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Haosen Fintech Group Limited

浩森金融科技集團有限公司

(incorporated in Cayman Islands with limited liability)

(Stock code: 3848)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2024	2023
	<i>Notes</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	5	107,313	113,132
Other income	5	6,085	4,871
Employee benefit expenses	7	(26,179)	(20,550)
Depreciation	7	(1,701)	(2,107)
Other operating expenses		(7,423)	(14,640)
Provision for expected credit losses (“ECLs”) on loan and account receivables, net		(48,738)	(43,128)
Finance costs	6	(12,480)	(10,428)
Profit before income tax	7	16,877	27,150
Income tax expense	8	(11,269)	(3,977)
Profit for the year attributable to equity holders of the Company		5,608	23,173

		For the year ended 31 December	
		2024	2023
	Note	RMB'000	RMB'000
Other comprehensive (expense)/income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(1,034)	611
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation of the Company's financial statements into presentation currency		(853)	(317)
Other comprehensive (expense)/income for the year, net of income tax		(1,887)	294
Total comprehensive income for the year attributable to equity holders of the Company		3,721	23,467
Earnings per share attributable to equity holders of the Company			
	10		
Basic		3.58 cents	14.80 cents
Diluted		3.58 cents	14.79 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		484	723
Right-of-use assets		3,760	2,767
Intangible assets		—	—
Other assets		392	386
Loan receivables	11	251,341	392,068
Deposits		292	269
Deferred tax assets		42,946	51,656
		<u>299,215</u>	<u>447,869</u>
Current assets			
Loan and account receivables	11	470,058	309,951
Prepayments, deposits and other receivables		522	522
Cash and cash equivalents		33,354	26,340
		<u>503,934</u>	<u>336,813</u>

		As at 31 December	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
Current liabilities			
Account payables	12	1,388	520
Deposits from financial leasing customers		500	500
Accruals and other payables		22,563	22,835
Amounts due to related parties		13,724	12,153
Lease liabilities		1,369	1,101
Promissory note		–	4,186
Dividend payable		2,722	2,066
Bonds payable		28,160	18,177
Bank borrowings	13	142,293	142,320
Tax payable		6,516	5,386
		219,235	209,244
Net current assets		284,699	127,569
Total assets less current liabilities		583,914	575,438
Non-current liability			
Lease liabilities		2,524	1,738
Net assets		581,390	573,700
EQUITY			
Share capital	14	1,357	1,358
Reserves		580,033	572,342
Total equity attributable to equity holders of the Company		581,390	573,700

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	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	Treasury shares [#] 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
Share options lapsed	–	–	–	(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>

	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	Treasury shares [#] RMB'000	Retained profits [#] RMB'000	Total RMB'000
At 1 January 2024	1,358	4,269	221,845	980	(2,291)	240,521	54,703	-	52,315	573,700
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	-	-	5,608	5,608
Other comprehensive expense:										
Exchange differences arising on translation	-	-	-	-	(1,887)	-	-	-	-	(1,887)
Total comprehensive (expense)/ income for the year	-	-	-	-	(1,887)	-	-	-	5,608	3,721
Repurchase of shares (Note 14)	(1)	-	(409)	-	-	-	-	-*	-	(410)
Equity-settled share-based payments	-	-	-	8,648	-	-	-	-	-	8,648
Final dividend (Note 9)	-	(4,269)	-	-	-	-	-	-	-	(4,269)
Proposed final dividend (Note 9)	-	4,411	(4,411)	-	-	-	-	-	-	-
Transferred to statutory surplus reserve	-	-	-	-	-	-	519	-	(519)	-
At 31 December 2024	<u>1,357</u>	<u>4,411</u>	<u>217,025</u>	<u>9,628</u>	<u>(4,178)</u>	<u>240,521</u>	<u>55,222</u>	<u>-*</u>	<u>57,404</u>	<u>581,390</u>

[#] These reserves accounts comprise the consolidated reserves of approximately RMB580,033,000 (2023: RMB572,342,000) in the consolidated statement of financial position.

* Amount less than RMB1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Haosen Fintech 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.

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 of the Company, the ultimate holding company of the Group is Wealthy Rise Investment Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) which is wholly owned by Mr. Lo Wai Ho (“**Mr. Lo**”), the ultimate controlling party.

