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Haosen Fintech Group Limited

浩森金融科技集團有限公司

(formerly known as Wealthy Way Group Limited)

(incorporated in Cayman Islands with limited liability)

(Stock code: 3848)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Haosen Fintech Group Limited (the “**Company**”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	For the year ended 31 December	
		2023	2022
		RMB’000	RMB’000
Revenue	5	113,132	99,588
Other income	5	4,871	18,314
Employee benefit expenses		(20,550)	(22,116)
Depreciation	7	(2,107)	(2,475)
Other operating expenses		(14,640)	(15,748)
Impairment loss on intangible assets		–	(3,369)
Provision for expected credit losses (“ ECLs ”) on loan and account receivables, net		(43,128)	(20,160)
Finance costs	6	(10,428)	(19,081)
Profit before income tax	7	27,150	34,953
Income tax expense	8	(3,977)	(10,841)
Profit for the year attributable to equity holders of the Company		23,173	24,112

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Other comprehensive income/(expenses)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		611	(243)
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation		(317)	(1,589)
Fair value loss on financial asset at fair value through other comprehensive income (“FVOCI”)		—	(10,342)
		<u> </u>	<u> </u>
Other comprehensive income/(expenses) for the year, net of income tax		294	(12,174)
		<u> </u>	<u> </u>
Total comprehensive income for the year attributable to equity holders of the Company		23,467	11,938
		<u> </u>	<u> </u>
Earnings per share attributable to equity holders of the Company			
	10		
Basic		14.80 cents	15.40 cents
Diluted		14.79 cents	15.39 cents
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		723	1,163
Right-of-use assets		2,767	1,456
Intangible assets		–	–
Other assets		386	402
Loan and account receivables	11	392,068	313,581
Prepayments, deposits and other receivables		269	27
Deferred tax assets		51,656	53,787
		<u>447,869</u>	<u>370,416</u>
Current assets			
Loan and account receivables	11	309,951	299,830
Prepayments, deposits and other receivables		522	1,019
Cash and cash equivalents		26,340	58,288
		<u>336,813</u>	<u>359,137</u>

		As at 31 December	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
Current liabilities			
Account payables	12	520	8,949
Deposits from financial leasing customers		500	1,590
Accruals and other payables		22,835	27,082
Amounts due to related parties		12,153	2,552
Lease liabilities		1,101	1,264
Promissory note		4,186	4,186
Dividend payable		2,066	1,449
Bonds payable		18,177	17,688
Bank borrowings	13	142,320	100,023
Tax payable		5,386	8,726
		<u>209,244</u>	<u>173,509</u>
Net current assets		<u>127,569</u>	<u>185,628</u>
Total assets less current liabilities		<u>575,438</u>	<u>556,044</u>
Non-current liabilities			
Deposits from financial leasing customers		–	1,340
Lease liabilities		1,738	317
		<u>1,738</u>	<u>1,657</u>
Net assets		<u><u>573,700</u></u>	<u><u>554,387</u></u>
EQUITY			
Share capital	14	1,358	1,358
Reserves		572,342	553,029
Total equity attributable to equity holders of the Company		<u><u>573,700</u></u>	<u><u>554,387</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital RMB'000 (Note 14)	Proposed final dividend# RMB'000 (Note 9)	Share premium# RMB'000	Share- based payment reserve# RMB'000	Exchange reserve# RMB'000	Other reserve# RMB'000	Statutory surplus reserve# RMB'000	Financial assets at FVOCI reserve# RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2022	1,358	3,829	230,268	4,712	(753)	236,231	52,120	10,342	2,950	541,057
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	-	-	24,112	24,112
Other comprehensive expenses:										
Exchange differences arising on translation	-	-	-	-	(1,832)	-	-	-	-	(1,832)
Fair value loss on financial asset at FVOCI	-	-	-	-	-	-	-	(10,342)	-	(10,342)
Total comprehensive (expenses)/ income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,832)</u>	<u>-</u>	<u>-</u>	<u>(10,342)</u>	<u>24,112</u>	<u>11,938</u>
Transactions with equity holders of the Company:										
Equity settled share-based payment	-	-	-	931	-	-	-	-	-	931
Share options lapsed	-	-	-	(2,625)	-	-	-	-	2,625	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,694)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,625</u>	<u>931</u>
Final dividend (Note 9)	-	(3,829)	-	-	-	-	-	-	-	(3,829)
Proposed final dividend (Note 9)	-	4,154	(4,154)	-	-	-	-	-	-	-
Gain on modification of terms promissory note held by a related party	-	-	-	-	-	4,290	-	-	-	4,290
Transferred to statutory surplus reserve	-	-	-	-	-	-	1,492	-	(1,492)	-
At 31 December 2022	<u>1,358</u>	<u>4,154</u>	<u>226,114</u>	<u>3,018</u>	<u>(2,585)</u>	<u>240,521</u>	<u>53,612</u>	<u>-</u>	<u>28,195</u>	<u>554,387</u>

	Share capital RMB'000 (Note 14)	Proposed final dividend [#] RMB'000 (Note 9)	Share premium [#] RMB'000	Share- based payment reserve [#] RMB'000	Exchange reserve [#] RMB'000	Other reserve [#] RMB'000	Statutory surplus reserve [#] RMB'000	Financial assets at FVOCI reserve [#] RMB'000	Retained profits [#] RMB'000	Total RMB'000
At 1 January 2023	1,358	4,154	226,114	3,018	(2,585)	240,521	53,612	-	28,195	554,387
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	-	-	23,173	23,173
Other comprehensive income:										
Exchange differences arising on translation	-	-	-	-	294	-	-	-	-	294
Total comprehensive income for the year	-	-	-	-	294	-	-	-	23,173	23,467
Transactions with equity holders of the Company:										
Share options lapsed	-	-	-	(2,038)	-	-	-	-	2,038	-
	-	-	-	(2,038)	-	-	-	-	2,038	-
Final dividend (Note 9)	-	(4,154)	-	-	-	-	-	-	-	(4,154)
Proposed final dividend (Note 9)	-	4,269	(4,269)	-	-	-	-	-	-	-
Transferred to statutory surplus reserve	-	-	-	-	-	-	1,091	-	(1,091)	-
At 31 December 2023	<u>1,358</u>	<u>4,269</u>	<u>221,845</u>	<u>980</u>	<u>(2,291)</u>	<u>240,521</u>	<u>54,703</u>	<u>-</u>	<u>52,315</u>	<u>573,700</u>

[#] These reserves accounts comprise the consolidated reserves of approximately RMB572,342,000 (2022: RMB553,029,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

Pursuant to a special resolution passed by the shareholders of the Company at the annual general meeting held on 30 June 2023 and the issue of Certificate of Change of Name by the Registrar of Companies of Hong Kong on 19 July 2023, the English name of the Company was changed from “Wealthy Way Group Limited” to “Haosen Fintech Group Limited” and the Chinese name of the Company was changed from “富道集團有限公司” to “浩森金融科技集團有限公司” with effect from 19 July 2023.

