XXF GROUP HOLDINGS LIMITED
喜相逢集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2473)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

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

Note: Details of the calculation of adjusted net profit are set out in the paragraph headed "Non-IFRS Measures" on pages 7 to 8 of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

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

Analysis of macroeconomic environment

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

Analysis of industry environment

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

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

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

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

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

Policy support

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

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

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

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

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

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

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

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

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

Business review

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

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

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

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

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

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

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

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

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

3. **Empower businesses with technological innovation and improve operational efficiency**

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

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

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

PROSPECTS

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

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

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

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

Non-IFRS measures

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

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

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

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

Revenue

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

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

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

Automobile retail and finance lease

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

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

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

Notes:

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

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

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

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

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

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

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

Automobile-related business

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

Outright car sales business

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

Cost of sales

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

Gross profit and gross profit margin

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

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

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

Selling and marketing expenses

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

Administrative expenses

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

Research and development expenses

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

Other income/losses, net

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

Finance cost, net

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

Income tax expenses

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

Profit for the year

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

Profit for the year attributable to owners of the Company

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

INVENTORY MANAGEMENT

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

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

FINANCE LEASE RECEIVABLES AND POLICIES ON IMPAIRMENT OF FINANCE LEASE RECEIVABLES

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

INTERNAL CONTROLS

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

RISK MANAGEMENT POLICY

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

Pre-lease credit assessment and approval process:

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

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

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

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

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

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

Post-lease credit risk management:

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

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

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

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

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

CAPITAL MANAGEMENT

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

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

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

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

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

NET CURRENT ASSETS

The following table sets out current assets and current liabilities:

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

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

FOREIGN EXCHANGE EXPOSURE

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

CAPITAL EXPENDITURES

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

CHARGES ON ASSETS

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

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

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

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, AND JOINT VENTURES

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

CONTINGENT LIABILITIES

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

FINANCIAL INSTRUMENTS

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

In addition, the Company has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme. Please refer to the paragraph headed "Statutory and General Information-D. Other Information-2. Pre-IPO Share Option Scheme" and "Statutory and General Information-D. Other Information-1. Share Option Scheme" in Appendix IV to the Prospectus for further details.

FINAL DIVIDEND

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

USE OF PROCEEDS FROM LISTING

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

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

Item	**Net proceeds from the Global Offering**		**Amounts utilized as at 31 December 2024**		**Amounts unutilized as at 31 December 2024**	
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*RMB'000*
Purchase of automobiles	17,449	16,484	17,449	16,484	–	–
Expansion of sales network	11,326	10,700	3,261	3,012	8,065	7,688
Total	**28,775**	**27,184**	**20,710**	**19,496**	**8,065**	**7,688**

As at the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES

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

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

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. The Audit Committee consists of Mr. Fung Che Wai, Anthony, Mr. Wu Fei and Mr. Chen Shuo, with Mr. Fung Che Wai, Anthony serving as the chairman. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, internal control and risk management systems of the Group, overseeing the audit process, developing and reviewing the Group's policies, and performing other duties and responsibilities as assigned by the Board.

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

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto as of 31 December 2024 as set out in the preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary results announcement.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the date of this announcement.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

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

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 18 June 2025. The notice of AGM and all other relevant documents will be published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company ((https://www.xxfqc.com) in May 2025.

CLOSURE OF THE REGISTER OF MEMBERS

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://www.xxfqc.com). The annual report of the Company for the year ended 31 December 2024 will be made available for review on the same websites in due course.

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**1,464,084**	1,304,341
Cost of revenue	*7*	**(1,025,733)**	(885,329)
Gross profit		**438,351**	419,012
Selling and marketing expenses	*7*	**(109,763)**	(98,724)
Administrative expenses	*7*	**(122,867)**	(133,233)
Research and development expenses	*7*	**(450)**	(413)
Provision for credit loss		**(3,226)**	(4,526)
Fair value gain on ordinary shares with redemption right		**–**	96,394
Other income, net	*5*	**20,048**	20,865
Other losses, net	*6*	**(9,918)**	(8,031)
Operating profit		**212,175**	291,344
Finance income	*8*	**1,580**	1,644
Finance cost	*8*	**(160,387)**	(163,138)
Finance cost, net		**(158,807)**	(161,494)
Share of profit of an associate accounted for using equity method	*16*	**–**	–
Profit before income tax		**53,368**	129,850
Income tax expenses	*9*	**(13,639)**	(20,016)
Profit for the year		**39,729**	109,834