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 (the “**Listing Rules**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”). All values are rounded to the nearest thousand except when otherwise indicated. The measurement basis used in the preparation of the consolidated financial statements is the historical costs basis.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies applied in the consolidated financial statements for the year ended 31 December 2023 except for the application of certain amendments to HKFRSs that are effective from the current year as set out in Note 3.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs in issue and effective

In current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the accounting period beginning on 1 January 2024 for the preparation of the Group's consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the above amendments to HKFRSs in the current year 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.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied any of the following new and 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 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
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 applied 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 new and amendments to HKFRSs. So far, it has concluded that the above new and 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 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 2024				
Revenue				
External income	<u>138</u>	<u>106,509</u>	<u>666</u>	<u>107,313</u>
Segment results	<u>11,025</u>	<u>15,665</u>	<u>(1,415)</u>	<u>25,275</u>
Unallocated corporate income				147
Unallocated corporate expenses				<u>(8,545)</u>
Profit before income tax				16,877
Income tax expense				<u>(11,269)</u>
Profit for the year				<u><u>5,608</u></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 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>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned by or loss incurred from each segment without allocation of certain other income and other operating expenses and finance costs. 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 2024				
Segment assets	<u>4,266</u>	<u>743,145</u>	<u>9,772</u>	757,183
Deferred tax assets				42,946
Unallocated corporate assets				<u>3,020</u>
Consolidated total assets				<u>803,149</u>
Segment liabilities	<u>4,214</u>	<u>162,346</u>	<u>2,187</u>	168,747
Tax payable				6,516
Bonds payable				28,160
Unallocated corporate liabilities				<u>18,336</u>
Consolidated total liabilities				<u>221,759</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>
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>

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than deferred tax assets and unallocated corporate assets, being certain right-of-use assets, deposits and other receivables and cash and cash equivalents.
- All liabilities are allocated to operating segments other than promissory note, interest payable of bonds payable, bonds payable, tax payable, unallocated corporate liabilities, being amounts due to related parties and dividend payable.

5. REVENUE AND OTHER INCOME

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

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Point in time</i>		
– Commission and brokerage income from securities dealing	66	240
<i>Over time (Note (a))</i>		
– Post loan facilitation service income	453	1,426
– Asset management fee income	57	–
	<u>576</u>	<u>1,666</u>
 Revenue from other sources (Note (b))		
– Interest income from small loans	106,056	110,395
– Interest income from financial leasing	138	358
– Interest income from margin financing	257	431
– Interest income from other loans	286	282
	<u>106,737</u>	<u>111,466</u>
 Total revenue	<u>107,313</u>	<u>113,132</u>
 Other income		
Bank interest income	141	241
Gain on early termination of lease	7	–
Gain on modification of lease	–	13
Gain on early redemption of bonds payable	7	–
Gain on non-substantial modification of bonds payable	52	–
Handling service charges	26	50
Other taxes refund	3	99
Referral fee	369	326
Recovery of bad debts on loan and account receivables, net	5,350	3,966
Sundry income	130	176
	<u>6,085</u>	<u>4,871</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.

6. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	10,230	8,799
Interest on lease liabilities	278	185
Interest on bonds payable	1,972	1,444
	<u>12,480</u>	<u>10,428</u>

7. PROFIT BEFORE INCOME TAX

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

	2024 RMB'000	2023 RMB'000
Auditor's remuneration		
– Audit services	811	794
Depreciation charged on:		
– Plant and equipment	292	556
– Right-of-use assets	1,409	1,551
	1,701	2,107
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and benefits in kind	14,803	17,735
– Retirement benefit scheme contributions (<i>Note (a)</i>)	2,728	2,815
– Equity settled share-based payments	8,648	–
	26,179	20,550
Referral fee	3,927	5,518
Commission paid	1,835	5,828
Short-term lease expenses	156	399
Foreign exchange difference, net	(273)	(109)
Loss on write-off of plant and equipment, net	3	–
Recovery of bad debts of loan and account receivables, net (<i>Note (b)</i>)	(5,350)	(3,966)

Notes:

- (a) As at 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2023: Nil).
- (b) During the year ended 31 December 2024, the Group received approximately RMB6,648,000 (2023: RMB3,994,000) 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

	2024 RMB'000	2023 RMB'000
The charge comprises:		
Current tax – PRC Enterprise Income Tax (“EIT”)		
– current year provision	7,759	8,060
– over-provision in prior years	(5,210)	(6,239)
Deferred tax expense, net	8,720	2,156
	<u>11,269</u>	<u>3,977</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 the BVI, the Group is not subject to any income tax under these jurisdictions.
- (c) PRC EIT is calculated at 25% (2023: 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 to 31 December 2025. Besides, according to the announcement (No. 7 [2023]) on the policy of enhanced pre-tax deductions of research and development expense (“R&D expenses”) expenses, released by the Ministry of Finance in March 2023, 200% of the eligible R&D expenses incurred by this subsidiary are tax-deductible since 2023 (2023: Same).