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

2. BASIS OF PREPARATION AND PRESENTATION

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

The consolidated financial statements are presented in Renminbi (“**RMB**”). All values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2022 except for the application of certain new and amendments to HKFRSs that are effective from the current year as set out in Note 3.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs in issue and effective

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the accounting period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and the related amendments

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

Amendments to HKFRSs in issue but not yet effective

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

		Effective for annual reporting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) (“HK Int 5”)	HK Int 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

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

4. SEGMENT INFORMATION

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

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

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

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

Segment revenue and results

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

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

	Finance lease and factoring related services <i>RMB'000</i>	Micro credit and loan facilitation related services <i>RMB'000</i>	Securities dealing and broking and other financial services <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2022				
Revenue				
External income	<u>3,050</u>	<u>95,222</u>	<u>1,316</u>	<u>99,588</u>
Segment results	<u>10,600</u>	<u>42,901</u>	<u>(5,293)</u>	48,208
Unallocated corporate income				2,830
Unallocated corporate expenses				<u>(16,085)</u>
Profit before income tax				34,953
Income tax expense				<u>(10,841)</u>
Profit for the year				<u>24,112</u>

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

Segment assets and liabilities

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

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

Segment assets include the current and non-current assets except for unallocated corporate assets, being certain plant and equipment and right-of-use assets. Segment liabilities include the current and non-current liabilities with the exception of other corporate liabilities such as amounts due to related parties, dividend payable and interest payable of bonds payable.

	Finance lease and factoring related services <i>RMB'000</i>	Micro credit and loan facilitation related services <i>RMB'000</i>	Securities dealing and broking and other financial services <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2022				
Segment assets	<u>77,129</u>	<u>570,372</u>	<u>25,538</u>	673,039
Deferred tax assets				53,787
Unallocated corporate assets				<u>2,727</u>
Consolidated total assets				<u>729,553</u>
Segment liabilities	<u>10,472</u>	<u>119,305</u>	<u>9,599</u>	139,376
Tax payable				8,726
Promissory note				4,186
Bonds payable				17,688
Unallocated corporate liabilities				<u>5,190</u>
Consolidated total liabilities				<u>175,166</u>

5. REVENUE AND OTHER INCOME

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Point in time</i>		
– Commission and brokerage income from securities dealing	240	721
<i>Over time (Note (a))</i>		
– Post loan facilitation service income	1,426	377
	<u>1,666</u>	<u>1,098</u>
 Revenue from other sources (<i>Note (b)</i>)		
– Interest income from financial leasing	358	3,050
– Interest income from small loans	110,395	94,845
– Interest income from margin financing	431	310
– Interest income from other loans	282	285
	<u>111,466</u>	<u>98,490</u>
Total revenue	<u>113,132</u>	<u>99,588</u>
 Other income		
Bank interest income	241	711
Dividend income from financial assets at FVOCI	–	10,303
Gain on disposal of plant and equipment	–	3
Gain on modification of lease	13	–
Government grants (<i>Note (c)</i>)	–	414
Handlings service charges	50	123
Other taxes refund	99	666
Referral fee	326	2,686
Recovery of bad debts on loan and account receivables, net	3,966	2,866
Sundry income	176	542
	<u>4,871</u>	<u>18,314</u>

Notes:

- (a) The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about remaining performance obligation that have original expected duration of one year or less.
- (b) Interest income was calculated using the effective interest income according to HKFRS 9. All the interest income disclosed in the above came from financial assets not at fair value through profit or loss.
- (c) For the year ended 31 December 2022, the government grants included (i) subsidies amounted to approximately RMB247,000 for staff costs according to the Employment Support Scheme, which was launched by The Government of the Hong Kong Special Administrative Region, which aimed to provide time limited financial support to the Group for the period from May to July 2022 to retain employees who might otherwise redundant; and (ii) subsidies amounted to approximately RMB167,000 in relation to Technology Voucher Programme launched by Hong Kong Innovation and Technology Commission to support local enterprises using technological services and solutions to improve its productivity, or upgrade or transform their business processes. There were no unfulfilled conditions or other contingencies attached to these subsidies at the end of the reporting period.

6. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on bank borrowings	8,799	7,855
Interest on lease liabilities	185	197
Interest on bonds payable	1,444	1,280
Interest on promissory note	–	9,749
	<u>10,428</u>	<u>19,081</u>

7. PROFIT BEFORE INCOME TAX

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

	2023 RMB'000	2022 RMB'000
Auditor's remuneration		
– Audit services	794	754
Depreciation charged on:		
– Plant and equipment	556	782
– Right-of-use assets	1,551	1,693
	2,107	2,475
Employee benefit expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	17,735	18,413
– Retirement benefit scheme contributions (<i>Note (a)</i>)	2,815	2,772
– Equity settled share-based payment	–	931
	20,550	22,116
Equity settled share-based payment		
– Employee benefit expenses	–	931
Commission paid	5,828	4,697
Operating lease expenses	399	533
Foreign exchange difference, net	(109)	(537)
Gain on disposal of plant and equipment, net	–	(3)
Recovery of bad debts of loan and account receivables, net (<i>Note (b)</i>)	<u>(3,966)</u>	<u>(2,866)</u>

Notes:

- (a) As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2022: Nil).
- (b) During the year ended 31 December 2023, the Group received approximately RMB3,966,000 (2022: RMB3,029,000) in relation to the bad debts recognised in previous years, as a result, recovery of bad debts on loan and account receivables was recognised in the consolidated profit or loss.

8. INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
The charge comprises:		
Current tax – PRC Enterprise Income Tax (“EIT”)		
– current year provision	8,060	12,274
– over-provision in prior years	(6,239)	(126)
Deferred tax expense/(credit), net	2,156	(1,307)
	<u>3,977</u>	<u>10,841</u>

Notes:

- (a) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which entities in the Group are domiciled and operated.
- (b) Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions.
- (c) PRC EIT is calculated at 25% (2022: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for two subsidiaries of the Company as mentioned below:

One of the PRC subsidiaries located at Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, is entitled to enjoy a reduced EIT rate at 15% with a validity period from 1 January 2021 and 31 December 2025. Besides, according to the announcement (No. 7 [2023]) on the policy of enhanced pre-tax deductions of R&D expenses, released by the Ministry of Finance on March 2023, 200% of the eligible R&D expenses incurred by this subsidiary are tax-deductible from 2023. (2022: This subsidiary was approved as a high and new technology enterprise (“HNTE”), which entitled to enjoy a reduced EIT rate at 15% and an additional 75% tax reduction based on the eligible research and development expenses with a validity period of three years from 11 December 2020 to 10 December 2023).