		Year ended 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Profit/(loss) attributable to:			
– Owners of the Company		**39,970**	110,254
– Non-controlling interests		**(241)**	(420)
		39,729	109,834
Profit for the year		**39,729**	109,834
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Exchange difference arising from the translation of the Company's functional currency to presentation currency		**205**	(1,358)
Changes in fair value of ordinary shares with redemption right due to own credit risk		**–**	(203)
Items that will be reclassified to profit or loss:			
Exchange difference arising from the translation of a subsidiary's functional currency to presentation currency		**(1,811)**	(405)
		(1,606)	(1,966)
Total comprehensive income for the year		**38,123**	107,868
Total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		**38,364**	108,288
– Non-controlling interests		**(241)**	(420)
		38,123	107,868
Earnings per share for profit attributable to owners of the Company for the year (RMB cents)			
– Basic	*10*	**2.58**	10.08
– Diluted	*10*	**2.46**	1.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property and equipment	*12*	**494,332**	428,067
Intangible assets		**20,617**	19,699
Finance lease receivables	*13*	**1,050,712**	967,380
Prepayments and deposits		**30,604**	36,894
Financial assets at fair value through profit or loss		**–**	20,024
Investment accounted for using equity method	*16*	**48,530**	–
		1,644,795	1,472,064
Current assets			
Inventories		**172,137**	169,976
Finance lease receivables	*13*	**755,884**	689,221
Trade receivables	*14*	**14,768**	9,928
Prepayments, deposits and other receivables		**381,550**	261,812
Restricted cash	*15*	**–**	5,652
Cash and cash equivalents	*15*	**340,598**	267,733
		1,664,937	1,404,322
Assets classified as held for sale		**–**	44,500
		1,664,937	1,448,822
Total assets		**3,309,732**	2,920,886

		As at 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**4,657**	4,657
Other reserves and retained earnings		**817,473**	770,836
		822,130	775,493
Non-controlling interests		**5,716**	5,957
Total equity		**827,846**	781,450
Liabilities			
Non-current liabilities			
Borrowings	*18*	**1,129,638**	945,709
Lease liabilities		**5,475**	8,137
Deferred income tax Liabilities		**5,001**	3,799
		1,140,114	957,645
Current liabilities			
Borrowings	*18*	**1,151,920**	919,946
Trade payables	*17*	**80,584**	135,520
Other payables and accruals		**89,486**	109,982
Lease liabilities		**5,720**	6,759
Current income tax payables		**14,062**	9,584
		1,341,772	1,181,791
Total liabilities		**2,481,886**	2,139,436
Total equity and liabilities		**3,309,732**	2,920,886

NOTES

1 GENERAL INFORMATION

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

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

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

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for the certain financial assets and liabilities that are measured at fair value.

The preparation of the 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 the consolidated financial statements.

3 CHANGE IN ACCOUNTING POLICY AND DISCLOSURES

(a) Amended standards adopted by the Group

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

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

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

(b) New standards and amendments to standards not yet adopted by the Group

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

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

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

4 REVENUE AND SEGMENT INFORMATION

Revenue during the years ended 31 December 2024 and 2023 are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Sales of automobiles under finance lease	**894,454**	840,927
Finance lease income	**298,462**	294,220
Operating lease income	**173,379**	147,726
Other automobile-related income	**18,336**	17,888
Outright car sales income	**79,453**	3,580
	1,464,084	1,304,341
Revenue from leases under IFRS 16	**1,366,295**	1,282,873
Revenue from contract with customer under IFRS 15	**97,789**	21,468
	1,464,084	1,304,341
Timing of revenue recognition for revenue from contract with customer under IFRS 15		
Recognised at a point in time	**81,772**	5,475
Recognised over time	**16,017**	15,993
	97,789	21,468

5 OTHER INCOME, NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Government grants *(Note)*	**17,234**	20,518
Gain on disposals of a subsidiary	**2,170**	–
Others	**644**	347
	20,048	20,865

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

6 OTHER LOSSES, NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss on disposal of property and equipment, net	**(5,218)**	(3,749)
Others	**(4,700)**	(4,282)
	(9,918)	(8,031)

