中關村科技租賃股份有限公司

ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1601)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

- For the year ended December 31, 2024, the revenue amounted to approximately RMB877.6 million, representing an increase of approximately 5.3% as compared with that of approximately RMB833.6 million for the year ended December 31, 2023.

- For the year ended December 31, 2024, the profit before taxation amounted to approximately RMB361.5 million, representing an increase of approximately 4.4% as compared with that of approximately RMB346.2 million for the year ended December 31, 2023.

- For the year ended December 31, 2024, the profit amounted to approximately RMB271.0 million, representing an increase of approximately 4.3% as compared with that of approximately RMB259.9 million for the year ended December 31, 2023.

- As of December 31, 2024, the total assets amounted to approximately RMB13,055.8 million, representing an increase of approximately 5.2% as compared with that of approximately RMB12,414.9 million as of December 31, 2023.

- As of December 31, 2024, the total shareholders' equity amounted to approximately RMB2,581.4 million, representing an increase of approximately 7.5% as compared with that of approximately RMB2,400.2 million as of December 31, 2023.

- For the year ended December 31, 2024, the return on average equity was 10.9%.

- For the year ended December 31, 2024, the return on average assets was 2.1%.

- The Board recommends the payment of a final dividend of RMB0.071 per share (tax inclusive) for the year ended December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "**Board**") of directors (the "**Directors**") of Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司) (the "**Company**") is pleased to announce that the audited consolidated annual results of the Company and its consolidated structured entities (together, the "**Group**" or "**We**") for the year ended December 31, 2024 (the "**Reporting Period**") with the comparative figures for the year ended December 31, 2023 are set out after the Management Discussion and Analysis section.

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	RMB' 000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Operating Performance					
Revenue	**877,588**	833,627	743,146	656,943	587,565
Interest income	**729,856**	691,933	613,397	541,367	480,944
Advisory fee income	**139,371**	141,662	129,749	115,576	106,621
Operating leased income	**8,361**	32	–	–	–
Other net income	**5,676**	32,825	15,342	14,423	19,079
Interest expense	**(286,057)**	(292,824)	(272,493)	(246,545)	(232,839)
Operating expense	**(166,381)**	(170,887)	(150,560)	(129,407)	(116,141)
Impairment losses charged	**(79,020)**	(78,254)	(49,580)	(53,004)	(44,467)
Share of gains/(losses) of associates	**10,394**	21,910	15,136	19,391	(1,687)
Net foreign exchange (losses)/gains	**(680)**	(192)	109	(175)	3,999
Profit before taxation	**361,520**	346,205	301,100	261,626	215,509
Net profit	**271,038**	259,875	226,104	195,917	161,466
Basic and diluted earnings per Share *(in RMB Yuan)*	**0.20**	0.19	0.17	0.15	0.12
Profitability					
Return on average equity (1)	**10.9%**	11.2%	10.6%	9.9%	9.8%
Return on average assets (2)	**2.1%**	2.2%	2.2%	2.2%	2.1%
Net interest margin (3)	**4.1%**	3.9%	3.7%	3.8%	3.6%
Net interest spread (4)	**3.2%**	2.9%	2.6%	2.6%	2.4%
Net profit margin (5)	**30.9%**	31.2%	30.4%	29.8%	27.5%

Notes:

(1) Calculated by dividing profit for the year by the average balance of total equity at the beginning and the end of the year.

(2) Calculated by dividing profit for the year by the average balance of total assets at the beginning and the end of the year.

(3) Calculated by dividing net interest income for the year by the average balance of interest-earning assets.

(4) Calculated as the difference between interest income yield and interest expense cost.

(5) Calculated by dividing profit for the year by the total revenue for the year.

	As of December 31,				
	2024	2023	2022	2021	2020
	RMB' 000	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*
Assets and liabilities					
Total assets	**13,055,814**	12,414,873	10,914,895	9,428,623	8,165,054
Loans and receivables	**11,505,094**	11,207,248	9,819,652	8,472,832	7,382,156
Operating leased assets	**68,940**	13,274	–	–	–
Total liabilities	**10,474,439**	10,014,635	8,694,475	7,374,542	6,249,239
Interest-bearing bank and other financing	**8,008,224**	7,412,648	6,395,235	5,371,076	4,153,046
Total equity	**2,581,375**	2,400,238	2,220,420	2,054,081	1,915,815
Net assets per share *(in RMB Yuan)*	**1.94**	1.80	1.67	1.54	1.44
Financial assets and liabilities (1)					
Financial assets	**13,957,024**	13,162,689	11,614,974	10,076,299	8,766,671
Financial liabilities	**10,454,383**	9,779,341	8,593,416	7,285,454	6,212,404
Financial Indicators					
Liability to asset ratio (2)	**80.2%**	80.7%	79.7%	78.2%	76.5%
Risk asset to equity ratio (3)	**469.9%**	488.8%	460.6%	426.4%	397.4%
Liquidity ratio (4)	**124.5%**	90.9%	122.4%	137.1%	104.0%
Gearing ratio (5)	**310.2%**	308.8%	288.0%	261.5%	216.8%
Interest-earning asset quality					
NPA ratio (6)	**1.8%**	1.7%	1.6%	1.5%	1.5%
Allowance coverage ratio for NPA (7)	**207.5%**	184.6%	173.7%	175.9%	163.2%

Notes:

(1) Calculated based on contractual undiscounted cash flows.

(2) Calculated by dividing total liabilities by total assets as of the end of the year.

(3) Calculated by dividing risk assets by total equity. Risk assets are the total assets net of cash and cash equivalents and pledged and restricted deposits.

(4) Calculated by dividing current assets by current liabilities as of the end of the year.

(5) Calculated by dividing total debt by total equity. The total debt consist of borrowings.

(6) Represent the percentage of non-performing assets ("**NPA**") in the total interest-earning assets before deducting allowances for impairment losses.

(7) Calculated by dividing allowances for impairment losses of interest-earning assets by the balance of non-performing interest-earning assets.