According to the Notice on Implementing the Policy of Inclusive Tax Relief for Small and Micro Enterprises (“SMEs”), released by the Ministry of Finance on January 2021, qualified SMEs with annual taxable income below RMB1 million per year entitled to a preferential EIT rate of 20% on 25% (2022: 10% on 25%) of their income. Whereas, qualified SMEs with taxable income from RMB1 million to RMB3 million entitled to a preferential EIT rate of 20% on 25% (2022: 10% on 50%) of their income, one (2022: one) of the subsidiaries is entitled to the preferential tax rate for the years 2023 to 2024.

- (d) The Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2023 (2022: Nil)..

9. DIVIDEND

(a) Dividend attributable to the year

The final dividend of HK3 cents (2022: HK3 cents) per ordinary share of the Company, totaling approximately HK\$4,697,000 (equivalent to approximately RMB4,269,000) (2022: approximately HK\$4,697,000 (equivalent to approximately RMB4,154,000)) proposed after the reporting date, for the year ended 31 December 2023 was not recognised as a liability at the reporting date. In addition, the final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (“AGM”). Subject to the recommended final dividend being approved by the shareholders, the dividend warrants of the recommend final dividend are expected to be despatched to the shareholders on or before Friday, 28 June 2024.

(b) Dividend attributable to the previous financial year and approved during the year

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend in respect of the previous financial year of HK3 cents per ordinary share	<u>4,154</u>	<u>3,829</u>

10. EARNINGS PER SHARE

	2023	2022
Earnings attributable to equity holders of the Company (<i>RMB'000</i>)	<u>23,173</u>	<u>24,112</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>in '000</i>)	156,583	156,583
Effect of dilutive potential ordinary shares – share options (<i>in '000</i>)	<u>53</u>	<u>42</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share (<i>in '000</i>)	<u>156,636</u>	<u>156,625</u>

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2023, the potential dilutive ordinary shares of the Company are share options (2022: share options). The calculation of share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 December 2023, the assumed conversion of potential ordinary shares in relation to the share option has dilutive effect (2022: dilutive effect) to the basic earnings per share as the average market price of ordinary shares exceeds the exercise price of the options during the year.

11. LOAN AND ACCOUNT RECEIVABLES

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current assets			
Financial leasing receivables	(a)	–	510
Small loans receivables	(b)	<u>399,544</u>	<u>317,458</u>
		399,544	317,968
Less: Allowance for ECLs		<u>(7,476)</u>	<u>(4,387)</u>
		<u>392,068</u>	<u>313,581</u>
Current assets			
Financial leasing receivables	(a)	26,192	76,048
Small loan receivables	(b)	355,128	259,172
Other loan receivables	(c)	5,312	4,893
Account receivables	(d)	<u>5,385</u>	<u>2,852</u>
		392,017	342,965
Less: Allowance for ECLs		<u>(82,066)</u>	<u>(43,135)</u>
		<u>309,951</u>	<u>299,830</u>
Total loan and account receivables, net		<u>702,019</u>	<u>613,411</u>

Notes:

(a) Financial leasing receivables

For financial leasing receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The period for financial leasing contract are normally ranging from 8 months to 3 years in 2023 (2022: 8 months to 3 years).

The Group's financial leasing receivables are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the finance leases range from 11.47% to 21.1% (2022: 8.11% to 21.1%) per annum as at 31 December 2023.

As at 31 December 2023, the Group's financial leasing receivables with gross carrying amount of approximately RMB26,192,000 were carried at fixed-rates (2022: RMB76,558,000).

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

	Minimum lease payments		Present value of minimum lease payments	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Financial leasing receivables comprise of:				
Within one year	26,192	77,141	26,192	76,048
More than one year but not exceeding two years	—	517	—	510
	<u>26,192</u>	<u>77,658</u>	<u>26,192</u>	<u>76,558</u>
Less: Unearned finance income	—	(1,100)	—	—
Present value of minimum lease payments	<u><u>26,192</u></u>	<u><u>76,558</u></u>	<u><u>26,192</u></u>	<u><u>76,558</u></u>

Financial leasing receivables are mainly secured by the lessees' deposits, certain guarantees and leased assets which are equipment and machinery used in industries such as real estate, manufacturing, telecommunication and information technology and hotel. Additional collateral may be obtained from customers to secure their repayment obligations under financial leasing and such collateral include vehicle licence. As at 31 December 2023, the financial leasing receivables were collateralised by the leased assets with fair values of approximately RMB9,186,000 (2022: RMB135,105,000).

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

	2023 RMB'000	2022 RMB'000
Neither overdue nor credit-impaired	—	44,331
Overdue but not credit-impaired		
– overdue within 30 days	—	331
– overdue within 31 to 90 days	—	1,309
Overdue and credit-impaired	<u>26,192</u>	<u>30,587</u>
	<u><u>26,192</u></u>	<u><u>76,558</u></u>

(b) Small loan receivables

It primarily represented the micro-credit loans and guaranteed loans granted to the customers. The loan periods granted to each of the customers is generally ranging from 1 month to 8 years (2022: 6 months to 8 years). The effective interest rate of the small loans receivables is ranging from 8.0% to 25.1% (2022: 8.0% to 27.7%) per annum as at 31 December 2023.

Included in the balance, subordinated mortgage loan receivables with gross carrying amount of approximately RMB496,300,000 (2022: RMB444,976,000) were secured by real estates with fair values (after netting off the amount of first mortgage) of approximately RMB1,279,508,000 (2022: RMB1,896,391,000) as at 31 December 2023.

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	99,165	30,292
31 to 90 days	70,467	50,128
91 to 365 days	185,496	178,752
Over 365 days	399,544	317,458
	<u>754,672</u>	<u>576,630</u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Neither overdue nor credit-impaired	669,764	517,821
Overdue but not credit-impaired		
– overdue within 30 days	10,962	22,144
– overdue within 31 to 90 days	10,485	6,618
Overdue and credit-impaired	63,461	30,047
	<u>754,672</u>	<u>576,630</u>

(c) **Other loan receivables**

It represented an unsecured loan with a principal amount of HK\$9,000,000 (equivalent to approximately RMB7,716,000) granted to an independent third party on 8 March 2022 which was repayable on 8 March 2023, carrying a fixed interest at 6% per annum. During the year ended 31 December 2022, the borrower had early repaid HK\$3,800,000 (equivalent to approximately RMB3,258,000).