According to the Notice on Implementing the Policy of Inclusive Tax Relief for Small and Micro Enterprises (“SMEs”), released by the Ministry of Finance in January 2021, qualified SMEs are entitled to effective PRC EIT rate of 5% for first RMB3 million of their annual taxable income with effective period from 1 January 2023 to 31 December 2027. One (2023: one) of the PRC subsidiaries is entitled to the preferential tax rate for the year ended 31 December 2024.

- (d) The Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2024 (2023: Nil).

9. DIVIDEND

- (a) Dividend attributable to the year

	2024 RMB'000	2023 RMB'000
Final dividend proposed after the end of the reporting period of HK3 cents (2023: HK3 cents) per ordinary share	<u>4,411</u>	<u>4,269</u>

These final dividends have been proposed by the directors of the Company and are subjected to approval by the shareholders in the forthcoming annual general meeting.

Subject to the recommended final dividend being approved by shareholders, the dividend warrants of the recommended final dividend are expected to be dispatched to the shareholders on or before Friday, 27 June 2025.

(b) **Dividend attributable to equity holders of the Company attributable to the previous financial year, approved and paid during the year**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Final dividend in respect of the previous financial year of HK3 cents per ordinary share	<u>4,269</u>	<u>4,154</u>

10. EARNINGS PER SHARE

	2024	2023
Earnings attributable to equity holders of the Company (<i>RMB'000</i>)	<u>5,608</u>	<u>23,173</u>
Weighted average number of ordinary shares in issue excluding treasury shares for the purpose of basic earnings per share (<i>in '000</i>)	156,499	156,583
Effect of dilutive potential ordinary shares – share options (<i>in '000</i>)	<u>–</u>	<u>53</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share (<i>in '000</i>)	<u>156,499</u>	<u>156,636</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 (excluding the treasury shares) 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 2024, the potential dilutive ordinary shares of the Company are share options (2023: 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 2024, no adjustment had been made to the basic earnings per share amounts presented in respect of a dilution as the impact of the potential dilutive ordinary shares outstanding had an anti-dilutive effect on the basic earnings per share amounts presented for the year (2023: the assumed conversion of potential ordinary shares in relation to the share option has anti-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

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Financial leasing receivables	(a)	300	–
Small loans receivables	(b)	272,830	399,544
		<u>273,130</u>	<u>399,544</u>
Less: Allowance for ECLs		(21,789)	(7,476)
		<u>251,341</u>	<u>392,068</u>
Current assets			
Financial leasing receivables	(a)	9,890	26,192
Small loan receivables	(b)	529,277	355,128
Other loan receivables	(c)	4,929	5,312
Account receivables	(d)	377	5,385
		<u>544,473</u>	<u>392,017</u>
Less: Allowance for ECLs		(74,415)	(82,066)
		<u>470,058</u>	<u>309,951</u>
Total loan and account receivables, net		<u>721,399</u>	<u>702,019</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 9 months to 3 years (2023: 8 months to 3 years) in 2024.

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 7.99% to 21.1% (2023: 11.47% to 21.1%) per annum as at 31 December 2024.

As at 31 December 2024, the Group's financial leasing receivables with gross carrying amount of approximately RMB10,190,000 were carried at fixed-rates (2023: RMB26,192,000).

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	
	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial leasing receivables comprise of:				
Within one year	9,990	26,192	9,890	26,192
More than one year but not exceeding two years	308	—	300	—
	<u>10,298</u>	<u>26,192</u>	<u>10,190</u>	<u>26,192</u>
Less: Unearned finance income	<u>(108)</u>	<u>—</u>		
Present value of minimum lease payments	<u>10,190</u>	<u>26,192</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 manufacturing, telecommunication and information technology, health care service provider and hotel. Additional collateral may be obtained from customers to secure their repayment obligations under financial leasing and such collateral includes vehicle licence. As at 31 December 2024, the financial leasing receivables were collateralised by the leased assets with fair values of approximately RMB3,154,000 (2023: RMB9,186,000).

