	**–**	–	**–**	–	**–**	–	**–**	–	**(3,980)**	(7,813)	**(3,980)**	(7,813)
Loss on write-off of loan receivables	**6,856**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6,856**	–
Finance cost	**–**	–	**–**	–	**–**	–	**–**	–	**5,119**	5,076	**5,119**	5,076
Gain on modification of bonds payables	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(2,866)	**–**	(2,866)
Bank interest income	**–**	–	**–**	–	**–**	–	**–**	–	**(3)**	(6)	**(3)**	(6)

Geographical information

The Group operates in two principal geographical areas, the PRC (excluding Hong Kong) and Hong Kong. The Group's revenue from the external customers by location of operations and information about its non-current assets are detailed below.

	Revenue		Non-current assets*	
	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000	**As at 31 December 2024 RMB'000**	As at 31 December 2023 RMB'000
The PRC, excluding Hong Kong	**10,443**	13,099	**–**	–
Hong Kong	**28,140**	32,641	**–**	317
	38,583	45,740	**–**	317

* Non-current assets excludes financial instruments.

During the years ended 31 December 2024 and 2023, there was no customer individually contributing 10% of the total revenue of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

10. OTHER GAINS OR LOSSES, NET

	2024 RMB'000	2023 RMB'000
Bank interest income	**3**	6
Realised gains on disposal of financial assets at FVTPL	**3,580**	–
Unrealised fair value gains on financial assets at FVTPL	**3,980**	7,813
Loss on write-off of loan receivables (note 22(iii))	**(6,856)**	–
Gain on modification of bonds payables (note 27)	**–**	2,866
	707	10,685

11. LOSS BEFORE TAX

Loss before tax is arrived after charging:

(a) Finance cost

	2024 RMB'000	2023 RMB'000
Interest on bonds payables (note 27)	**5,119**	5,076

(b) Staff costs (including directors' emoluments (note 13))

	2024 RMB'000	2023 RMB'000
Salaries and wages	**1,537**	1,510
Contributions to defined contribution plans	**34**	35
Total staff costs	**1,571**	1,545

(c) Other items

	2024 RMB'000	2023 RMB'000
Depreciation of plant and equipment	**323**	1,100
Auditor's remuneration	**599**	588
Cost of inventories recognised as expenses	**9,954**	12,444
Expenses related to short-term leases	**77**	76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

12. INCOME TAX

(i) Hong Kong Profits Tax

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity incorporated in Hong Kong will be taxed at 8.25% (2023: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2023: 16.5%) for the year ended 31 December 2024. The profits of the group entities not qualifying for the two-tiered Profit Tax regime will continue to be taxed at a rate of 16.5% (2023: 16.5%) for the year ended 31 December 2024.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group's entities incorporated in Hong Kong have sufficient tax losses brought forward to set off against assessable profit or there were no assessable profits during the years ended 31 December 2024 and 2023.

(ii) Income taxes outside Hong Kong

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Company and its subsidiaries incorporated in the Cayman Islands and the BVI are not subject to any income tax in the Cayman Islands and the BVI, respectively.

(iii) PRC Enterprise Income Tax ("PRC EIT")

The subsidiaries of the Company established in the PRC is generally subject to PRC EIT on its taxable income at an income tax rate of 25% (2023: 25%) for the year ended 31 December 2024.

No provision for the PRC EIT has been made in the consolidated financial statements since the Group's entities established in the PRC have no assessable profits during the years ended 31 December 2024 and 2023.

Reconciliation between income tax and loss before tax at applicable tax rates is presented below:

	2024 **RMB'000**	2023 RMB'000
Loss before tax	**(8,363)**	(9,378)
Notional tax on loss before tax calculated at relevant tax rate of 16.5% (2023: 16.5%)	**(1,380)**	(1,547)
Effect of different tax rates of other jurisdictions	**13**	125
Tax effect of non-taxable income	**(4)**	(473)
Tax effect of non-deductible expenses	**55**	336
Tax effect of tax losses not recognised	**794**	742
Tax effect of utilisation of tax losses previously not recognised	**(3,197)**	(1,279)
Tax effect of deducible temporary differences not recognised	**3,719**	2,096
Income tax	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