On 8 March 2023, the Group and the borrower agreed to extend the maturity date to 8 March 2024 with other terms remaining unchanged.

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
91 to 365 days	5,312	4,893
	<u>5,312</u>	<u>4,893</u>

The following is a credit quality analysis of other loan receivables. In the event that an instalment repayment is overdue, if any, the entire outstanding balance of other loan receivables would be classified as overdue.

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Neither overdue nor credit-impaired	<u>5,312</u>	<u>4,893</u>

(d) Account receivables

Balances comprise receivables in respect of securities dealing and broking services and financial advisory and post loan facilitation services, represented as follows:

	<i>Notes</i>	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Account receivables from securities dealing and broking services:			
– Hong Kong Securities Clearing Company Limited (“ HKSCC ”)	(i)	22	576
– Margin clients		<u>5,363</u>	<u>1,074</u>
		5,385	1,650
Account receivables from financial advisory and post loan facilitation services	(ii)	<u>–</u>	<u>1,202</u>
		<u>5,385</u>	<u>2,852</u>

Notes:

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

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

Account receivables of securities margin clients are secured by the clients’ pledged securities with fair value of approximately RMB28,193,000 (2022: RMB43,625,000) as at 31 December 2023. All of the pledged securities are equity and debt securities listed in Hong Kong and overseas. The account receivables of securities margin clients are repayable on demand subsequent to settlement date and carrying interest typically ranged from 6% to 12% and Hong Kong Prime rate to Hong Kong Prime rate +7% (2022: Same) per annum as at 31 December 2023. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group’s discretion to settle any outstanding amount owned by the margin clients.

- (ii) Balances comprise receivables in respect of financial advisory and post loan facilitation services. No element of financing is deemed present as the services are made with a credit period not more than one week after revenue recognition.

The Group does not hold any collateral or other credit enhancements over these balances.

The ageing analysis of account receivables from financial advisory and post loan facilitation services, determined based on the schedule to repay of receivable since the effective dates of relevant contracts, as at the end of the reporting period, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0 to 30 days	—	1,202
	<u>—</u>	<u>1,202</u>

The following is a credit quality analysis of account receivables from financial advisory and post loan facilitation services. In the event that an instalment repayment is overdue, the entire outstanding balance of account receivables is classified as overdue.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Overdue and credit-impaired	—	1,202
	<u>—</u>	<u>1,202</u>

Except for receivables from margin clients, the Group does not hold any collateral or other credit enhancements over these balances.

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

12. ACCOUNT PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
HKSCC	20	—
Cash clients	248	398
Margin clients	<u>252</u>	<u>8,551</u>
	<u>520</u>	<u>8,949</u>

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

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

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

13. BANK BORROWINGS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Bank borrowings – secured*:		
Within one year	<u>142,320</u>	<u>100,023</u>

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

As at 31 December 2023, the Group had one (2022: two) bank borrowing with principal amount of approximately RMB100,000,000 (2022: RMB100,000,000) and repayable in May 2024 (2022: July 2023). As at 31 December 2023, the borrowing carried variable interest rates at the loan prime rate (“LPR”) offered by the People’s Bank of China (the “PBOC”) +4.15% (2022: Same) and the effective interest rate was 7.64% (2022: 7.44%) per annum. The bank borrowing was secured by charges over one properties with fair value of approximately RMB79,278,000 (2022: RMB79,170,000) (which are jointly owned by Mr. Lo and his spouse), one property with fair value of approximately RMB31,891,000 (2022: RMB32,039,000) (which is owned by Mr. Lu Qing Ming, nephew of Mr. Lo) and jointly guaranteed by a related company, which Mr. Lu, Mr. Lo’s sibling is the controlling shareholder and Mr. Lu, with an aggregate amount up to RMB100,000,000 (2022: RMB100,000,000).

As at 31 December 2023, the Group had another bank borrowings with principal amount of approximately RMB42,000,000 (2022: Nil) and repayable in September 2024 (2022: Nil). As at 31 December 2023, the borrowing carried a variable interest rate at LPR offered by PBOC +2.45% (2022: Nil) and the effective interest rates was 5.98% (2022: Nil) per annum. The borrowing was secured by charges over one property with fair value of approximately RMB53,583,000,000 (2022: Nil) (which is owned by Mr. Lo’s spouse) and jointly guaranteed by, an indirectly wholly-owned subsidiary of the Company, Shenzhen Wealthy Way Investment Holdings Company Limited and Mr Lo.

The bank borrowings with carrying amount of approximately RMB142,320,000 (2022: RMB100,023,000) are subject to the fulfilment of covenants. The Group regularly monitors its compliance with these covenants. As at 31 December 2023, none of these covenants had been breached (2022: same).

14. SHARE CAPITAL

	Number of ordinary shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 of each		
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>20,000,000,000</u>	<u>200,000</u>
	Number of ordinary shares	Amount <i>RMB'000</i>
Issued and fully paid:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>156,583,000</u>	<u>1,358</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The macro environment in the PRC was still subject to many uncertainties in the 2023. In China, the economy is still in the process of adjustment and recovery from COVID-19. In the said reporting period, revenue of the Group was mainly derived from small loans interest income which accounted for approximately RMB110.4 million about 97.6% of the total revenue RMB113.1 million of the Group.

In 2023, the Company adjusted its business strategy in response to the economic environment, and the Company had focus on the small loan business and allocated most of the resource in the business development of the second mortgages product. In 2023, the market situation of the real estate industry had changed seriously, the average price of second-hand real estate was in the trend of going down which required the Company be more careful in the operation and risk management. Based on the relevant policy changes, the Company had adjusted business strategies in relation to our small loan business, so as to maintenance our share in Shenzhen's second mortgage loan market. In relation to its financial leasing and factoring business, in view of the economic uncertainties, the Company is constantly adjusting relevant human resources based on the changes of the market environment, such that the optimized allocation of resources can allow us to enhance our operational efficiency. Our leasing and factoring business is in the process of adjustment, hence there is a significant decline in the relevant business revenue. The Group's securities dealing business mainly refers to the provision of securities dealing services to customers in Hong Kong through Grand Partners Securities Limited, a wholly-owned subsidiary of the Company.