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Neither overdue nor credit-impaired	2,037	—
Overdue and credit-impaired	<u>8,153</u>	<u>26,192</u>
	<u>10,190</u>	<u>26,192</u>

(b) Small loan receivables

It primarily represented the unsecured micro-credit loans, subordinated mortgage loans and guaranteed loans granted to the customers. The loan periods granted to each of the customers is generally ranging from 2 months to 8 years (2023: 1 month to 8 years). The effective interest rate of the small loans receivables is ranging from 8.0% to 24.0% (2023: 8.0% to 25.1%) per annum as at 31 December 2024.

At the end of each reporting period, the gross carrying amounts of each of the categories of small loan receivables are as follows:

	2024 RMB'000	2023 RMB'000
Unsecured micro-credit loans	7,260	6,725
Subordinated mortgage loans	400,613	496,300
Guaranteed loans	394,234	251,647
	802,107	754,672

As at 31 December 2024, subordinated mortgage loan receivables were secured by real estates with fair values (after netting off the amount of first mortgage) of approximately RMB1,177,394,000 (2023: RMB1,279,508,000) as at 31 December 2024.

The ageing analysis of gross 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:

	2024 RMB'000	2023 RMB'000
0 to 30 days	121,462	99,165
31 to 90 days	87,658	70,467
91 to 365 days	320,157	185,496
Over 365 days	272,830	399,544
	802,107	754,672

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.

	2024 RMB'000	2023 RMB'000
Neither overdue nor credit-impaired	692,375	669,764
Overdue but not credit-impaired		
– overdue within 30 days	14,213	10,962
– overdue within 31 to 90 days	11,048	10,485
Overdue and credit-impaired	84,471	63,461
	802,107	754,672

(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. On 8 March 2023, the Group and the borrower agreed to extend the maturity date to 8 March 2024 for the remaining principal and accrued interests with aggregate amount of HK\$5,845,000 (equivalent to approximately RMB5,312,000) and other terms remaining unchanged.

On 8 March 2024, the Group and the borrower agreed to further extend the maturity date to 8 March 2025 and other terms remaining unchanged. During the year ended 31 December 2024, the borrower repaid the principal amount of HK\$910,000 (equivalent to approximately RMB856,000).

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:

	2024 RMB'000	2023 RMB'000
31 to 90 days	4,929	–
91 to 365 days	–	5,312
	<u>4,929</u>	<u>5,312</u>

The following is a credit quality analysis of gross other loan receivables. In the event that an instalment repayment is overdue or rolled over without settlement of the full original principal amount of the loan, if any, the entire outstanding balance of other loan receivables would be classified as overdue.

	2024 RMB'000	2023 RMB'000
Neither overdue nor credit-impaired	–	5,312
Overdue and credit-impaired	4,929	–
	<u>4,929</u>	<u>5,312</u>

(d) Account receivables

Balances comprise receivables in respect of securities dealing and broking services and asset management services, represented as follows:

	Notes	2024 RMB'000	2023 RMB'000
Account receivables from securities dealing and broking services:			
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	(i)	121	22
– Margin clients		<u>198</u>	<u>5,363</u>
		319	5,385
Account receivables from asset management services	(ii)	<u>58</u>	–
		<u>377</u>	<u>5,385</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 RMB76,234,000 (2023: RMB28,193,000) as at 31 December 2024. 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% (2023: Same) per annum as at 31 December 2024. 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 asset management services. No credit period is granted and the payment is generally due upon the issuance of demand notes.

The ageing analysis of gross account receivables from asset management services, determined based on the date of recognition of revenue, as at the end of the reporting period, is as follows:

	2024 RMB'000	2023 RMB'000
0 to 30 days	58	–

The following is a credit quality analysis of gross account receivables from asset management services.

	2024 RMB'000	2023 RMB'000
Overdue but not credit-impaired	58	–

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

12. ACCOUNT PAYABLES

	2024 RMB'000	2023 RMB'000
HKSCC	242	20
Cash clients	449	248
Margin clients	697	252
	<u>1,388</u>	<u>520</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

	2024 RMB'000	2023 RMB'000
Bank borrowings – secured*:		
Within one year	<u>142,293</u>	<u>142,320</u>

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

The amounts of banking facilities and the utilisation at the end of each reporting period are set out as follows:

	2024 RMB'000	2023 RMB'000
Facilities amount	<u>142,000</u>	<u>142,000</u>
Utilisation at the end of the reporting period		
– Bank borrowings	<u>142,000</u>	<u>142,000</u>

As at 31 December 2024, the Group had one (2023: one) bank borrowing with principal amount of approximately RMB100,000,000 (2023: RMB100,000,000) and repayable in May 2025 (2023: May 2024). As at 31 December 2024, the borrowing carried variable interest rates at the loan prime rate (“LPR”) offered by the People’s Bank of China (the “PBOC”) +4.05% (2023: +4.15%) and the effective interest rate was 7.36% (2023: 7.64%) per annum. The bank borrowing was secured by charges over one property with fair value of approximately RMB79,278,000 (2023: RMB79,278,000) (which are jointly owned by Mr. Lo and his spouse), one property with fair value of approximately RMB31,891,000 (2023: RMB31,891,000) (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 (2023: RMB100,000,000).