13. DIRECTORS' EMOLUMENTS

Details of the directors' emoluments of the Company for the years ended 31 December 2024 and 2023, disclosed pursuant to the GEM Listing Rules and Section 383 of the Hong Kong Companies Ordinance, are as follows:

Year ended 31 December 2024

	Fees RMB'000	Salaries and allowances RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
Executive directors:				
FENG Keming	–	221	–	221
BAI Jie (note (ii))	–	221	–	221
Independent non-executive directors:				
MA Sijing	111	–	–	111
HO, Yuen Ki	111	–	–	111
CHAN, Kwan Yiu	166	–	–	166
	388	442	–	830

Year ended 31 December 2023

	Fees RMB'000	Salaries and allowances RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
Executive directors:				
TSUI Annie (note (i))	–	264	8	272
FENG Keming	–	217	–	217
BAI Jie (note (ii))	–	47	–	47
Independent non-executive directors:				
MA Sijing	109	–	–	109
HO, Yuen Ki	109	–	–	109
CHAN, Kwan Yiu	162	–	–	162
	380	528	8	916

Notes:

(i) Resigned on 20 June 2023.

(ii) Appointed on 13 October 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

13. DIRECTORS' EMOLUMENTS *(Continued)*

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

For the years ended 31 December 2024 and 2023, no emolument was paid to the directors as an inducement to join or upon joining the Company or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2024 and 2023.

Save for disclosed in note 32, no significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and a director's connected parties had a material interest, whether directly or indirectly, subsisted at the end of the both reporting periods or at any time during the both reporting periods.

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the five individuals with the highest emoluments, four (2023: three) are directors of the Company whose emoluments are disclosed in note 13. The amount of the emoluments in respect of the other individual (2023: two individuals) is as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries and wages	**415**	602
Contributions to defined contribution plans	**17**	27
	432	629

The emoluments paid or payable to the above one (2023: two individuals) highest paid individual were within the following bands:

	2024	2023
Nil – HK$1,000,000	**1**	2

For the years ended 31 December 2024 and 2023, no emolument was paid by the Group to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

15. DIVIDEND

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

16. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share for the years ended 31 December 2024 and 2023 is based on the following data:

	2024 **RMB'000**	2023 RMB'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(8,363)**	(9,378)

	2024 **'000**	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**356,071**	356,071

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2024 and 2023 were same as the basic loss per share as the assumptions of the exercise of the Company's outstanding share options would have anti-dilutive effect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

17. PLANT AND EQUIPMENT

Movements in plant and equipment are as follows:

	Furniture and office equipment RMB'000	Machinery and equipment RMB'000	Total RMB'000
Cost			
At 1 January 2023	1,924	4,438	6,362
Exchange realignment	38	90	128
At 31 December 2023 and 1 January 2024	1,962	4,528	6,490
Exchange realignment	75	173	248
At 31 December 2024	**2,037**	**4,701**	**6,738**
Accumulated depreciation			
At 1 January 2023	1,201	3,771	4,972
Charge for the year	422	678	1,100
Exchange realignment	22	79	101
At 31 December 2023 and 1 January 2024	1,645	4,528	6,173
Charge for the year	323	–	323
Exchange realignment	69	173	242
At 31 December 2024	**2,037**	**4,701**	**6,738**
Net carrying amount			
At 31 December 2024	**–**	**–**	**–**
At 31 December 2023	317	–	317

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

18. GOODWILL

	2024 RMB'000	2023 RMB'000
Cost		
At 1 January and 31 December	**13,160**	12,425
Accumulated impairment losses		
At 1 January and 31 December	**13,160**	12,425
Net carrying amount		
At 31 December	**–**	–

As at 31 December 2024, the goodwill with cost of approximately RMB13,160,000 arised from the cash-generating unit, electronic parts business, which the balance was fully impaired as at 31 December 2024 and 2023.

19. FINANCIAL ASSET AT FVTOCI

	2024 RMB'000	2023 RMB'000
Financial asset at FVTOCI		
– Unlisted equity investments	**–**	72

The Company, through its direct wholly-owned subsidiary of the Company, holds 5.4% equity interest in Peak Zone Group Limited ("**Peak Zone**"), a company incorporated in the BVI with limited liability. Peak Zone is principally engaged into the provision of integrated application.