1. BUSINESS REVIEW

1.1 Economic Conditions

Macroeconomic Conditions: In 2024, the global landscape was marked by turbulence and uncertainty, with ongoing geopolitical conflicts, the rise of trade protectionism, and numerous challenges and uncertainties in the global economic recovery, all of which had spillover effects on China's economy. In response to the complex and severe international environment as well as the challenging tasks of reform, development, and stability, China actively accelerated the establishment of a new development paradigm, using comprehensive deepening of reform and opening-up as a key driver while further strengthening macroeconomic regulation. On one hand, the country focused on expanding domestic demand, adopting various measures to tap into consumption potential and broaden investment opportunities. On the other hand, efforts were made to optimize the economic structure, advancing industrial upgrading toward higher-end, smarter, and greener development. At the same time, China worked to boost market and public confidence, rigorously preventing and effectively addressing various risks, leading to an upward trend in economic recovery and improvement. This solid progress ensured steady advancement in high-quality development. In 2024, China's GDP grew by 5% year-on-year, successfully achieving its major projected targets.

Financial Environment: In 2024, global inflationary pressures improved, but developed and developing economies experienced diverging trends. While developed economies experienced a noticeable decline in inflation, developing countries continued to maintain relatively high inflation rates. Throughout 2024, the People's Bank of China (PBOC) adhered to a supportive monetary policy stance, implementing four significant monetary policy adjustments to sustain the momentum of economic recovery and promote high-quality development. In terms of total volume, the PBOC ensured steady growth in monetary credit, employing a variety of monetary policy tools to maintain ample liquidity, promote reasonable expansion of social financing and credit, and guide lending rates downward. Last year, the PBOC lowered the required reserve ratio (RRR) twice by a cumulative 1 percentage point, and also cut the central bank's policy rates twice by a cumulative 0.3 percentage point, both representing the most significant adjustments in recent years. In terms of structure, greater support was directed toward key sectors. A RMB500 billion special re-lending program was introduced to finance technological innovation and industrial upgrades, of which RMB400 billion was allocated to incentivize banks to extend credit for equipment renewal, while RMB100 billion was earmarked specifically for the first-time loans of early-stage and growth-stage technology-based SMEs. As of the end of 2024, medium- and long-term loans in the manufacturing sector grew by 11.9% year-on-year, loans to SRDI (specialized, refined, differentiated and innovative) enterprises increased by 13.0% year-on-year, and inclusive small and micro enterprise loans rose by 14.6% year-on-year, all outpacing the overall loan growth rate.

Industrial Environment: In 2024, the Fifth Meeting of the Central Commission for Comprehensively Deepening Reform approved the Opinions on Building a Globally Competitive Open Environment for Technological Innovation, emphasizing the creation of such an environment to support the innovative development of the technology sector through strong policy guidance and institutional guarantees. China's efforts to cultivate new productive forces achieved notable results, characterized by "four accelerations": accelerated enhancement of innovation capabilities, accelerated upgrading of traditional industries, accelerated growth of emerging industries, and accelerated deployment of future industries. Traditional industries advanced through the Manufacturing Core Competitiveness Action Plan, making significant progress in high-end, intelligent, and green manufacturing. Emerging industries saw the in-depth implementation of key projects such as the national strategic emerging industry cluster development initiatives, the Eastern Data and Western Computing project, and various industrial innovation programs. Future industries received strong support in the development of new application scenarios in fields such as artificial intelligence, biomanufacturing, future energy, and quantum technology. As of November 2024, the National Emerging Industry Venture Capital Guidance Fund had invested in 501 sub-funds, mobilized RMB288.54 billion in capital, and supported 8,946 early-stage and growth-stage enterprises. Technological innovation is now a driving force behind the development of new productive forces, injecting new momentum into sustained economic growth.

Financial Leasing Industry Environment: In 2024, the National Financial Regulatory Administration (NFRA) issued the Administrative Measures for Financial Leasing Companies, further standardizing the qualifications of investors, corporate governance, and capital and risk management for financial leasing companies. Local financial regulatory authorities continued to uphold the "asset-based leasing" regulatory guidance, encouraging financial leasing companies to support the real economy while emphasizing the development of green financial leasing. This regulatory framework aims to further promote the standardized and healthy growth of the financial leasing industry. From an industry perspective, financial leasing companies are increasingly focused on returning to the core essence of "financing + asset leasing", aligning their businesses with new productive forces by prioritizing key sectors such as green and environmental protection, strategic emerging industries, and manufacturing, gradually increasing the proportion of direct leasing business. More financial leasing companies also sought to enhance their service specialization and innovate their business models and service approaches to better meet the specific needs of their clients.

1.2 Company Response

In 2024, the Company actively responded to internal and external changes, firmly prioritized high-quality development, and adhered to the general principle of pursuing progress while maintaining stability. Committed to the core essence of leasing, the Company optimized its business structure, improved management efficiency, and strengthened risk control and compliance. As a result, operational performance maintained stable growth, continuously injecting financial momentum into the development of new productive forces.

Deepening Engagement in the Hard-tech Industrial Ecosystem and Strengthening Specialized Product and Service Capabilities. In 2024, the Company strategically expanded into cutting-edge industries, including robotics and intelligent driving, new energy vehicles (NEVs) and renewable energy, medical equipment and healthcare services, commercial aerospace and low-altitude economy, next-generation communication services and intelligent computing services, as well as semiconductor materials and equipment. By deeply exploring application scenarios and marketing channels, nearly 85% of new customers acquired during the year aligned with the target industry tracks. The Company also launched the "Safeguard Plan" marketing campaign, hosting over 10 promotional events and attracting more than 200 potential customers, with 12 achieving immediate business conversion. Leveraging its specialized capabilities, the Company drove product and service upgrades, further solidifying its differentiated competitive advantage.