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

General information of the small loan business

The small loan business is Company's core business. It contribute RMB110.4 million out of the total revenue RMB113.1 million, about 97.6% of the total revenue of the Company. The Company provided small loan service through our wholly-owned subsidiary Shenzhen Haosen Credit Joint Stock Limited (“**Shenzhen Haosen**”). Shenzhen Haosen had been providing loan services to customers with flexible terms through quick and comprehensive loan assessment and approval processes to support their continued development and address their liquidity needs. Our customer base primarily consists of customers engaged in the industry of manufacturing, wholesale and retail, construction and transportation.

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

	As at 31 December 2023	As at 31 December 2022
Over RMB5 million	18	12
Over RMB3 million to RMB5 million (inclusive)	8	9
Over RMB1 million to RMB3 million (inclusive)	95	114
Over RMB500,000 to RMB1 million (inclusive)	267	217
Up to RMB500,000	476	303
	<hr/>	<hr/>
Total number of loans to customers	864	655

As at 31 December 2023, the maximum loan amount of approximately 86.00% (31 December 2022: 79.4%) of loan contracts were limited to RMB1 million. Among our loan contracts, the higher proportion of loans with amount limited to RMB1 million was mainly due to the fact that we target to serve individuals and micro enterprises in the industry of manufacturing, wholesale and retail, construction and transportation, etc., the loan amounts generally lower.

Some of the customers have more than one loan agreement with the Company. As at 31 December 2023, the number of customers is 804 (31 December 2022: 605).

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

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Credit loans	6,725	299
Guaranteed loans	251,647	131,355
Collateral-backed loans	496,300	444,976
	<hr/>	<hr/>
Total	754,672	576,630

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

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Over RMB5 million	244,015	133,740
Over RMB3 million to RMB5 million (inclusive)	29,955	33,547
Over RMB1 million to RMB3 million (inclusive)	139,556	166,665
Over RMB500,000 to RMB1 million (inclusive)	189,794	149,389
Up to RMB500,000	151,352	93,289
	<hr/>	<hr/>
Total loan amount	754,672	576,630
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
0 to 30 days	99,165	30,292
31 to 90 days	70,467	50,128
91 to 365 days	185,496	178,752
Over 365 days	399,544	317,458
	<hr/>	<hr/>
	754,672	576,630
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Neither overdue nor credit-impaired	699,764	517,821
Overdue but not credit-impaired		
– Overdue within 30 days	10,962	22,144
– Overdue within 31 to 90 days	10,485	6,618
Overdue and credit-impaired	63,461	30,047
	754,672	576,630

Impairment loss on loan receivables

As at 31 December 2023. The total loan receivables which only include small loan and financial lease business is RMB780.9 million (31 December 2022: RMB653.2 million). The total outstanding Principle Amount of the ten largest loan receivables is approximately RMB174.4 million (31 December 2022: RMB160.7 million), about 22.3% (31 December 2022: 24.6%) of the total loan receivables which only include small loan and financial leasing business. The allowance for impairment losses of the ten largest loan receivables is RMB11.9 million (31 December 2022: RMB9.7 million) which the total allowance for impairment losses is RMB89.5 million (31 December 2022: RMB47.5 million). The Company performed impairment assessment in the end of the Reporting Period under the expect credit loss (“ECL”) model which required by HKFRS 9.

The following table sets out the allowance for ECLs on our loans to customers are as follows:

	12-m ECL <i>RMB'000</i>	Lifetime ECL – not credit- impaired <i>RMB'000</i>	Lifetime ECL – credit- impaired <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	1,387	1,254	18,755	21,396
Bad debts written-off	–	(5)	(11,283)	(11,288)
Transfer to Lifetime ECL – to 12-m	–	–	–	–
Transfer to Lifetime ECL – not credit-impaired	(17)	17	–	–
Transfer to Lifetime ECL – credit-impaired	(19)	(685)	704	–
Net re-measurement of loss allowance	<u>(610)</u>	<u>5,451</u>	<u>14,640</u>	<u>19,481</u>
As at 31 December 2022 and 1 January 2023	741	6,032	22,816	29,589
Bad debts written-off	–	–	(1,123)	(1,123)
Transfer to Lifetime ECL – to 12-m	107	(107)	–	–
Transfer to Lifetime ECL – not credit-impaired	(9)	9	–	–
Transfer to Lifetime ECL – credit-impaired	(62)	(2,254)	2,316	–
Net re-measurement of loss allowance	<u>7,927</u>	<u>(1,975)</u>	<u>36,300</u>	<u>42,252</u>
As at 31 December 2023	<u><u>8,704</u></u>	<u><u>1,705</u></u>	<u><u>60,309</u></u>	<u><u>70,718</u></u>

During the year ended 31 December 2023, gross carrying amount of small loan receivables amounted to approximately RMB1,151,000 (2022: RMB11,550,000) were written off as bad debts because these were overdue for 1 year or above which are still subject to enforcement activities. The respective allowance for ECLs has been reversed and the remaining balance is charged to profit or loss directly.

The following table sets out the principal amount outstanding and the allowance of impairment losses about the ten largest loan receivables as at 31 December 2023.

No.	Counter party	Status	Loan Type	Principal amount outstanding <i>RMB'000</i>	Allowance for impairment losses <i>RMB'000</i>
1	Relevant Party A	Normal	Small loan	26,200	320
2	Relevant Party B	Normal	Small loan	18,500	152
3	Relevant Party C	Normal	Small loan	18,000	153
4	Relevant Party D	Normal	Small loan	18,000	40
5	Relevant Party E	Normal	Small loan	17,500	44
6	Relevant Party F	Overdue	Financial lease	16,200	10,305
7	Relevant Party G	Normal	Small loan	15,000	221
8	Relevant Party H	Normal	Small loan	15,000	221
9	Relevant Party I	Normal	Small loan	15,000	221
10	Relevant Party J	Normal	Small loan	15,000	221
		Total		174,400	11,898

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

As at 31 December 2023, the Company has recognised RMB89.5 million as the allowance for impairment losses. There are 13 material loans which the amount of allowance for impairment losses is more than RMB1 millions. The total carrying amount of allowance for impairment of these 13 loans is approximately RMB32 million. These 13 loans involved 13 agreements amongst 13 customers which consisted overdue and credit-impaired loan receivables (each, the “**Overdue and Credit-impaired Agreement**”, collectively, the “**Overdue and Credit-impaired Agreements**”). The Overdue and Credit-impaired Agreements are 90 days past due. The Company has also seized any security deposit collected in relation to the Overdue and Credit-impaired Agreements. To the best knowledge of the Directors after making all reasonable enquiries, the counter parties to the Overdue and Credit-impaired agreements are independent third parties and the Overdue and Credit-impaired Agreements have no bearing on the related parties of the Company. A breakdown of the amount outstanding, the allowance for impairment losses recognised as at 31 December 2023 in respect of such Overdue and Credit-impaired Agreements are as follows:

No.	Counter party	Status	Loan type	Amount	Allowance for
				outstanding	impairment
				<i>RMB'000</i>	<i>RMB'000</i>
1	Relevant Party F	Overdue and credit-impaired	Finance lease	17,557	10,305
2	Relevant Party K	Overdue and credit-impaired	Finance lease	3,895	3,895
3	Relevant Party L	Overdue and credit-impaired	Small loan	3,270	3,270
4	Relevant Party M	Overdue and credit-impaired	Small loan	2,944	2,550
5	Relevant Party N	Overdue and credit-impaired	Small loan	1,731	1,731
6	Relevant Party O	Overdue and credit-impaired	Small loan	1,673	1,673
7	Relevant Party P	Overdue and credit-impaired	Small loan	1,359	1,359
8	Relevant Party Q	Overdue and credit-impaired	Small loan	1,521	1,275

No.	Counter party	Status	Loan type	Amount	Allowance for
				outstanding	impairment
				RMB'000	losses
					RMB'000
9	Relevant Party R	Overdue and credit-impaired	Small loan	1,318	1,267
10	Relevant Party S	Overdue and credit-impaired	Small loan	1,252	1,252
11	Relevant Party T	Overdue and credit-impaired	Small loan	1,151	1,151
12	Relevant Party U	Overdue and credit-impaired	Small loan	1,096	1,096
13	Relevant Party V	Overdue and credit-impaired	Small loan	1,481	1,047
		Total		40,248	31,871

Relevant Party F

The Company entered into a sale-leaseback agreement with Relevant Party F on January 2021 pursuant to which the Company purchased from Relevant Party F the relevant leaseback assets at the Consideration of RMB16.4 million, and lease to Relevant Party F the relevant leaseback assets for an aggregate lease payment of RMB17.8 million. However, Relevant Party F has defaulted in payment since February 2021. Since then, the Company has been in continuous negotiation with Relevant Party F for the settlement of the debt. In November 2022, the Company commenced legal proceedings against Relevant Party F. In September 2023, a judgment was awarded in favour of the Company. As the Company is of the opinion that Relevant Party F is unlikely to repay its credit obligations to the Group in full, as well as the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB10.3 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party K

The Company entered into a direct lease agreement with Relevant Party K on July 2020 pursuant to which the Company purchased from the supplier the relevant lease assets at the Consideration of RMB9 million, and lease to Relevant Party K the relevant lease assets for an aggregate lease payment of RMB10.3 million. However, Relevant Party K has defaulted in payment since August 2021. In September 2021, the Company commenced legal proceedings against Relevant Party K. In February 2022, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party K for the settlement of the judgment debt. As of 31 December 2023, the case still in the execution phase. As the Company is of the opinion that Relevant Party K is unlikely to repay its credit obligations to the Group in full, as well as the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB3.9 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party L

The Company entered into a loan agreement with Relevant Party L on July 2021 which the principal amount is RMB16 million. Relevant Party L has defaulted in payment since February 2022. Since then, the company has been in continuous negotiation with Relevant Party L for the settlement of the debt. As of 31 December 2023, the Amount outstanding is RMB3.3 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB3.3 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party M

The Company entered into a loan agreement with Relevant Party M on April 2021 which the principal amount is RMB3 million. Relevant Party M has defaulted in payment since October 2021. In October 2021, the Company commenced legal proceedings against Relevant Party M. In April 2022, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party M for the settlement of the judgment debt. As of 31 December 2023, the case still in the execution phase, the Amount outstanding is RMB2.9 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB2.6 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party N

The Company entered into a loan agreement with Relevant Party N on June 2021 which the principal amount is RMB1.8 million. Relevant Party N has defaulted in payment since October 2021. In January 2022, the Company commenced legal proceedings against Relevant Party N. In November 2022, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party N for the settlement of the judgment debt. As of 31 December 2023, the case still in the execution phase, the Amount outstanding is RMB1.7 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.7 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party O

The Company entered into a loan agreement with Relevant Party O on December 2021 which the principal amount is RMB2 million. Relevant Party O has defaulted in payment since December 2022. In March 2023, the Company commenced legal proceedings against Relevant Party O. In May 2023, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party O for the settlement of the judgment debt. As of 31 December 2023, the case still in the execution phase, the Amount outstanding is RMB1.7 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.7 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party P

The Company entered into a loan agreement with Relevant Party P on March 2022 which the principal amount is RMB1.5 million. Relevant Party P has defaulted in payment since January 2023. In February 2023, the Company commenced legal proceedings against Relevant Party P. In June 2023, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party P for the settlement of the judgment debt. As of 31 December 2023, the case still in the execution phase, the Amount outstanding is RMB1.4 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.4 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party Q

The Company entered into a loan agreement with Relevant Party Q on February 2023 which the principal amount is RMB1.5 million. Relevant Party Q has defaulted in payment since September 2023. In October 2023, the Company commenced legal proceedings against Relevant Party Q. Since then, the Company has been in continuous negotiation with Relevant Party Q for the settlement of the judgment debt. As of 31 December 2023, the Amount outstanding is RMB1.5 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.3 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party R

The Company entered into a loan agreement with Relevant Party R on July 2022 which the principal amount is RMB1.5 million. Relevant Party R has defaulted in payment since January 2023. In April 2023, the Company commenced legal proceedings against Relevant Party R. In June 2023, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party R for the settlement of the judgment debt. As of 31 December 2023, the Amount outstanding is RMB1.3 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.3 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party S

The Company entered into a loan agreement with Relevant Party S on June 2021 which the principal amount is RMB1.3 million. Relevant Party S has defaulted in payment since January 2023. In February 2023, the Company commenced legal proceedings against Relevant Party S. In June 2023, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party S for the settlement of the judgment debt. As of 31 December 2023, the Amount outstanding is RMB1.3 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.3 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party T

The Company entered into a loan agreement with Relevant Party T on June 2021 which the principal amount is RMB1.4 million. Relevant Party T has defaulted in payment since August 2021. In October 2021, the Company commenced legal proceedings against Relevant Party T. In April 2022, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party T for the settlement of the judgment debt. As of 31 December 2023, the Amount outstanding is RMB1.2 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.2 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party U

The Company entered into a loan agreement with Relevant Party U on July 2021 which the principal amount is RMB1.2 million. Relevant Party U has defaulted in payment since April 2022. In May 2022, the Company commenced legal proceedings against Relevant Party U. In July 2022, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party U for the settlement of the judgment debt. As of 31 December 2023, the Amount outstanding is RMB1.1 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.1 million was recognised at the end of the Reporting Period under the expected credit loss model.