The directors of the Company concluded that such investment was not held for trading purpose and made irrecoverable election as financial asset at FVTOCI at initial recognition. No dividends were received on such equity investments during the year ended 31 December 2023.

On 15 January 2024, the Group entered into a sale and purchase agreement for the disposal of entire 5.4% equity interest in Peak Zone at a consideration of HK$80,000, equivalent to approximately RMB72,000. Such disposal was completed on 19 March 2024. Immediately after the disposal of the financial asset at FVTOCI, the amount of financial asset at FVTOCI reserve of approximately RMB17,201,000 has been reclassified to accumulated losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

20. INTERESTS IN ASSOCIATES

	RMB'000
At 1 January 2023	1,947
Less: impairment losses on interests in associates	(1,984)
Exchange realignment	37
At 31 December 2023, 1 January 2024 and 31 December 2024	–

As at 31 December 2024 and 2023, the Group had interests in the following associates:

Name of associate	Place of incorporation/ operations	Particulars of issued and fully paid share capital	Percentage of equity attributable to the Group		Percentage of voting power hold		Principal activities
			2024	2023	**2024**	2023	
Sincere Smart International Limited ("**Sincere Smart**")	The BVI	50,000 ordinary shares with share capital of United States dollars ("**US$**") 50,000	–	– (note)	–	–	Investment holding
Ideal Surplus Inc Limited	Hong Kong	10,000 ordinary shares with share capital of HK$10,000	–	– (note)	–	–	Provision of cloud platforms application and solution

Note: During the year ended 31 December 2023, the directors of the Company were aware that Sincere Smart was dissolved on 4 July 2023 due to resignation of the registered agent of Sincere Smart, and such event has not been notified to the investees at the date of dissolution. In this regard, the Group has taken legal action against the sole director of Sincere Smart to recover the losses and damages arised from such event.

Since Sincere Smart has been dissolved and the interests in associates was considered to be irrecoverable given that the outcome of legal action was uncertain, the interests in associates were fully impaired during the year ended 31 December 2023.

During the year ended 31 December 2024 and up to the date of approval of these consolidated financial statements, the legal action taken against the sole director of Sincere Smart is still in progress.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

21. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

(a) The particulars of principal subsidiaries of the Company at 31 December 2024 and 2023 are as follows:

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and fully paid share capital	Proportion of ownership interest and voting power held by the Company		Principal activities
			Directly	Indirectly	
Premium Stars Investments Limited	The BVI	50,000 ordinary shares US$50,000	–	100%	Investment holding
Marvel Value Limited	The BVI	1 ordinary share US$1	–	100%	Investment holding
Create Profit Enterprises Limited	Hong Kong	10,000 ordinary shares HK$10,000	–	100%	Provision of money lending services
Leader Joy International Limited	Hong Kong	1 ordinary share HK$1	–	100%	Investment holding
Hong Kong Leap Trading Co., Limited	Hong Kong	10,000 ordinary shares HK$10,000	–	100%	Processing and trading of electronic parts

The above table lists the subsidiaries of the Group, which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length.

None of the subsidiaries had issue any debt securities as at 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS AND LOAN RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables (note (i))	**5,324**	9,779
Other receivables (note (ii))	**1,680**	4,746
Rental and other deposits (note (ii))	**60**	58
Prepayments	**156**	2,349
	7,220	16,932
Loan receivables (note (iii))		
– Non-current	**174,056**	166,690
– Current	**127,332**	156,178
	301,388	322,868
	308,608	339,800

Notes:

(i) Trade receivables

Ageing analysis of the trade receivables, based on invoice date of trade receivables which approximates to the respective revenue recognition dates, as at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
0 to 30 days	**867**	372
31 to 60 days	**409**	646
61 to 90 days	**218**	802
91 to 180 days	**3,733**	2,174
181 to 365 days	**104**	5,816
	5,331	9,810
Less: allowance for ECL	**(7)**	(31)
	5,324	9,779

Customers are generally granted with credit term of 120 days (2023: 120 days) during the year ended 31 December 2024.