Adhering to Industry and Finance Integration and Innovation Practices to Establish a New Paradigm for Cultivating New Productive Forces. In 2024, the Company successfully completed 11 industry and finance integration projects, driving leasing investments of RMB577 million, a year-on-year increase of 30.3%. Among them, operating lease investments reached RMB68 million, representing a 3.6-fold year-on-year increase. During the operation of industry-finance projects, the Company provided full-cycle value-added services for clients across dimensions such as corporate governance, risk management, planning and budgeting, market expansion support, and supply chain integration. This has led to the development of a replicable and scalable industry and finance integration methodology.

Enhancing Risk Asset Disposal Measures and Strengthening the Comprehensive Risk Management System. In 2024, the Company further reinforced its core capabilities by optimizing its primary Credit Rating Model 6.0 and Tech SME Rating Model 2.0, improving the scientific rigor and applicability of credit risk management. The Company implemented a cross-decision-making mechanism for major projects and introduced a track-responsible director system, strengthening post-leasing risk assessment and response capabilities. Through a comprehensive strategy, the Company effectively managed and disposed of existing risk assets, keeping the annual non-performing asset ratio at 1.8%.

Seizing Financing Window Opportunities and Achieving Breakthroughs in Diversified Financing Channels. In 2024, the Company secured total financing of RMB10.084 billion. Bond financing achieved both quantitative and qualitative improvements, reaching a record high of RMB4.914 billion, while the comprehensive cost rate hit a historic low of 2.8%. Additionally, the Company successfully issued its first mid-to-long-term credit bond and an intellectual property securitization product for the NEV industry.

Optimizing Organizational Synergy and Strengthening the Foundation for Strategic Execution. In 2024, the Company implemented a matrix management structure reform, establishing a Marketing Center, an Industry and Finance Integration Business Center, an Operations Center, an Asset Management Center, and a Functional Center to enhance organizational efficiency in executing strategies. The Company also advanced digital empowerment initiatives, improving the online integration of its core value chain and optimizing cross-department and cross-task collaboration processes. Additionally, it refined its talent selection, development, utilization, and retention mechanisms to support long-term growth with a pool of versatile professionals. The Company also efficiently and compliantly advanced its capital increase process, further strengthening its capital base.

1.3 Business Innovation

Case I:

In 2024, the Company entered into a deep strategic partnership with Beijing Xingyou Technology Co., Ltd. (北京星油科技有限公司) ("**Xingyou Technology**"), a global leader in high-tech fluid machinery for oil & gas fields, to jointly establish an asset operation platform. Together with its subsidiary fund, Beijing Zhongnuo, the Company adopted a "leasing + investment + services" cooperation model to make an equity investment and set up a joint venture platform, providing equipment leasing services. This initiative further enhanced Xingyou Technology's mass production capabilities, consolidated its technological advantages, and increased its market share. Over the next three years, the Company will continue to provide RMB300 million in funding support under this cooperation model, enabling Xingyou Technology to deliver innovative industrialized solutions for cost reduction, efficiency enhancement, and energy conservation in oilfields. Additionally, this initiative will drive the upgrading and green transformation of equipment in the traditional oil and gas industry, inject new momentum into the rapid development of the new energy sector, and contribute to the global optimization and upgrade of the energy structure.

Case II:

In 2024, the Company entered into a deep strategic partnership with Beijing Tinavi Medical Technologies Co., Ltd. ("**Tinavi**", 688277.SH) (北京天智航醫療科技股份有限公司), a leading enterprise in China's orthopedic robot field, to jointly establish an asset operation platform. In collaboration with the subsidiary fund of the Company, Beijing Zhongnuo, we innovatively adopted an integrated cooperation model of "leasing + investment + services," which includes not only equity investments but also the creation of a joint venture platform to provide equipment leasing services. Through these initiatives, we have effectively supported Tinavi in optimizing its service model and expanding the application market for orthopedic surgical robots, thereby significantly enhancing its profitability. Over the next three years, the Company will continue to employ this successful cooperation model, providing ongoing financial support to help Tinavi fully promote the widespread application and adoption of surgical robots in clinical settings. This will not only assist doctors in performing surgeries more accurately, efficiently, and safely, delivering high-quality medical services to patients, but will also lead orthopedic surgery into the era of intelligent robotics, injecting new vitality into the development of the healthcare industry.

Case III:

In 2024, the Company entered into a deep strategic partnership with Shanghai Autowise.ai Intelligent Technology Co., Ltd. (上海仙途智能科技有限公司) ("**Autowise.ai**"), a global leader in autonomous driving commercialization, to jointly establish an asset operation platform. Together with its subsidiary fund, Beijing Zhongnuo, the Company adopted a "leasing + investment + services" cooperation model, making an equity investment and setting up a joint venture platform to provide equipment leasing services. This collaboration supports Autowise.ai in promoting autonomous cleaning vehicles, expanding the market for unmanned sanitation operations, and enhancing commercial competitiveness. Over the next three years, the Company will continue to provide RMB500 million in funding support under this cooperation model, enabling Autowise.ai to improve operational efficiency in the municipal sanitation industry, effectively reducing comprehensive sanitation operation costs, and advancing the development of China's unmanned intelligent sanitation sector.

2. ANALYSIS OF PROFIT OR LOSS

2.1 Overview

In 2024, adhering to the customer-oriented business model, the Group continued to focus on serving science and technology enterprises in the PRC with strong growth potential, and its operating performance increased steadily. In 2024, the Group realized a total revenue of RMB877.6 million, representing a 5.3% year-on-year growth, and the profit during the year increased to RMB271.0 million, representing a 4.3% year-on-year growth.

2.2 Revenue

The revenue of the Group increased by 5.3% from RMB833.6 million in 2023 to RMB877.6 million in 2024, and the interest income recorded stable growth. At the same time, Industry & Finance Integration Business has shown initial results. In 2024, the Group realized an interest income of RMB729.9 million, accounting for 83.1% of the total revenue and representing a 5.5% year-on-year growth. Advisory fee income decreased by 1.6% to RMB139.4 million in 2024. Confirmation of operating lease income of RMB8.4 million.