As at 31 December 2024, the Group had another bank borrowing with principal amount of approximately RMB42,000,000 (2023: RMB42,000,000) and repayable in September 2025 (2023: September 2024). As at 31 December 2024, the borrowing carried a variable interest rate at LPR offered by PBOC +2.65% (2023: +2.45%) and the effective interest rates was 5.98% (2023: 5.98%) per annum. The borrowing was secured by charges over one property with fair value of approximately RMB63,270,000 (2023: RMB53,583,000) (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 RMB142,293,000 (2023: RMB142,320,000) are subject to the fulfilment of covenants. The Group regularly monitors its compliance with these covenants. As at 31 December 2024, none of these covenants had been breached (2023: Same). There are no indications that the group entities would have difficulties complying the covenants when they will be next tested at the next reporting date.

14. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$’000
Ordinary shares of HK\$0.01 of each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	20,000,000,000	200,000
	Number of ordinary shares	Amount RMB’000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024	156,583,000	1,358
Repurchase and cancellation of shares (<i>Note</i>)	(126,000)	(1)
At 31 December 2024	156,457,000	1,357

Note:

During the year ended 31 December 2024, the Company repurchased 166,000 (2023: Nil) of its ordinary shares from the market, out of which, 126,000 ordinary shares had been cancelled and the remaining 40,000 ordinary shares were included in treasury shares as at 31 December 2024.

The shares were repurchased at prices ranging from HK\$2.76 to HK\$2.99 per ordinary share, with an average price of HK\$2.92 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The macro environment in the PRC was still subject to many uncertainties in the 2024. 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 loans interest income which accounted for approximately RMB106.7 million about 99.5% of the total revenue RMB107.3 million of the Group.

In 2024, 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 2024, 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 RMB106.1 million out of the total revenue RMB107.3 million, about 98.8% 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 2024	As at 31 December 2023
Over RMB5 million	36	18
Over RMB3 million to RMB5 million (inclusive)	15	8
Over RMB1 million to RMB3 million (inclusive)	70	95
Over RMB500,000 to RMB1 million (inclusive)	221	267
Up to RMB500,000	580	476
	<hr/>	<hr/>
Total number of loans to customers	922	864
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2024, the maximum loan amount of approximately 86.9% (31 December 2023: 86.0%) 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 2024, the number of customers is 851 (31 December 2023: 804).

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

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Unsecured micro-credit loans	7,260	6,725
Guaranteed loans	394,234	251,647
Subordinated mortgage loans	400,613	496,300
	<hr/>	<hr/>
Total	802,107	754,672
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Over RMB5 million	338,897	244,015
Over RMB3 million to RMB5 million (inclusive)	56,624	29,955
Over RMB1 million to RMB3 million (inclusive)	104,575	139,556
Over RMB500,000 to RMB1 million (inclusive)	155,275	189,794
Up to RMB500,000	146,736	151,352
	<hr/>	<hr/>
Total loan amount	802,107	754,672
	<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 2024 RMB'000	As at 31 December 2023 RMB'000
0 to 30 days	121,462	99,165
31 to 90 days	87,658	70,467
91 to 365 days	320,157	185,496
Over 365 days	272,830	399,544
	<hr/>	<hr/>
	802,107	754,672
	<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 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Neither overdue nor credit-impaired	692,375	669,764
Overdue but not credit-impaired		
– Overdue within 30 days	14,213	10,962
– Overdue within 31 to 90 days	11,048	10,485
Overdue and credit-impaired	84,471	63,461
	<u>802,107</u>	<u>754,672</u>

Impairment loss on loan receivables

As at 31 December 2024. The total loan receivables which only include small loan and financial lease business is RMB812.3 million (31 December 2023: RMB780.9 million). The total outstanding principal amounts of the ten largest loan receivables which only include small loan business, are approximately RMB167.8 million (31 December 2023: RMB174.4 million), about 20.5% (31 December 2023: 22.3%) of the total loan receivables. The allowance for impairment losses of the ten largest loan receivables is RMB1.6 million (31 December 2023: RMB11.9 million) which the total allowance for impairment losses is RMB96.2 million (31 December 2023: RMB89.5 million). The Company performed impairment assessment in the end of the Reporting Period under the ECL model which required by HKFRS 9.