Details of allowance for ECL on trade receivables as at 31 December 2024 and 2023 are set out in note 6(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS AND LOAN RECEIVABLES *(Continued)*

Notes: *(Continued)*

(ii) Other receivables and deposits

Details of allowance for ECL on other receivables and deposits as at 31 December 2024 and 2023 are set out in note 6(c).

(iii) Loan receivables

The maturity profile of these loan receivables, at the end of the reporting period, analysed by the contractual maturity dates, is as follows:

	2024 **RMB'000**	2023 RMB'000
0 to 30 days	**47,656**	44,192
31 to 60 days	**7,042**	8,650
61 to 90 days	**14,428**	18,667
91 to 180 days	**55,062**	70,058
181 to 365 days	**113,711**	100,688
Over 365 days	**178,351**	166,690
	416,250	408,945
Less: allowance for ECL	**(114,862)**	(86,077)
	301,388	322,868

The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in HK$.

The loan receivables from independent borrowers bear fixed interest rates ranging from 6% to 18% (2023: 6.5% to 12%) per annum and repayable according to the respective loan agreements.

Details of allowance for ECL of loan receivables for the years ended 31 December 2024 and 2023 are set out in note 6(c).

During the year ended 31 December 2024, an aggregate carrying amount of loan receivables of approximately RMB6,856,000 (2023: nil) (note 10) was written-off as information indicated the debtor is in severe financial difficulties and there is no realistic prospect of recovery. The Group has taken legal actions against the debtor to recover the amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

23. FINANCIAL ASSETS AT FVTPL

	2024 **RMB'000**	2023 RMB'000
Listed securities:		
– Equity securities listed in Hong Kong	**57,777**	35,444

Financial assets at FVTPL held for trading purpose and measured at fair values under IFRS 9 are determined with reference to quoted market bid prices at 31 December 2024 and 2023. Details of the fair value measurement and valuation techniques of the financial assets at FVTPL are set out in note 7.

Financial assets at FVTPL are denominated in HK$.

24. CASH AND BANK BALANCES

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances, denominated in		
– HK$	**2,137**	2,834
– US$	**1,491**	1
Cash and cash equivalents in consolidated statement of cash flows	**3,628**	2,835

Cash at banks earn interest at floating rates based on daily bank deposits rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

25. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	RMB'000
Trade payables	**4,988**	6,447
Accrued expenses and other payables	**14,510**	20,603
	19,498	27,050

Included in trade payables are trade creditors with the following ageing analysis based on the invoice date:

	2024	2023
	RMB'000	RMB'000
0 to 30 days	**648**	171
31 to 90 days	**595**	1,558
91 to 180 days	**3,647**	1,707
181 to 365 days	**–**	2,996
Over 365 days	**98**	15
	4,988	6,447

The average credit period on purchases of goods is 90 days during the year ended 31 December 2024 (2023: 90 days).

All trade and other payables are denominated in HK$.

26. DEFERRED TAX LIABILITIES

No deferred tax assets have been recognised in relation to the deductible temporary differences and estimated un-used tax losses as it is not probable that taxable profit will be available against which the deductible temporary differences and estimated un-used tax losses can be utilised in the foreseeable future. As at 31 December 2024, the Group has deductible temporary differences of approximately RMB121,410,000 (2023: RMB98,868,000) and estimated un-used tax losses of approximately RMB14,128,000 (2023: RMB28,692,000), which the estimated un-used tax losses do not expire under current tax legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

27. BONDS PAYABLES

	Bonds 1 RMB'000	Bonds 2 RMB'000	Total RMB'000
At 1 January 2023	39,197	18,282	57,479
Interest charged (note 11(a))	4,081	995	5,076
Interest paid	–	(995)	(995)
Gain on modification (note 10)	(2,866)	–	(2,866)
Exchange realignment	127	64	191
At 31 December 2023 and 1 January 2024	40,539	18,346	58,885
Interest charged (note 11(a))	4,105	1,014	5,119
Interest paid	(3,133)	(1,014)	(4,147)
Early repayment of principal	–	(1,410)	(1,410)
Exchange realignment	1,571	702	2,273
At 31 December 2024	43,082	17,638	60,720

The bonds are repayable:

	2024 **RMB'000**	2023 RMB'000
Less than one year	**43,082**	–
More than one year, but not exceeding two years	**–**	40,539
More than two years, but not exceeding five years	**17,638**	18,346
	60,720	58,885
Less: amount due within 12 months and classified as current liabilities	**(43,082)**	–
Amount classified as non-current liabilities	**17,638**	58,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

27. BONDS PAYABLES *(Continued)*

Notes:

Bonds 1:

On 1 November 2020, the Company issued new unsecured bonds ("**Bonds 1**") to independent third parties with principal amount of HK$42,500,000 (approximately RMB37,830,000) and the proceeds from the issue of Bonds 1 amounting to HK$32,651,000 (equivalent to approximately RMB29,064,000) was used to settle the old unsecured bonds issued on 12 January 2018 with the carrying amount of approximately HK$32,651,000 (equivalent to approximately RMB29,064,000). After settlement, the remaining net proceeds of approximately HK$9,849,000 (equivalent to approximately RMB8,766,000 net of transaction costs) was received from the issue of Bonds 1 by the Group during the year ended 31 December 2020.

Bonds 1 bears interest at 11% per annum and has a maturity period of 5 years from the date of issue.

During the year ended 31 December 2023, the Group negotiated with the bondholder of the Bonds 1 (the "**Bondholder**") for the revised interest rate from 11% to 8% without any changes of other and conditions. The Bondholder, with the view of economic conditions surrendering Hong Kong and the PRC, agreed such revision and the interest rate of the Bonds 1 has been revised from 11% to 8% during the year ended 31 December 2023. As a result of the above-mentioned revision, modification of the financial liabilities has been triggered and gain on modification of bonds payables of approximately RMB2,866,000, being the difference between the original present value of the Bonds 1 and the new present value of the Bonds 1 under the original interest rate, has been recognised during the year ended 31 December 2023.

Bonds 2:

On 16 June 2022, the Company issued unsecured bonds ("**Bonds 2**") to independent third parties with principal amount of HK$20,000,000 (approximately RMB17,353,000). Bonds 2 bears interest at 5.5% per annum and has a maturity period of 5 years from the date of issue.

During the year ended 31 December 2024, the Group has early repaid the principal amount of approximately RMB1,410,000 (equivalent to approximately HK$1,500,000) (2023: nil) as agreed by the Company and the bondholder.

Bonds 1 and Bonds 2 are subsequently measured at amortised cost using effective interest rate of 8% and 5.5% (2023: 8% and 5.5%) per annum respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

28. CAPITAL AND RESERVES

(a) Share capital

	Number of shares '000	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**100,000,000**	**1,000,000**

	Number of shares '000	Nominal value of ordinary shares HK$'000	RMB'000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**356,071**	**3,560**	**3,614**

(b) Nature and purpose of reserves

(i) Share premium

Share premium represents the share premium of the Company, the application of which is governed by the Companies Law of the Cayman Islands. Under the Companies Law (2000 revision) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

(ii) Capital reduction reserve

Capital reduction reserve represents the differences between the nominal value of the shares before and after the capital reduction, sub-division and capital organisation carried out by the Company in prior years.

(iii) Share-based compensation reserve

Share-based compensation reserve comprises the portion of the grant date fair value of unexercised share options granted to employees, directors of the Company and other service providers that has been recognised in accordance with the accounting policy adopted for share-based payments in note 4(n).

(iv) Financial assets at FVTOCI reserve

The fair value reserve of financial assets at FVTOCI comprises the cumulative net changes in the fair value of equity instruments designated as measured at FVTOCI in accordance with the accounting policy adopted for equity/debt instruments designated at FVTOCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

28. CAPITAL AND RESERVES *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d).

(vi) Contribution surplus

The contribution surplus of the Company represents the difference between the aggregate nominal value of the share capital issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares.

Under the Companies Law (2000 Revision) of the Cayman Islands, contribution surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contribution surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued capital account.

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of (i) cash and cash equivalents; (ii) debts; and (iii) share capital and reserves, which comprises all components of equity.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. In order to balance its overall capital structure, the Group may issue new shares, raise new debt financing or sell assets to reduce debt.

The Group monitors its capital structure on the basis of gearing ratio. The Group's gearing ratio as at 31 December 2024 is 21.7% (2023: 22.7%), which is calculated by dividing total liabilities of approximately RMB80,218,000 (2023: RMB85,940,000) over the total assets of approximately RMB370,013,000 (2023: RMB378,666,000).