The following table sets the revenue segmented by service and the changes for the years indicated:

	For the year ended December 31,				
	2024		2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Interest income	**729,856**	**83.1%**	691,933	83.0%	5.5%
Advisory fee income	**139,371**	**15.9%**	141,662	17.0%	(1.6%)
Operating lease income	**8,361**	**1.0%**	32	0.0%	26,028.1%
Total revenue	**877,588**	**100.0%**	833,627	100.0%	5.3%

The Group's customers are mainly concentrated in five technology and new economy industries: artificial intelligence, double carbon, medicine and health, intelligent manufacturing and new consumption. In 2024, the Group continued to cultivate technology and new economy industries, and optimize the asset structure. In 2024, the interest income and advisory fee income of artificial intelligence increased by 39.0% compared with the last year.

The following table sets out the composition and changes by industry of the interest income and advisory fee income for the years indicated:

	For the year ended December 31,				
	2024		2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Intelligent manufacturing	**297,372**	**34.2%**	271,027	32.5%	9.7%
Double carbon	**183,115**	**21.1%**	192,512	23.1%	(4.9%)
Medicine and health	**133,258**	**15.3%**	153,024	18.4%	(12.9%)
New consumption	**122,462**	**14.1%**	110,968	13.3%	10.4%
Artificial intelligence	**120,188**	**13.8%**	86,489	10.4%	39.0%
Others	**12,832**	**1.5%**	19,575	2.3%	(34.4%)
Total revenue	**869,227**	**100.0%**	833,595	100.0%	4.3%

In 2024, a significant portion of the revenue was generated from the northern region of China, and other regional businesses were also steadily expanded. While further strengthening the customer base in the Beijing-Tianjin-Hebei Integrated Area, the Group has gradually penetrated its business into other regions that nursed and nurtured a growing number of Chinese technology and new economy companies such as the Yangtze River Delta, the Greater Bay Area and the middle reaches of the Yangtze River.

The following table sets forth the breakdown of the interest income and advisory fee income by major geographical areas for the years indicated:

	For the year ended December 31,			
	2024		2023	
	RMB'000	***% of total***	*RMB'000*	*% of total*
Northern	**311,740**	**35.8%**	319,750	38.3%
Eastern	**300,620**	**34.6%**	267,604	32.1%
Southern	**98,124**	**11.3%**	89,762	10.8%
Central	**61,726**	**7.1%**	65,850	7.9%
Northwestern	**47,434**	**5.5%**	39,184	4.7%
Southwestern	**31,536**	**3.6%**	22,646	2.7%
Northeastern	**18,047**	**2.1%**	28,799	3.5%
Total revenue	**869,227**	**100.0%**	833,595	100.0%

2.2.1 Interest Income

The interest income of the Group increased by 5.5% from RMB691.9 million in 2023 to RMB729.9 million in 2024, accounting for 83.1% of the total revenue.

The following table sets forth the amount of average balance of interest-earning assets, interest income and the average yield by industry for the years indicated:

	For the year ended December 31,					
	2024			2023		
	Average balance of interest-earning assets[1]	**Interest income**	**Average yield of interest-earning assets**[2]	Average balance of interest-earning assets	Interest income	Average yield of interest-earning assets
	RMB'000	***RMB'000***	**%**	*RMB'000*	*RMB'000*	%
Intelligent manufacturing	**3,975,592**	**256,196**	**6.4%**	3,593,227	213,799	6.0%
Double carbon	**2,683,345**	**149,540**	**5.6%**	2,422,018	172,490	7.1%
Medicine and health	**1,797,588**	**105,978**	**5.9%**	1,823,727	123,403	6.8%
New consumption	**1,523,001**	**109,924**	**7.2%**	1,509,870	92,085	6.1%
Artificial intelligence	**1,591,138**	**96,893**	**6.1%**	1,282,981	74,605	5.8%
Others	**187,864**	**11,325**	**6.0%**	205,388	15,551	7.6%
Total	**11,758,528**	**729,856**	**6.2%**	10,837,211	691,933	6.4%

Notes:

(1) The average balance of interest-earning assets is calculated by dividing the sum of finance lease receivables before allowances for impairment losses at the beginning of the period and at the end of the period by two.

(2) Calculated by dividing interest income by average balance of interest-earning assets.

Analysis by average balance of interest-earning assets

The average balance of interest-earning assets increased by 8.5% from RMB10,837.2 million in 2023 to RMB11,758.5 million in 2024. Particularly, aritificial inteligence demonstrated strong growth in the scale, with an increase of 24.0%, as compared to the previous year.

Analysis by average yield of interest-earning assets

In 2024, the average yield of interest-earning assets of the Group was 6.2%, representing a deduction of 0.2 percentage point from 6.4% in the last year. The Group's interest expense yield decreased from 3.7% to 3.4%. In the economic downturn, the Group continued to expand its business, maintain a stable profit level and benefit the real economy, showing the Group's mission and responsibility as a financial partner of science and technology innovation enterprises.

2.2.2 Advisory Fee Income

The advisory fee income of the Group decreased by 1.6% from RMB141.7 million in 2023 to RMB139.4 million in 2024, accounting for 15.9% of the total revenue.

The Group delivered a variety of advisory services to its customers, including management and business consulting and policy advisory.

The following table sets forth the contribution by service category to advisory fee income for the periods indicated:

	For the year ended December 31,				
	2024		2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Management and business advisory fee income	**41,614**	**29.9%**	41,660	29.4%	(0.1%)
Policy advisory fee income	**97,757**	**70.1%**	100,002	70.6%	(2.2%)
Total advisory fee income	**139,371**	**100.0%**	141,662	100.0%	(1.6%)

The following table sets forth the contribution by industry to advisory fee income for the years indicated:

	For the year ended December 31,				
	2024		2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Intelligent manufacturing	**41,176**	**29.5%**	57,226	40.4%	(28.0%)
Double carbon	**33,574**	**24.1%**	20,022	14.1%	67.7%
Medicine and health	**27,280**	**19.6%**	29,622	20.9%	(7.9%)
Artificial intelligence	**23,295**	**16.7%**	11,884	8.4%	96.0%
New consumption	**12,538**	**9.0%**	18,883	13.3%	(33.6%)
Others	**1,508**	**1.1%**	4,025	2.9%	(62.5%)
Total advisory fee income	**139,371**	**100.0%**	141,662	100.0%	(1.6%)

2.2.3 *Operating Lease Income*

In 2024, due to the expansion of the Group's operating lease business, the operating lease income increased by 26,028.1% from RMB32 thousand in 2023 to RMB8.4 million in 2024, accounting for 1.0% of the total revenue.