7 EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Auditor's remuneration		
– audit services	**2,097**	2,038
– non-audit services	**50**	50
Costs of inventory	**785,660**	683,377
Sales commission	**–**	83
Auto-insurance premium	**55,602**	45,728
Employee benefit expenses	**156,355**	138,262
Advertising expenses	**11,042**	10,983
Depreciation expenses	**132,700**	114,350
Amortisation expenses	**11,071**	11,767
Transportation expenses	**5,304**	4,843
Rental expenses	**3,742**	2,935
Traffic contravention penalty and handling fee	**3,169**	3,971
Travelling expenses	**11,539**	10,293
Listing expenses	**–**	19,418
Legal and professional expenses	**5,965**	5,424
Office expenses	**7,717**	5,257
Motor vehicle expenses	**16,771**	15,955
Provision for inventories	**13,287**	9,859
Repair and maintenance	**15,631**	12,587
Other taxes	**9,196**	11,424
Other expenses	**11,915**	9,095
	1,258,813	1,117,699

8 FINANCE COST, NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance cost:		
Cost of funding	**(150,698)**	(150,859)
Interest expenses on other borrowings	**(8,967)**	(11,547)
Interest expenses on lease liabilities	**(722)**	(732)
	(160,387)	(163,138)
Finance income:		
Bank interest income	**343**	647
Imputed interest income from deposits for borrowings	**1,237**	997
	1,580	1,644
Finance cost, net	**(158,807)**	(161,494)

9 INCOME TAX EXPENSES

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Income tax expenses		
Current income tax	**12,437**	12,317
Deferred income tax	**1,202**	7,699
	13,639	20,016

For the years ended 31 December 2024 and 2023, the weighted average applicable tax rates were 22% and 25% respectively. The change in weighted average applicable tax rate was mainly caused by a change in mix of profits earned or losses incurred by the group entities.

10 EARNINGS PER SHARE

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company *(RMB'000)*	**39,970**	110,254
Weighted average number of ordinary shares in issue	**1,546,875,000**	1,094,245,407
Diluted impact on profit *(RMB'000)*	**–**	(96,394)
Diluted profit attributable to owners of the Company *(RMB'000)*	**39,970**	13,860
Potential ordinary shares with dilutive effect	**75,911,353**	194,076,713
Weighted average number of issued ordinary shares for calculating diluted profit per share	**1,622,786,353**	1,288,322,120
Profit per share		
– Basic *(RMB cents per share)*	**2.58**	10.08
– Diluted *(RMB cents per share)*	**2.46**	1.08

(i) Basic

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

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

(ii) Diluted

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

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

11 DIVIDEND

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

12 PROPERTY AND EQUIPMENT

	Right-of use assets *RMB'000*	Building *RMB'000*	Office equipment *RMB'000*	Auto-mobiles *RMB'000*	Leasehold improvement *RMB'000*	Total *RMB'000*
As of 31 December 2022						
Cost	54,209	4,638	10,427	530,963	26,413	626,650
Accumulated depreciation	(40,563)	(1,098)	(8,801)	(188,197)	(20,287)	(258,946)
Net book amount	13,646	3,540	1,626	342,766	6,126	367,704
For the year ended 31 December 2023						
Opening net book amount	13,646	3,540	1,626	342,766	6,126	367,704
Addition	8,413	–	832	266,573	2,864	278,682
Depreciation charge	(6,545)	(145)	(528)	(104,324)	(2,808)	(114,350)
Transfer to inventories	–	–	–	(59,638)	–	(59,638)
Disposal	(488)	–	(90)	(43,753)	–	(44,331)
Closing net book amount	15,026	3,395	1,840	401,624	6,182	428,067
As of 31 December 2023						
Cost	61,107	4,638	10,862	634,062	29,277	739,946
Accumulated depreciation	(46,081)	(1,243)	(9,022)	(232,438)	(23,095)	(311,879)
Net book amount	15,026	3,395	1,840	401,624	6,182	428,067
For the year ended 31 December 2024						
Opening net book amount	**15,026**	**3,395**	**1,840**	**401,624**	**6,182**	**428,067**
Addition	**3,950**	**–**	**775**	**317,559**	**1,028**	**323,312**
Depreciation charge	**(7,547)**	**(144)**	**(457)**	**(121,796)**	**(2,756)**	**(132,700)**
Transfer to inventories	**–**	**–**	**–**	**(79,957)**	**–**	**(79,957)**
Disposal	**(24)**	**–**	**(52)**	**(44,303)**	**(11)**	**(44,390)**
Closing net book amount	**11,405**	**3,251**	**2,106**	**473,127**	**4,443**	**494,332**
As of 31 December 2024						
Cost	**63,811**	**4,638**	**11,216**	**734,411**	**30,305**	**844,381**
Accumulated depreciation	**(52,406)**	**(1,387)**	**(9,110)**	**(261,284)**	**(25,862)**	**(350,049)**
Net book amount	**11,405**	**3,251**	**2,106**	**473,127**	**4,443**	**494,332**