Relevant Party V

The Company entered into a loan agreement with Relevant Party V on July 2021 which the principal amount is RMB2.0 million. Relevant Party V has defaulted in payment since July 2023. In September 2023, the Company commenced legal proceedings against Relevant Party V. In November 2023, a judgment was awarded in favour of the Company. Since then, the Company has been in continuous negotiation with Relevant Party V for the settlement of the judgment debt. As of 31 December 2023, the Amount outstanding is RMB1.5 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.0 million was recognised at the end of the Reporting Period under the expected credit loss model.

FINANCIAL REVIEW

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

Revenue

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

The revenue recorded an increase by approximately RMB13.5 million, or approximately 13.6%, from approximately RMB99.6 million for the year ended 31 December 2022 to approximately RMB113.1 million for the year ended 31 December 2023.

For the year ended 31 December 2023, the interest income from financial leasing contributed approximately RMB0.4 million (2022: approximately RMB3.1 million). The decrease was mainly resulted from less origination of new financial leasing contracts and the Company had allocated the resource to small loan business.

The Group provided loan facilitation service which contributed approximately RMB1.43 million to the revenue for the year ended 31 December 2023 (2022: approximately RMB0.38 million).

The Group also derived interest income from small loans through a wholly-owned subsidiary, Shenzhen Haosen Credit Joint Stock Limited (“**Shenzhen Haosen**”), contributing at aggregate of approximately RMB110.4 million (2022: approximately RMB94.8 million) which increase by approximately RMB15.6 million, or approximately 16.5%. The Group also recorded commission and brokerage income from security dealing contributing approximately RMB0.2 million (2022: approximately RMB0.7 million), while the interest income from margin financing also contributed approximately RMB0.4 million (2022: approximately RMB0.3 million) from our wholly-owned subsidiary, Grand Partners Securities Limited, for the year ended 31 December 2023.

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

Other income

Income decreased by approximately RMB13.4 million, or approximately 73%, from approximately RMB18.3 million for the year ended 31 December 2022 to approximately RMB4.9 million for the year ended 31 December 2023, mainly due to (i) the drop of dividend income from the financial assets at FVOCI; (ii) the drop of government grants; and (iii) an approximately RMB2.4 million decrease in referral fee income.

Employee benefit expenses

Employee benefit expenses included primarily employee salaries and costs associated with other benefits. The employee benefit expenses decreased by approximately RMB1.5 million, or approximately 6.8%, from approximately RMB22.1 million for the year ended 31 December 2022 to approximately RMB20.6 million for the year ended 31 December 2023 due to no share option granted during the year ended 31 December 2023.

Other operating expenses

Other operating expenses mainly consisted of (i) audit fee of approximately RMB0.8 million (2022: approximately RMB0.8 million); (ii) building management fee of approximately RMB0.7 million (2022: approximately RMB0.7 million); (iii) commission fee of approximately RMB5.8 million (2022: approximately RMB4.7 million) which mainly comprised of service charge of loan collection of approximately RMB5.8 million (2022: approximately RMB3.2 million) in relation to the small loan business; (iv) legal and professional fee of approximately RMB1.7 million (2022: approximately RMB1.2 million).

Finance costs

The finance costs decreased by approximately RMB8.7 million, or approximately 45.5%, from approximately RMB19.1 million for the year ended 31 December 2022 to approximately RMB10.4 million for the year ended 31 December 2023 mainly due to the saving of finance costs by early repayment of promissory note at December 2022.

Profit for the year attributable to equity owners of the Company

As a result of above, profit for the year attributable to equity owners of the Company for the year ended 31 December 2023 was approximately RMB23.2 million, whereas profit for the year ended 31 December 2022 was approximately RMB24.1 million, mainly due to (i) net provision for ECLs on loan and account receivables of approximately RMB43.1 million; and (ii) an approximately RMB13.4 million decrease in other income.

Dividend

The Board recommend the payment of a final dividend HK3 cents per share to shareholders of the Company for the year ended 31 December 2023 (2022: HK3 cents per share). Subject to the recommended final dividend being approved by the shareholders, the dividend warrants of the recommended final dividend are expected to be despatched to the shareholders or of before Friday, 28 June 2024.

Liquidity, financial resources and capital resources

As at 31 December 2023, the cash and cash equivalents were approximately RMB26.3 million (2022: approximately RMB58.3 million). The working capital (current assets less current liabilities) and the total equity of the Group were approximately RMB127.6 million (2022: approximately RMB185.6 million) and approximately RMB573.7 million (2022: approximately RMB554.4 million), respectively.

As at 31 December 2023, the Group's bank borrowings with maturity within one year amounted to approximately RMB142.3 million (2022: approximately RMB100.0 million) and there was no Group's bank borrowings exceed one year was nil (2022: Nil).

Gearing ratio (total bank and other borrowings/total equity) as at 31 December 2023 was approximately 24.8% (2022: approximately 18.0%).

Loan and account receivables

Loan and account receivables consisted of (i) financial leasing receivables including the principal and interest of financial leasing; (ii) factoring loan receivables; (iii) small loan receivables; (iv) other loan receivables; and (v) account receivables in respect of securities dealing and broking services, financial advisory and loan facilitation services. As at 31 December 2023, the loan and account receivables were approximately RMB702.0 million (2022: approximately RMB613.4 million), and this increase was mainly due to the increase in small loan receivables.

Capital commitments

As at 31 December 2023, the Group had no capital commitments contracted but not provided for (2022: Nil).

Employees and remuneration policy

As at 31 December 2023, the Group employed 76 full time employees (2022: 75) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB20.6 million for the year ended 31 December 2023 (2022: approximately RMB22.1 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages and incentives to employees with reference to the performance of the Group, the performance of individuals and prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company. Share award scheme has also been adopted and awarded shares will be granted to eligible employees of the Group in accordance with the terms of the share award scheme.

RISK MANAGEMENT

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

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

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

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

SHARE OPTION SCHEME

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

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

On 24 April 2019, under the 2017 Share Option Scheme, 10,075,000 share options to subscribe for an aggregate of 10,075,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the 2017 Share Option Scheme with validity periods of the options vary from (i) 24 April 2019 to 23 April 2022; (ii) 24 April 2019 to 23 April 2020; (iii) 24 April 2020 to 23 April 2021; and (iv) 24 April 2021 to 23 April 2022, and exercise price of HK\$7.00, and no share options were outstanding as at 31 December 2023.