2.3 Interest Expense

The interest expense of the Group decreased by 2.3% from RMB292.8 million in 2023 to RMB286.1 million in 2024, mainly due to active management of capital positions and financing costs by the Group, improving the efficiency of capital utilization, optimizing debt structure, and effectively reducing financing costs.

In response to the constantly changing economic and capital market environment, the Group continually tracked market trends and adhered to its flexible and diverse funding strategy. Furthermore, the Group made significant efforts in strengthening its collaborative relationship with various financial institutions in the market to optimize the funding structure, actively explore new financing channels, and reasonably and effectively control financing costs.

The following table sets forth the breakdown of our interest expense by funding sources for the periods indicated:

	For the year ended December 31,				
	2024		2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Commercial banks	**130,799**	**45.7%**	131,508	44.9%	(0.5%)
Issue bonds	**102,467**	**35.8%**	83,636	28.6%	22.5%
Borrowings from related parties[1]	**–**	**0.0%**	20,185	6.9%	(100.0%)
Imputed on interest-free guaranteed deposits	**52,062**	**18.2%**	56,263	19.2%	(7.5%)
Lease liabilities	**729**	**0.3%**	1,232	0.4%	(40.8%)
Total interest expense	**286,057**	**100.0%**	292,824	100.0%	(2.3%)

Note:

(1) Refer to pledged loans from ZGC Group and its subsidiaries.

In 2024, the interest expense rate of the Group was 3.4%, representing a decrease of 0.3 percentage point from the previous year, mainly due to the Group's active management of capital position and financing cost, which improved capital utilization efficiency, optimized liability structure, and reasonably and effectively reduced financing cost.

The following table sets forth the average balance, interest expense and interest expense yield of borrowings for the periods indicated:

	For the year ended December 31,					
	2024			2023		
Borrowings[1]	**Average balance[2]** ***RMB'000***	**Interest expense** ***RMB'000***	**Interest expense yield[3]**	Average balance *RMB'000*	Interest expense *RMB'000*	Interest expense yield
Commercial banks	**3,527,514**	**130,799**	**3.7%**	3,359,101	131,508	3.9%
Issue bonds	**3,394,887**	**102,467**	**3.0%**	2,517,695	83,636	3.3%
Borrowings from related parties	**–**	**–**	**–**	459,615	20,185	4.4%
Total borrowings	**6,922,401**	**233,266**	**3.4%**	6,336,411	235,329	3.7%

Notes:

(1) Not including imputed interest expense on interest-free guaranteed deposits from lessees and interest expense on lease liabilities.

(2) Calculated based on the monthly balance of borrowings.

(3) Calculated by dividing interest expenses by the monthly average balance of borrowings.

2.4 Net Interest Spread and Net Interest Margin

Net interest spread of the Group in 2024 was 3.2%, representing an increase of 0.3 percentage point from 2.9% in the previous year. The net interest margin of the Group was 4.1%, representing an increase of 0.2 percentage point from 3.9% in the previous year, mainly because the growth rate of net interest income was faster than the growth rate of the average balance of interest-earning assets.

The following table sets forth the net interest margin and relevant figures for the periods indicated:

	For the year ended December 31,		
	2024	2023	**Changes**
	RMB'000	*RMB'000*	
Interest income	**729,856**	691,933	5.5%
Interest expenses	**(286,057)**	(292,824)	(2.3%)
Net interest income	**443,799**	399,109	11.2%
Interest income yield(1)	**6.7%**	6.7%	0.0%
Interest expense yield(2)	**3.5%**	3.8%	(7.9%)
Net interest spread(3)	**3.2%**	2.9%	10.3%
Net interest margin(4)	**4.1%**	3.9%	5.1%

Notes:

(1) Calculated by dividing interest income by the monthly average balance of interest-earning assets.

(2) Calculated by dividing interest expenses by the monthly average balance of interest-bearing liabilities.

(3) Calculated as the difference between interest income yield and interest expense yield.

(4) Calculated by dividing net interest income by the average balance of interest-earning assets.

2.5 Other Net Income

In 2024, other net income obtained by the Group was RMB5.7 million.

The following table sets forth the breakdown of other net income of the Group for the periods indicated:

	For the year ended December 31,		
	2024	2023	**Changes**
	RMB'000	*RMB'000*	
Interests from deposits	**3,727**	4,220	(11.7%)
Government grants	**1,677**	1,075	56.0%
Value added tax additional deduction	**–**	21,349	(100.0%)
Investment income	**177**	2,948	(94.0%)
Others	**95**	3,233	(97.1%)
Total other net income	**5,676**	32,825	(82.7%)

2.6 Operating Expense

In 2024, operating expense of the Group amounted to RMB166.4 million, representing a decrease of RMB4.5 million or 2.6% as compared to the previous year.

The following table sets for the breakdown of the Group's operating expenses:

	For the year ended December 31,				
	2024		2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Staff cost	**99,421**	**59.7%**	94,945	55.6%	4.7%
Service expense	**26,665**	**16.0%**	39,364	23.0%	(32.3%)
Depreciation and amortization	**20,575**	**12.4%**	16,103	9.4%	27.8%
Office and travel expenses	**7,607**	**4.6%**	8,156	4.8%	(6.7%)
Public maintenance fee	**2,621**	**1.6%**	2,494	1.5%	5.1%
Others	**9,492**	**5.7%**	9,825	5.7%	(3.4%)
Total operating expense	**166,381**	**100.0%**	170,887	100.0%	(2.6%)

2.7 Impairment Losses Charged

Impairment losses charged primarily related to loans and receivables and credit commitments of the Group. In 2024, the expected credit impairment losses of the Group amounted to RMB79.0 million, representing a year-on-year increase of 1.0%. Affected by the economic environment, the Group has actively made provisions for impairment based on prudent considerations.