13 FINANCE LEASE RECEIVABLES

The Group provides automobile financing lease services. Details of finance lease receivables as at 31 December 2024 and 2023 are as below:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance lease receivables		
– Finance lease receivables, gross	**2,278,400**	2,109,522
– Unearned finance income	**(455,179)**	(438,622)
Finance lease receivables, net	**1,823,221**	1,670,900
Less: allowance for impairment of finance lease receivables	**(16,625)**	(14,299)
Carrying amount of finance lease receivables	**1,806,596**	1,656,601
Finance lease receivables, gross		
– Within one year	**999,065**	917,475
– Between one and two years	**677,661**	646,771
– Between two and five years	**601,674**	545,276
	2,278,400	2,109,522
Finance lease receivables, net		
– Within one year	**767,998**	697,880
– Between one and two years	**527,552**	500,020
– Between two and five years	**527,671**	473,000
	1,823,221	1,670,900

An ageing analysis of finance lease receivables is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Not past due	**1,718,732**	1,571,867
Past due		
Up to 1 month	**70,064**	68,976
1 to 3 months	**20,974**	18,235
3 to 6 months	**7,578**	7,171
6 to 12 months	**3,310**	3,118
Over 12 months	**2,563**	1,533
Finance lease receivables	**1,823,221**	1,670,900
Less: allowance for impairment of finance lease receivables	**(16,625)**	(14,299)
Carrying amount of finance lease receivables	**1,806,596**	1,656,601

As of 31 December 2024 and 2023 carrying amounts of the finance lease receivables are denominated in RMB and approximate their fair values at each of the reporting dates.

Movements on the Group's allowance for impairment of finance lease receivables are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**14,299**	13,296
Recovery of finance receivables written-off	**96**	1,064
Charge for the year	**2,485**	3,573
Written-off	**(255)**	(3,634)
At end of year	**16,625**	14,299

14 TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**15,484**	11,002
Less: allowance for impairment of trade receivables	**(716)**	(1,074)
	14,768	9,928

As of 31 December 2024 and 2023, the carrying amounts of trade receivables were primarily denominated in RMB and approximate their fair values.

An ageing analysis of trade receivables (net of allowance for impairment) based on invoice date is as follows:

	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**12,739**	8,444
3 to 6 months	**1,015**	974
Over 6 months	**1,014**	510
	14,768	9,928

Movements on the Group's allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**1,074**	627
(Credit)/charge for the year, net	**(358)**	447
At end of year	**716**	1,074

15 CASH AND BANK BALANCE

(a) Cash and cash equivalents

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash at licensed payment platforms *(Note (i))*	**7,403**	7,320
Cash at banks *(Note (ii))*	**333,195**	260,413
	340,598	267,733

Notes:

(i) Cash at licensed payment platforms, which are denominated in RMB, are deposited with major licensed payment platforms in the PRC. The balances are unsecured and non-interest bearing.

(ii) Cash at banks earns interest either at floating rates based on daily bank deposit rates or fixed rates determined at deposit dates. The Group's cash at banks are mostly denominated in RMB deposited with reputable banks in the PRC with insignificant credit risk. As at 31 December 2024 and 2023, the Group had cash at banks amounting to RMB332.6 million and RMB246.0 million respectively held in the PRC. These cash at banks are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The carrying amounts of the Group's cash at licensed payment platforms and cash at banks are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
RMB	**332,675**	239,379
HK$	**6,902**	28,350
US$	**1,021**	4
	340,598	267,733

(b) Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the consolidated statements of financial position, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Restricted cash	**–**	5,652

As of 31 December 2023, the Group's restricted cash were denominated in RMB and mainly comprised of bank deposits pledged for bills payable.

16 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	2024	2023
	RMB'000	*RMB'000*
Movement in the investment in an associate is as follows:		
At 1 January	**–**	–
Additions		
– Cash consideration	**48,530**	–
At 31 December	**48,530**	–

As of 31 December 2024, the investment in an associate is as follows:

Company Name	Place of operation/ Country of incorporation	Percentage of ownership	Nature of relationship	Method of measurement	Investment date
Fujian Xidun Automobile Service Co., Ltd. (福建喜盾汽車服務有限公司)	PRC	49.00	Note (a)	Equity	11 January 2024, 15 January 2024 and 29 October 2024

Note:

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

17 TRADE PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**76,229**	135,520
Bills payables	**4,355**	–
	80,584	135,520

Trade payables approximate their fair values and are denominated in RMB. The average credit period taken for trade purchase is generally 30 to 90 days.

An ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**77,936**	128,830
3 to 6 months	**471**	5,532
Over 6 months	**2,177**	1,158
	80,584	135,520

18 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Bank borrowings, secured	**110,993**	79,378
Bank borrowings, unsecured	**5,004**	21,613
Other borrowings, secured	**2,098,976**	1,726,666
Other borrowings, unsecured	**66,585**	37,998
	2,281,558	1,865,655
Less: non-current portion	**(1,129,638)**	(945,709)
Current portion	**1,151,920**	919,946

Other borrowings represented borrowings from non-banking financial institutions and individual lenders. The borrowings were repayable as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within one year	**1,151,920**	919,946
Between one and two years	**632,234**	533,918
Between two and five years	**497,404**	411,791
At end of year	**2,281,558**	1,865,655

As of 31 December 2024 and 2023, the borrowings were denominated in RMB and the carrying amounts approximate their fair values at each of the balance sheet dates.

The weighted average effective interest rates as at 31 December 2024 and 2023 are as follows:

	As at 31 December	
	2024	2023
	%	*%*
Bank borrowings, secured	**5.39**	6.94
Bank borrowings, unsecured	**6.79**	7.29
Other borrowings, secured	**7.45**	8.38
Other borrowings, unsecured	**5.30**	8.75

As at 31 December 2024 and 2023, the Group's borrowings of RMB2,206.1 million and RMB1,806.0 million were secured by personal guarantee and indemnity provided by the directors and certain assets of the Group.

The overall security situation of the Group is summarised as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Property and equipment	**376,789**	369,645
Deposits for borrowings	**57,489**	48,302
Inventories	**103,020**	105,016
Finance lease receivables (at gross)	**1,711,893**	1,621,112

DEFINITIONS

"AGM"	the forthcoming annual general meeting of the Company to be held on Wednesday, 18 June 2025
"Audit Committee"	the audit committee of the Board
"associate"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Company" or "the Company"	XXF Group Holdings Limited, an exempted company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2473)
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company or any one of them
"Fujian Taikun"	Fujian Taikun Investment Co., Ltd.* (福建泰鯤投資有限公司)(formerly known as Fujian Taikang Investment Co., Ltd.* (福建泰康投資有限公司)), a company established under the laws of the PRC and an Independent Third Party
"Fujian Xidun"	Fujian Xidun Automobile Service Co., Ltd.* (福建喜盾汽車服務有限公司), a company established under the laws of the PRC and, as at the date of this announcement, owned as to 49% by XXF Group and 51% by Fujian Taikun
"GDP"	gross domestic product
"Global Offering"	as defined in the Prospectus
"Group", "the Group", "our", "we" or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	individual(s) or company(ies) who/which, to the best knowledge of the Directors having made due and careful enquiries, is (are) not a connected person(s) of the Company within the meaning ascribed under the Listing Rules

"Listing"	listing of the Shares on the Main Board of the Stock Exchange on the Listing Date
"Listing Date"	9 November 2023, being the date from which the Shares are listed and dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Mainland China" or "PRC"	the People's Republic of China excluding, for the purposes of this announcement and geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Offer Price"	as defined in the Prospectus
"Pre-IPO Share Option Scheme"	the share option scheme approved and adopted by the Company on 9 October 2023
"Prospectus"	the prospectus issued by the Company dated 30 October 2023
"Reporting Period"	the one-year period from 1 January 2024 to 31 December 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Share Option Scheme"	the share option scheme adopted by the Company on 9 October 2023 and effective upon the Listing Date
"Share(s)"	ordinary share(s) in the share capital of the Company with the nominal value of one third Hong Kong cent (approximately HK$0.003333333333) each
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules
"XXF Group"	Xixiangfeng Finance Lease Group Co., Ltd.* (喜相逢融資租賃集團有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"%"	per cent

By Order of the Board of
XXF Group Holdings Limited
Mr. HUANG Wei
Chairman of the Board, chief executive officer
and executive Director

Hong Kong, 20 March 2025

As at the date of this announcement, the executive Directors are Mr. Huang Wei, Mr. Ye Fuwei and Ms. Zhang Jinghua, the non-executive Director is Mr. Liu Wei, and the independent non-executive Directors are Mr. Wu Fei, Mr. Fung Che Wai, Anthony and Mr. Chen Shuo.

* *For identification purposes only*