The only externally imposed capital requirement for the Group is to maintain the listing on GEM of the Stock Exchange with public float of at least 25% of the shares of the Company.

There were no changes in the Group's approach to capital management during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

Statement of financial position of the Company

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Plant and equipment		–	–
Investments in subsidiaries		–	–
		–	–
Current assets			
Other receivables, prepayments and deposits		1,816	6,010
Amounts due from subsidiaries		61,440	59,113
Cash and bank balances		238	2,206
		63,494	67,329
Current liabilities			
Other payables		611	5,089
Amounts due to subsidiaries		258	261
Bonds payables		43,082	–
		43,951	5,350
Net current assets		19,543	61,979
Total assets less current liabilities		19,543	61,979
Non-current liability			
Bonds payables		17,638	58,885
Net assets		1,905	3,094
Capital and reserves			
Share capital	28(a)	3,614	3,614
Reserves		(1,709)	(520)
Total equity		1,905	3,094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY *(Continued)*

Reserve movements of the Company

	Share premium (note 28(b)(i)) RMB'000	Contribution surplus (note 28(b)(vi)) RMB'000	Capital reduction reserve (note 28(b)(ii)) RMB'000	Share-based compensation reserve (note 28(b)(iii)) RMB'000	Exchange reserve (note 28(b)(v)) RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	379,917	56,774	536,025	12	12,112	(986,672)	(1,832)
Loss for the year	–	–	–	–	–	(11,404)	(11,404)
Other comprehensive income:							
Exchange differences on translating into presentation currency	–	–	–	–	12,716	–	12,716
Total comprehensive income for the year	–	–	–	–	12,716	(11,404)	1,312
At 31 December 2023 and 1 January 2024	379,917	56,774	536,025	12	24,828	(998,076)	(520)
Loss for the year	–	–	–	–	–	(1,282)	(1,282)
Other comprehensive income:							
Exchange differences on translating into presentation currency	–	–	–	–	93	–	93
Total comprehensive expense for the year	–	–	–	–	93	(1,282)	(1,189)
Lapse of share options (note 30)	–	–	–	(12)	–	12	–
At 31 December 2024	379,917	56,774	536,025	–	24,921	(999,346)	(1,709)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

30. EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 15 September 2019, the Company has adopted a share option scheme (the "**Scheme**") whereby the directors of the Company are authorised, at their discretion, to invite eligible participants of the Group, including the employees and directors of any companies in the Group, to take up options at HK$1 consideration to subscribe for shares of the Company.

The Scheme remains in force for a period of 10 years from the adoption of the Scheme. Options granted must be accepted within 21 days from the date of the offer of grant of the option. The purpose of the Scheme is to provide incentives and/or rewards to eligible participants for their contributions to, and continuing efforts to promote the interests of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

The maximum number of shares in respect of which share options may be granted under the Scheme shall be 10% of the shares in issue as at 15 November 2019. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes, must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

At 31 December 2024 and 2023, the number of options available to be granted under the Scheme was 33,047,205, representing 9.3% and 9.3% of the outstanding shares of the Company, respectively.

The exercise price must be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares on the date of offer of the grant.

The option period is determined by the directors of the Company provided that it is not later than 10 years from the date the directors of the Company makes an offer of the grant of an option subject to the provision for early termination. There is no specified minimum period under the Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Scheme.

(a) The terms and conditions of the grants are as follows:

	Number of share options	Vesting conditions	Contractual life of options
Option granted on 8 April 2022	25,757,000	Immediately from the date of grant	2 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

30. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) The terms and conditions of the grants are as follows: *(Continued)*

For the year ended 31 December 2024

Details of grantees	Date granted	Period during which options are exercisable	Outstanding as at 1 January 2024	Lapsed during the year	Outstanding as at 31 December 2024	Exercise price per share	Closing price per share immediately before the date of grant
Category: Employees							
Employee	8 April 2022	8 April 2022 to 7 April 2024	**157,000**	**(157,000)**	**–**	**N/A**	**N/A**

Note: All share options granted were vested immediately.