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

On 14 December 2022, under the 2017 Share Option Scheme, 2,725,000 share options to subscribe for an aggregate of 2,725,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees under the share option scheme with validity period of the options from 14 December 2022 to 14 May 2026, and exercise price of HK\$5.93, an aggregate of 2,725,000 share options were outstanding as at 31 December 2023.

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

Set out below are details of the outstanding options under the 2017 Share Option Scheme as at 31 December 2023:

Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the date of grant of share options	Number of share options				
					Outstanding as at 31 December 2022	Granted during the period ended 31 December 2023	Exercised during the period ended 31 December 2023	Lapsed during the period ended 31 December 2023	Outstanding as at 31 December 2023
Director of the Company or its subsidiary									
Wu Jiaqi (note 1)	12 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	1,553,000	-	-	-	1,553,000
Other employees of the Company or its subsidiary or other eligible participants under the Share Option Scheme									
Other employees of the Company or its subsidiary									
	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	3,540,000	-	-	(3,540,000)	-
	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	1,172,000	-	-	-	1,172,000
Other eligible participants									
Grantee P (note 2)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	200,000	-	-	(200,000)	-
Grantee Q (note 2)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	200,000	-	-	(200,000)	-
Grantee R (note 2)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	100,000	-	-	(100,000)	-
Grantee T (note 2)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	400,000	-	-	(400,000)	-
					7,165,000	-	-	(4,440,000)	2,725,000

Notes:

1. Mr. Wu has been appointed as non-executive Director of the Company with effect from 1 December 2023, please refer to the announcement of the Company published on the website of the Company and the Stock Exchange on 1 December 2023.
2. Eligible participants represent 4 consultants who possess comprehensive knowledge and industry experience in business operation of small loan and financial leasing services and extensive business network especially in Shenzhen or Dongguan in China. The consultants provide advisory and consultancy services to the Group, including consultancy service and assistance in dealing with overdue customers in small loan and financial leasing sectors and advice on potential investments related to the Group's business.

Share options are granted to these consultants to attract, retain and maintain ongoing business relationships with them, encouraging such eligible participants to continue to contribute positively to the Group and enabling the Group to foster a sustained/long term co-operation with such persons through their share ownership of the Group upon their exercise of options to achieve long-term growth of the Group and to recognise their contributions in terms of their advisory and consultancy services to the Group, which is expected to be beneficial to the Group and align the interests of them and shareholders of the Company.

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

Eligible Participants include any Employee Participant, Related Entity Participant or Service Provider who the Board or the remuneration committee considers, in their sole discretion, to have contributed or may bring benefits to the Group. On and subject to the terms of the 2023 Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the 2023 Share Option Scheme to make an offer for the grant of an option to Eligible Participants as the Board may determine. The Scheme Mandate Limit under the 2023 Share Option Scheme will be 15,658,300 Shares, representing 10% of the total number of Shares in issue as at 30 June 2023; and (ii) the Service Provider Sublimit will be 1,565,830 Shares, representing 1% of the total number of Shares in issue as at 30 June 2023. Since the adoption of the 2023 Share Option Scheme and up to the date of this announcement, none of the share options has been granted under the 2023 Share Option Scheme.

As at 31 December 2023, the number of options available for grant is 15,658,000 (31 December 2022: 12,827,300), the total number of shares which may be issued pursuant to the exercise of options granted under the share option scheme is 2,725,000 (31 December 2022: 7,165,000) dividend by the weighted average number of shares in issue during the year is approximately 1.74% (31 December 2022: 4.61%), the number of shares available for further issue under the share option scheme is 18,383,000 (31 December 2022: 19,992,300).

As at the date of this announcement, the number of shares available for future issue is 18,383,300, representing approximately 11.74% of the issued share of the Company.

Share Award Scheme

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

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

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the consolidated financial statements, the Group has below significant events occurring after the reporting period:

The Group has fully repaid the balance of promissory note of approximately RMB4,186,000 on 11 January 2024.

On 12 January 2024, the Company and the bondholder held an extraordinary general meeting which resolved that the maturity date and payment date for all outstanding principal and interest of one of the bonds be extended for another 24 months from 12 January 2024 to 12 January 2026, while other terms remain unchanged. The other bond has been settled in full by the Group on 6 February 2024.

Details were disclosed in the announcements of the Company dated 12 January 2024 and 6 February 2024.

OUTLOOK AND PLANS

In 2024, the Group will continue to exercise prudence for effective cost control and when developing business with high-quality customers, in order to brace itself for the current challenging environment. The Group will continue to strengthen its risk management capabilities and do business with current and new customers that have good development potential in their respective industries. The Directors consider that in future, the Company will focus on enhancing its internal informatisation and strengthen its risk management abilities with the functions of its systems. More effective measures to cut costs and increase income will also be adopted. Reasonable cost controls will be put in place while capitalising on the advantages of its existing businesses to increase the profitability of the Company. The Company will continue to enhance its financing capacity and develop more partners to enhance its comprehensive service-ability. The major customers of the Company are in the PRC. The Company will continue to pay close attention to the situations of its customers and adjust its business strategies in a flexible manner. The Directors consider that the promotion of digitalisation of business through strengthening the integration of resources among the Group's business departments and the synergy among its subsidiaries will be a main focus of the Company and an effective approach for the Company to tackle with the complicated economic environment.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. During the year ended 31 December 2023, the Company had complied with all code provisions in the CG Code and had adopted most of the recommend best practices set out in the CG Code.

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

Since the Listing date to 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There was no material acquisition and disposal of subsidiaries by the Group during the year ended 31 December 2023.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Kam Wai Man. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he or she has, throughout the year ended 31 December 2023, complied with the required standards set out therein.

PUBLICATION OF INFORMATION

This announcement is published on the websites of the Company (www.cwl.com) and the Stock Exchange (www.hkexnews.hk). The 2023 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2023, consolidated statement of comprehensive income, consolidated statement of changes in equity for the year ended 31 December 2023 and the related notes thereto as set out in the preliminary announcement of the Group have been agreed by the Group’s auditor, Moore CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year as approved by the board of directors on 22 March 2024. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore CPA Limited on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 May 2024 (Friday) to 30 May 2024 (Thursday) (both dates inclusive), during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on 30 May 2024 (Thursday), all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 23 May 2024 (Thursday).

By order of the Board
Haosen Fintech Group Limited
LO Wai Ho
Chairman and Executive Director

Hong Kong, 22 March 2024

As at the date of this announcement, the Board comprises Mr. LO Wai Ho as the executive Director; Mr. WU Jiaqi as the non-executive Director; and Mr. HA Tak Kong, Mr. IP Chi Wai and Mr. KAM Wai Man as the independent non-executive Directors.

** The English name is for identification purpose only*