The following table sets out the allowance for ECLs on small loan receivables are as follows:

	12-m ECL	Lifetime ECL – not credit- impaired	Lifetime ECL – credit- impaired	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 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 ECL	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 and 1 January 2024	8,704	1,705	60,309	70,718
Bad debts written-off	–	–	(42,134)	(42,134)
Transfer to Lifetime ECL – to 12-m ECL	–	–	–	–
Transfer to Lifetime ECL – not credit-impaired	(234)	234	–	–
Transfer to Lifetime ECL – credit-impaired	(2,139)	(1,608)	3,747	–
Net re-measurement of loss allowance	<u>4,551</u>	<u>9,297</u>	<u>45,582</u>	<u>59,430</u>
As at 31 December 2024	<u><u>10,882</u></u>	<u><u>9,628</u></u>	<u><u>67,504</u></u>	<u><u>88,014</u></u>

During the year ended 31 December 2024, gross carrying amount of small loan receivables amounted to approximately RMB43,016,000 (2023: RMB1,151,000) 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 2024.

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	19,500	56
2	Relevant Party B	Normal	Small loan	19,000	83
3	Relevant Party C	Normal	Small loan	19,000	83
4	Relevant Party D	Normal	Small loan	19,000	83
5	Relevant Party E	Normal	Small loan	19,000	83
6	Relevant Party F	Normal	Small loan	15,000	242
7	Relevant Party G	Normal	Small loan	14,400	228
8	Relevant Party H	Normal	Small loan	14,400	256
9	Relevant Party I	Normal	Small loan	14,400	209
10	Relevant Party J	Normal	Small loan	14,100	265
Total				<u>167,800</u>	<u>1,588</u>

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 2024, the Company has recognised RMB96.2 million as the allowance for impairment losses. There are 5 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 5 loans is approximately RMB12.0 million. These 5 loans involved 5 agreements amongst 5 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 2024 in respect of such Overdue and Credit-impaired Agreements are as follows:

No.	Counter party	Status	Loan type	Amount	Allowance for
				outstanding	impairment
				RMB'000	losses
					RMB'000
1	Relevant Party K	Overdue and credit-impaired	Finance lease	3,895	3,895
2	Relevant Party L	Overdue and credit-impaired	Small loan	3,270	3,270
3	Relevant Party M	Overdue and credit-impaired	Small loan	2,294	1,596
4	Relevant Party N	Overdue and credit-impaired	Small loan	1,448	1,144
5	Relevant Party O	Overdue and credit-impaired	Small loan	1,114	1,114
Total				12,021	11,019

Relevant Party K

The Company entered into a direct lease agreement with Relevant Party K in 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 2024, 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 in 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 2024, 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 in August 2022 which the principal amount is RMB2.6 million. Relevant Party M has defaulted in payment since May 2024. In July 2024, the Company commenced legal proceedings against Relevant Party M. Since then, the Company has been in continuous negotiation with Relevant Party M for the settlement of the judgment debt. As of 31 December 2024, the case still in the litigation phase, the amount outstanding is RMB2.3 million. As the financial asset is 90 days past due, an allowance of impairment loss of approximately RMB1.6 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 in February 2023 which the principal amount is RMB1.5 million. Relevant Party N has defaulted in payment since September 2023. In October 2023, the Company commenced legal proceedings against Relevant Party N. Since then, the Company has been in continuous negotiation with Relevant Party N for the settlement of the judgment debt. In April 2024, a judgment was awarded in favour of the Company. As of 31 December 2024, the amount outstanding is RMB1.4 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 O

The Company entered into a loan agreement with Relevant Party O in September 2022 which the principal amount is RMB1.5 million. Relevant Party O has defaulted in payment since September 2024. In July 2024, the Company commenced legal proceedings against Relevant Party O. Since then, the Company has been in continuous negotiation with Relevant Party O for the settlement of the judgment debt. As of 31 December 2024, 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.

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; (iv) interest income from margin financing; and (v) management fee income from asset management services. The Group's financial leasing services include sale-leaseback as well as direct financial leasing.