For the year ended 31 December 2023

Details of grantees	Date granted	Period during which options are exercisable	Outstanding as at 1 January 2023	Lapsed during the year	Outstanding as at 31 December 2023	Exercise price per share	Closing price per share immediately before the date of grant
Category: Employees							
Employee	8 April 2022	8 April 2022 to 7 April 2024	157,000	–	157,000	HK$0.25	HK$0.25

Note: All share options granted were vested immediately.

(b) Movement in the number and weighted average exercise prices of share options are as follows:

	2024		2023	
	Weighted average exercise price (per share) HK$	**Number of options '000**	Weighted average exercise price (per share) HK$	Number of options '000
Outstanding at the beginning of the year	**0.25**	**157**	0.25	157
Lapsed during the year	**0.25**	**(157)**	N/A	–
Outstanding at the end of the year	**N/A**	**–**	0.25	157
Exercisable at the end of the year	**N/A**	**–**	0.25	157

As at 31 December 2024, the weighted average remaining contractual life of the share option is 0 (2023: 0.25) years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

30. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. During the years ended 31 December 2024 and 2023, no shares options were granted to employees of the Group. The estimate of the fair value of the share options granted is measured based on a binomial option pricing model.

Fair value of share options granted on 8 April 2022 and assumptions are as follows:

	8 April 2022 Employees
Fair value of each share option at grant date	**HK$0.0945**
Share price of each share at grant date	**HK$0.25**
Exercise price of each share option	**HK$0.25**
Expected volatility	**90.18%**
Option life	**2 years**
Expected dividend yield	**0%**
Risk-free interest rate	**1.943%**

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The assumptions used in computing the fair value of the share options are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

During the year ended 31 December 2024, 157,000 (2023: nil) share options was lapsed and share-based compensation reserve of approximately RMB12,000 (2023: nil) was reclassified to accumulated losses.

There was no market vesting condition or non-market performance condition associated with the options granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

31. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% (2023: 5%) of the employees' relevant income, subject to a cap monthly relevant income of HK$30,000 (2023: HK$30,000). Contributions to the scheme vest immediately.

Under the MPF Scheme, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

During the years ended 31 December 2024 and 2023, the Group had no forfeited contributions under the MPF Scheme that might be used by the Group to reduce the existing level of contributions.

32. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following material related party transactions:

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the directors of the Company as disclosed in note 13, is as follows:

	2024 **RMB'000**	2023 RMB'000
Short-term employees benefit	**830**	908
Retirement scheme contributions	**–**	8
Total	**830**	916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2024

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cashflows were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Bonds payables RMB'000
At 1 January 2023	57,479
Non-cash changes:	
– Interest expense	5,076
– Gain on modification of bonds payables	(2,866)
Changes from financing cash flows:	
– Interest paid	(995)
Exchange realignment	191
At 31 December 2023 and 1 January 2024	58,885
Non-cash change:	
– Interest expense	5,119
Changes from financing cash flows:	
– Interest paid	(4,147)
– Early repayment of principal	(1,410)
Exchange realignment	2,273
At 31 December 2024	**60,720**

34. COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been reclassified to conform to current year's presentation.

FIVE YEAR FINANCIAL SUMMARY

Consolidated results

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**38,583**	45,740	62,408	65,671	52,824
Loss before tax	**(8,363)**	(9,378)	(53,796)	(9,054)	(25,393)
Income tax credit/(expense)	**–**	–	995	(543)	(195)
Net loss for the year	**(8,363)**	(9,378)	(52,801)	(9,597)	(25,588)
Attributable to:					
Owners of the Company	**(8,363)**	(9,378)	(52,801)	(9,429)	(25,571)
Non-controlling interests	**–**	–	–	(168)	(17)
	(8,363)	(9,378)	(52,801)	(9,597)	(25,588)

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**174,056**	167,079	122,493	169,024	138,626
Current assets	**195,957**	211,587	238,147	191,822	228,270
Current liabilities	**(62,580)**	(27,055)	(8,079)	(34,231)	(6,850)
Net current assets	**133,377**	184,532	230,068	157,591	221,420
Non-current liabilities	**(17,638)**	(58,885)	(57,479)	(36,240)	(49,699)
Net assets	**289,795**	292,726	295,082	290,375	310,347