The following table sets forth a breakdown of our impairment losses charged for the years indicated:

	For the year ended December 31,		
	2024	2023	**Changes**
	RMB'000	*RMB'000*	
Finance lease receivables	**79,020**	78,174	1.1%
Credit commitments[1]	**–**	80	(100.0%)
Impairment losses charged	**79,020**	78,254	1.0%

Note:

(1) Including finance leases of the Group that have been contracted, but not yet commenced.

2.8 Income Tax Expense

In 2024, income tax expense of the Group was RMB90.5 million, an increase of RMB4.2 million or 4.8% as compared to the previous year, contributed by the increase of pre-tax profit. The effective tax rate of the Group in 2024 was 25.0%.

2.9 Profit for the Year

The net profit of the Group in 2024 was RMB271.0 million, representing an increase of RMB11.2 million, or a growth rate of 4.3% from 2023. The increase in profit for the year was the combined effect of (i) the increase of 5.3% in the revenue, (ii) the decrease of 2.3% in interest expense; and (iii) the Group's industry & finance integration business progressed smoothly, and the investment income in associates was RMB10.4 million. For detail of the above changes, please refer to the discussion and analysis in paragraphs headed "2.2 Revenue" and "2.3 Interest Expense" of this section.

In summary, in the face of the complicated international and domestic political and economic environment, the Group has adopted active measures to broaden business channels and optimize profit structure, realizing the steady growth of operating revenue income and the steady improvement of asset quality. It is expected that with the enhancement of the Group's net capital and the further expansion of the finance leasing business together with the improvement of digital capabilities, the Group's customer scale and the operation efficiency will be improving constantly, and the profitability will be enhanced considerably.

2.10 Basic Earnings per Share

Basic earnings per share for 2024 amounted to RMB0.20, representing an increase of RMB0.01 from 2023, due to the further enhancement of the Group's profitability in 2024.

3. ANALYSIS OF FINANCIAL POSITION

3.1 Assets (Overview)

As of December 31, 2024, the total assets of the Group amounted to RMB13,055.8 million, representing a growth of RMB640.9 million or 5.2% as compared to the end of last year. Loans and receivables amounted to RMB11,505.1 million, representing an increase of RMB297.8 million or 2.7% as compared to the end of last year. In terms of the asset structure, loans and receivables accounted for 88.2% of total assets, and cash and cash equivalents accounted for 6.4% of total assets.

The following table sets forth the Group's breakdown of total assets:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Loans and receivables	**11,505,094**	**88.2%**	11,207,248	90.3%	2.7%
Pledged and restricted deposits	**85,785**	**0.7%**	46,117	0.4%	86.0%
Cash and cash equivalents	**840,966**	**6.4%**	635,263	5.1%	32.4%
Accounts receivable	**1,973**	**0.0%**	–	0.0%	100.0%
Other assets	**90,081**	**0.7%**	100,118	0.8%	(10.0%)
Deferred tax assets	**110,814**	**0.8%**	92,540	0.7%	19.7%
Property and equipment	**80,945**	**0.6%**	35,965	0.3%	125.1%
Interest in associates	**302,790**	**2.3%**	264,525	2.1%	14.5%
Financial assets at fair value through other comprehensive income	**13,245**	**0.1%**	12,224	0.1%	8.4%
Financial assets at fair value through profit and loss	**1,249**	**0.0%**	1,317	0.0%	(5.2%)
Intangible assets	**22,872**	**0.2%**	19,556	0.2%	17.0%
Total assets	**13,055,814**	**100.0%**	12,414,873	100.0%	5.2%

3.2 Loans and Receivables

In 2024, the Group entered into 697 financial lease contracts with 565 lessees. As of December 31, 2023, the number of lessees in lease status of the Group was 1,099, and the number of financing lease contracts was 1,485; as of December 31, 2024, the number of lessees in lease status of the Group was 1,194, and the number of financing lease contracts was 1,644. Driven by the expansion of financing leasing business scale, loans and receivables continue to grow. As of December 31, 2024, net amount of loans and receivables of the Group amounted to RMB11,947.0 million, representing a growth of 3.3% as compared to the end of last year.

The following table sets forth the breakdown of loans and receivables of the Group as of the dates indicated:

	As of December 31, 2024 *RMB'000*	As of December 31, 2023 *RMB'000*	**Changes**
Gross amount of loans and receivables	**12,833,116**	12,463,129	3.0%
Less: Unearned finance income	**(886,156)**	(893,035)	(0.8%)
Net amount of loans and receivables	**11,946,960**	11,570,094	3.3%
Less: Allowances for impairment losses	**(441,866)**	(362,846)	21.8%
Carrying amount of loans and receivables	**11,505,094**	11,207,248	2.7%

3.2.1 Industry Profile of Loans and Receivables

In 2024, in the face of the market environment of the downturn in the macroeconomic situation, the Group carried out active asset management, adjusted the direction of asset investment based on the industry boom, and the net amount of loans and receivables made steady progress, of which the artificial intelligence business division increased by RMB517.0 million, representing an increase of 38.8%.