The revenue recorded an decrease of approximately RMB5.8 million, or approximately 5.1%, from approximately RMB113.1 million for the year ended 31 December 2023 to approximately RMB107.3 million for the year ended 31 December 2024.

For the year ended 31 December 2024, the interest income from financial leasing contributed approximately RMB0.1 million (2023: approximately RMB0.4 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 RMB0.5 million to the revenue for the year ended 31 December 2024 (2023: approximately RMB1.4 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 RMB106.1 million (2023: approximately RMB110.4 million) which decreased by approximately RMB4.3 million, or approximately 3.9%. The Group also recorded commission and brokerage income from security dealing contributing approximately RMB0.1 million (2023: approximately RMB0.2 million), while the interest income from margin financing also contributed approximately RMB0.3 million (2023: approximately RMB0.4 million) from our wholly-owned subsidiary, Grand Partners Securities Limited, for the year ended 31 December 2024.

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

Other income

Income increased by approximately RMB1.2 million, or approximately 24.5%, from approximately RMB4.9 million for the year ended 31 December 2023 to approximately RMB6.1 million for the year ended 31 December 2024, mainly due to an approximately RMB1.4 million increase in recovery of bad debts on loan and account receivables.

Employee benefit expenses

Employee benefit expenses included primarily employee salaries and costs associated with other benefits. The employee benefit expenses increased by approximately RMB5.6 million, or approximately 27.2%, from approximately RMB20.6 million for the year ended 31 December 2023 to approximately RMB26.2 million for the year ended 31 December 2024 due to share option granted during the year ended 31 December 2024 as disclosed in the Company's announcement dated on 23 April 2024.

Other operating expenses

Other operating expenses mainly consisted of (i) audit fee of approximately RMB0.8 million (2023: approximately RMB0.8 million); (ii) commission fee of approximately RMB1.8 million (2023: approximately RMB5.8 million) which mainly comprised of service charge of loan collection of approximately RMB0.4 million (2023: approximately RMB0.8 million) in relation to the small loan business; (iii) legal and professional fee of approximately RMB1.8 million (2023: approximately RMB1.7 million) (iv) referral fee of approximately RMB3.9 million (2023: approximately RMB 5.5 million).

Finance costs

The finance costs increased by approximately RMB2.1 million, or approximately 20.2%, from approximately RMB10.4 million for the year ended 31 December 2023 to approximately RMB12.5 million for the year ended 31 December 2024 mainly due to the increase of interest on bank borrowings.

Profit for the year attributable to equity holders of the Company

As a result of above, profit for the year attributable to equity holders of the Company for the year ended 31 December 2024 was approximately RMB5.6 million, whereas profit for the year ended 31 December 2023 was approximately RMB23.2 million, mainly due to (i) the allowance for ECLs on loan and account receivables of approximately RMB48.7 million (2023: RMB43.1 million); (ii) employee benefit expenses of approximately RMB26.2 million (2023: RMB20.6 million) as the Company granted a total of 15,000,000 share options to certain employees (2023: Nil); and (iii) deferred tax expense of approximately RMB8.7 million (2023: RMB2.2 million).

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 2024 (2023: 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 on or before Friday, 27 June 2025.

Liquidity, financial resources and capital resources

As at 31 December 2024, the cash and cash equivalents were approximately RMB33.4 million (2023: approximately RMB26.3 million). The working capital (current assets less current liabilities) and the total equity of the Group were approximately RMB284.7 million (2023: approximately RMB127.6 million) and approximately RMB581.4 million (2023: approximately RMB573.7 million), respectively.

As at 31 December 2024, the Group's bank borrowings with maturity within one year amounted to approximately RMB142.3 million (2023: approximately RMB142.3 million) and there was no Group's bank borrowings exceed one year (2023: Nil).

Gearing ratio (total bank and other borrowings/total equity) as at 31 December 2024 was approximately 24.5% (2023: approximately 24.8%).

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, and asset management services. As at 31 December 2024, the loan and account receivables were approximately RMB721.4 million (2023: approximately RMB702.0 million), and this increase was mainly due to the increase in small loan receivables.

Capital commitments

As at 31 December 2024, the Group had no capital commitments contracted but not provided for (2023: Nil).

Employees and remuneration policy

As at 31 December 2024, the Group employed 71 full time employees (2023: 76) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB26.2 million for the year ended 31 December 2024 (2023: approximately RMB20.6 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 2024.

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 2024, and none of the share options were outstanding as at 31 December 2024.