The following table sets forth a breakdown of the net amount of loans and receivables by industries as of the dates indicated:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Intelligent manufacturing	**3,617,048**	**30.3%**	4,334,136	37.5%	(16.5%)
Double carbon	**3,066,044**	**25.7%**	2,300,645	19.9%	33.3%
Medicine and health	**1,811,679**	**15.2%**	1,783,497	15.4%	1.6%
New consumption	**1,446,741**	**12.1%**	1,599,261	13.8%	(9.5%)
Artificial intelligence	**1,849,660**	**15.5%**	1,332,616	11.5%	38.8%
Others	**155,788**	**1.2%**	219,939	1.9%	(29.2%)
Net amount of loans and receivables	**11,946,960**	**100.0%**	11,570,094	100.0%	3.3%

3.2.2 Geographical Region Profile of Loans and Receivables

The following table sets forth the Group's breakdown of the loans and receivables by customers' geographical region:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Eastern	**4,654,958**	**39.0%**	3,990,084	34.5%	16.7%
Northern	**3,539,504**	**29.5%**	4,048,618	35.0%	(12.6%)
Southern	**1,397,646**	**11.7%**	1,297,651	11.2%	7.7%
Central	**903,285**	**7.6%**	941,381	8.1%	(4.0%)
Northwestern	**716,371**	**6.0%**	638,480	5.5%	12.2%
Northeastern	**222,835**	**1.9%**	265,701	2.3%	(16.1%)
Southwestern	**512,361**	**4.3%**	388,179	3.4%	32.0%
Net amount of loans and receivables	**11,946,960**	**100.0%**	11,570,094	100.0%	3.3%

3.2.3 Maturity Profile of Loans and Receivables

As of December 31, 2024, 61.0% of the net amount of loans and receivables of the Group as set out in the table above was due not later than one year. As the Group promoted balanced business development, it is expected that the cash inflow from operation will remain stable in the future.

The following table sets forth the maturity analysis of the net amount of finance lease receivables as of the dates indicated:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Maturity					
Not later than 1 year	**7,286,730**	**61.0%**	6,757,494	58.4%	7.8%
1 to 2 years	**3,273,312**	**27.4%**	3,449,703	29.8%	(5.1%)
2 to 3 years	**1,018,393**	**8.5%**	1,101,076	9.5%	(7.5%)
Over 3 years	**368,525**	**3.1%**	261,821	2.3%	40.8%
Net amount of loans and receivables	**11,946,960**	**100.0%**	11,570,094	100.0%	3.3%

3.2.4 Asset Quality of Loans and Receivables

The Group has been closely monitoring the quality of lease assets and implemented five-level standard since 2013, which classifies loans and receivables into five categories, namely (1) normal; (2) special mention; (3) sub-standard; (4) doubtful; and (5) loss. The latter three with credit impairment are classified as non-performing assets.

Loans and Receivables Classification

1. Normal. The lessee is able to perform and has been performing its obligations under the finance lease agreement, and we have no reason to doubt our ability to recover the full amount of the lease receivable.

2. Special mention. The lessee is able to perform and has been performing its obligations under the finance lease agreement, but there are adverse factors which may negatively impact our ability to recover the full amount of the lease receivable.

3. Sub-standard. The lessee has demonstrated clear difficulties in making full lease payments with its own operating income, and certain losses may still incur even if taken into account the guarantee or the quality of leased assets.

4. Doubtful. The lessee has demonstrated great difficulties in making full lease payments, and significant losses on leased assets are very likely to incur even if taking into account the guarantee or the quality of leased assets.

5. Loss. After exhausting all necessary measures and legal remedies, we still cannot recover most of the lease receivable and interest income.

Leased Asset Management Measures

In 2024, influenced by various factors such as the global economic slowdown, increasing downward pressure on the economy, and deepening financial reforms, the overall scale of financial leasing will decline, and industry competition will intensify. Faced with changes in the macro and industry environment, our Group actively promotes industry focus, drives business model transformation, and continuously enhances core competitiveness. Fully leverage the core credit discovery capabilities of the Company, vigorously promote the implementation of industrial integration businesses, and consolidate differentiated competitive advantages. In 2024, the asset security of our Group is good, the provision coverage ratio is steadily improving, and the overall asset quality is stable.

Continuously upholding exploration and innovation, expanding channels for high-quality asset imports

During the Reporting Period, the Group's business focus strategy began to show initial results. Through carrying out a number of precise marketing activities, high-quality customers in the target tracks were introduced in batches, further consolidating the barriers in the advantageous tracks and maintaining the high-quality development of the business. The Group actively implemented the business model of "leasing + investment + service", and the competitive advantages of differentiated services gradually emerged, with the business model of integrating industry and finance gradually being improved. The business of science and technology small and micro enterprises accelerated and increased efficiency, further enhancing the ability to reach customers and the project conversion efficiency. Based on the characteristics of science and technology innovation enterprises, the Group optimized the intellectual property leasing products, and the ability to discover the value of "light assets" continued to improve.

Systematically promoting standardization and digitization, enhancing asset management efficiency

During the Reporting Period, the Group continued to improve the risk control strategy system and optimized the organizational approach and processes for asset management. It actively promoted the construction of a systematic framework, improved the full life cycle management of leased assets, and enhanced the capability of asset control. The Group continuously optimized the post-lease monitoring measures and adopted differentiated post-lease management methods to enhance the capabilities of post-lease early warning and disposal. It carried out customer classification, deeply explored customer value, and improved the level of refined customer management. The Group optimized the asset classification standards to enhance the refined management of asset quality classification. It continued to optimize data sources, strengthened data analysis and application, accurately tracked the asset status, and ensured the safety and effectiveness of assets.

Enhancing overdue decision-making and collection mechanisms, achieving significant progress in collection and disposal

During the Reporting Period, the Group strengthened the review and summarization of overdue projects, enhancing the risk judgment ability and prevention awareness of all employees. It continuously optimized the collection methods for overdue projects, carried out classified management of overdue non-performing projects, and formulated personalized collection plans on a one-enterprise-one-strategy basis. The Group actively promoted diversified resolution methods, explored new mechanisms for the collection of overdue projects, and adopted multiple measures simultaneously to improve the ability to resolve overdue situations. During the Reporting Period, the Group's ability to dispose of non-performing assets has steadily improved.