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 2024.

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 2024:

					Number of share options				
			Closing price before the date of grant Exercise price	of share options	Outstanding	Granted	Exercised	Lapsed	Outstanding
					as at	during the	during the	during the	as at
Name of Grantee	Grant date	Exercise period			1 January 2024	31 December 2024	31 December 2024	31 December 2024	31 December 2024
Director of the Company or its subsidiary									
Wu Jiaqi (note 1)	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	1,553,000	–	–	–	1,553,000
Wan Tingting (note 2)	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	79,000	–	–	–	79,000
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	14 December 2022	14 December 2022–14 May 2026	HK\$5.93	HK\$5.92	1,093,000	–	–	–	1,093,000
					2,725,000	–	–	–	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. Ms. Wan Tingting has been appointed as non-executive Director of the Company effect from 1 May 2024. Please refer to the announcement of the Company published on the website of the Company and the Stock Exchange on 29 April 2024.

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.

On 23 April 2024, under the 2023 Share Option Scheme, 15,000,000 share options to subscribe for an aggregate of 15,000,000 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 23 April 2024 to 22 April 2029, and exercise price of HK\$2.2, an aggregate of 13,500,000 share options were outstanding as at 31 December 2024.

Set out below are details of outstanding options under 2023 Share Option Scheme as at 31 December 2024.

					Number of share options					
					Closing price before the date of grant	Outstanding	Granted	Exercised	Lapsed	Outstanding
						as at	during the	during the	during the	
Name of Grantee	Grant date	Exercise period	Exercise price	of share options	1 January 2024	31 December 2024	31 December 2024	31 December 2024	31 December 2024	
Other employees of the Company and subsidiary under the Share Option Scheme										
Other employees of the Company and subsidiary	23 April 2024	23 April 2025–22 April 2029	HK\$2.20	HK\$2.00	–	15,000,000	–	1,500,000	13,500,000	
					–	15,000,000	–	1,500,000	13,500,000	

As at 31 December 2024, the number of options available for grant is 2,158,300 (31 December 2023: 15,658,300), the total number of shares which may be issued pursuant to the exercise of options granted under the share option scheme is 16,225,000 (31 December 2023: 2,725,000) divided by the weighted average number of shares in issue during the year is approximately 10.4% (31 December 2023: 1.74%), the number of shares available for further issue under the share option scheme is 16,883,300 (31 December 2023: 18,383,000).

As at the date of this announcement, the number of shares available for future issue is 16,883,300, representing approximately 10.59% 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 no significant events occurring after the reporting period.

OUTLOOK AND PLANS

In 2025, 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 C1 of the Listing Rules. During the year ended 31 December 2024, 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, except for Code Provision C.2.1 of the CG Code.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lo is currently the chairman of the Board and the chief executive officer of the Company, responsible for the overall strategic planning and management of the Group. Considering that Mr. Lo has been responsible for the overall management and operation of the Group since its inception, the Board believes that it is in the best interest of the Group to have Mr. Lo taking up both roles for effective management and business development.

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

During the year ended 31 December 2024, a total of 166,000 ordinary shares were bought back by the Company during the period at prices ranging from HK\$2.76 to HK\$2.99 per share. Among these shares bought back by the Company, 126,000 shares were settled and cancelled during the period. The consideration paid by the Company for such buy-backs of the shares of approximately HK\$0.4 million was charged to the retained profits. The shares bought back were cancelled and accordingly the issued share capital of the Company was reduced. The buy-backs of the Company’s shares during the period were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries has, during the year ended 31 December 2024, purchased, sold or redeemed any listed securities of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There was no material acquisition and disposal of subsidiaries by the Group during the year ended 31 December 2024.

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 2024.

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 2024, complied with the required standards set out therein.

PUBLICATION OF INFORMATION

This announcement is published on the websites of the Company (www.haosenfintech.com) and the Stock Exchange (www.hkexnews.hk). The 2024 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 2024, consolidated statement of comprehensive income, consolidated statement of changes in equity for the year ended 31 December 2024 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 on 24 March 2025. 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 23 May 2025 (Friday) to 30 May 2025 (Friday) (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 2025 (Friday), 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 22 May 2025 (Thursday).

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

Hong Kong, 24 March 2025

As at the date of this announcement, the Board comprises Mr. Lo Wai Ho as executive Director; Mr. Wu Jiaqi and Ms. Wan Tingting as non-executive Directors; and Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Kam Wai Man as independent non-executive Directors.