The following table sets forth a breakdown of our loans and receivables by classifications as of the dates indicated:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Normal	**10,854,839**	**90.8%**	10,785,884	93.2%	0.6%
Special mention	**879,156**	**7.4%**	587,675	5.1%	49.6%
Sub-standard	**39,898**	**0.3%**	76,862	0.7%	(48.1%)
Doubtful	**56,084**	**0.5%**	50,740	0.4%	10.5%
Loss	**116,983**	**1.0%**	68,933	0.6%	69.7%
Net amount of finance lease receivables	**11,946,960**	**100.0%**	11,570,094	100.0%	3.3%
NPAs	**212,965**		196,535		8.4%
NPAs ratio	**1.8%**		1.7%		5.9%

In 2024, the Group continued to adhere to prudent risk management, practiced strict risk monitoring and management throughout the chain, and enhanced the core competitiveness of serving technology and new economy industries. By practicing accurate identification, strict control and efficient resolution of various risks, the Group's overall asset quality remained stable. As of the end of 2024, the net amount of loans and receivables of the Group increased by 3.3% compared to the beginning of the year. The NPAs ratio was 1.8%, an increase of 0.1 percentage point from the beginning of the year, which is at a safe and controllable level.

As of December 31, 2024, the assets under special mention accounted for 7.4%, representing a increase of 2.3 percentage points from 5.1% as of December 31, 2023.

The following table sets forth the analysis on the Group's assets under special mention by industry as of the dates indicated:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Intelligent manufacturing	**223,136**	**25.4%**	139,559	23.8%	59.9%
Double carbon	**102,310**	**11.6%**	107,484	18.3%	(4.8%)
Medicine and health	**77,643**	**8.8%**	64,051	10.9%	21.2%
New consumption	**292,436**	**33.3%**	227,721	38.7%	28.4%
Artificial intelligence	**148,474**	**16.9%**	39,351	6.7%	277.3%
Others	**35,157**	**4.0%**	9,509	1.6%	269.7%
Total special mention	**879,156**	**100.0%**	587,675	100.0%	49.6%

The assets under special mention in the intelligent manufacturing industry accounted for 25.4% of the total assets under special mention in 2024, an increase of 59.9% from the previous year. Mainly due to the macroeconomic impact on some customers, there is a certain cyclical fluctuation in downstream customer demand, which puts some customers under certain business pressure. The Group has prudently adjusted some of the assets in this segment to special-mentioned assets.

The assets under special mention in the double carbon industry accounted for 11.6% of the total assets under special mention in 2024, a decrease of 4.8% from the previous year. For some customers with cash flow pressure, the Group has prudently adjusted some of the assets in this segment to special-mentioned assets. However, due to the effective resolution of the stock of focused assets in this sector, the scale of focused assets has decreased.

The assets under special mention in the medicine and health industry accounted for 8.8% of the total assets under special mention in 2024, an increase of 21.2% from the previous year. Mainly due to changes in the market demand for certain products of some medicine and health industry customers in 2024, the operations of some medical and health customers are facing the impact of transformation, resulting in temporary financial constraints for customers. The Group has prudently adjusted some of the assets in this sector to focus on certain assets.

The assets under special mention in the new consumption industry accounted for 33.3% of the total assets under special mention in 2024, an increase of 28.4% from the previous year. Mainly due to the impact of the economic downturn on some new consumer industry customers, coupled with changes in market demand after the end of the epidemic, some new consumption industry customers have higher operating capital needs and transformation pressures, resulting in temporary financial constraints. The Group has prudently adjusted some of the assets in this sector to special mention assets.

The assets under special mention in the artificial intelligence industry accounted for 16.9% of the total assets under special mention in 2024, an increase of 277.3% from the previous year. Mainly due to the impact of geopolitical factors and industry overcapacity on some customers during the process of product export, the business environment was affected to a certain extent, resulting in temporary financial constraints. The Group has prudently adjusted some of the assets in this sector to special mention assets.

The assets under special mention in the other industry accounted for 4.0% of the total assets under special mention in 2024, a significant increase of 269.7% from the previous year. Mainly due to individual customers' slower than expected expansion progress and project overstocking, clients have experienced temporary financial constraints. The Group has prudently adjusted some of the assets in this sector to focus on certain assets.

The following table sets forth the analysis on the Group's NPAs by industry:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Double carbon	**62,286**	**29.2%**	28,131	14.3%	121.4%
Intelligent manufacturing	**61,544**	**28.9%**	67,290	34.2%	(8.5%)
Artificial intelligence	**51,850**	**24.3%**	64,008	32.6%	(19.0%)
New consumption	**21,898**	**10.3%**	21,719	11.1%	0.8%
Medicine and health	**3,357**	**1.6%**	3,357	1.7%	0.0%
Others	**12,030**	**5.7%**	12,030	6.1%	0.0%
Total NPAs	**212,965**	**100.0%**	196,535	100.0%	8.4%

In 2024, the NPAs of double carbon industry accounted for 29.2% of the total NPAs, an increase of 121.4% over the previous year. Mainly due to individual clients facing operational difficulties and difficulties in capital flow back. The Group prudently classifies the assets of this sector as NPAs.

3.2.5 Impairment and Allowances for Loans and Receivables

The Group adopts the expected loss model to measure financial instruments in accordance with accounting standards. The allowances for interest-earning assets of the Group increased by RMB79.1 million from RMB362.8 million as of December 31, 2023 to RMB441.9 million as of December 31, 2024.

As of December 31, 2024, ratio of allowances for impairment losses to loans and receivables of the Group was 207.5%, which was 22.9 percentage points higher than that as of December 31, 2023. The management of the Group believes that prudent risk management policy is crucial to the sustainable growth of the Group, and are committed to continuously improving the provision coverage of loans and receivables, and laying a solid foundation for the long-term development of the Group.

The following table sets forth a summary of allowance for loans and receivables as of the dates indicated:

	As of December 31, 2024		As of December 31, 2023	
	RMB'000	***% of total***	*RMB'000*	*% of total*
Allowances for NPAs	**199,040**	**45.0%**	151,611	41.8%
Allowances for assets under normal and special mention categories	**242,826**	**55.0%**	211,235	58.2%
Total allowance for loans and receivables	**441,866**	**100.0%**	362,846	100.0%
NPAs	**212,965**		196,535	
Ratio of allowances for impairment losses to NPAs	**207.5%**		184.6%	

The Group has been closely monitoring the credit quality of finance lease receivables by monitoring their ECL. As of December 31, 2024, ECL rate of financial lease receivables of the Group in stage one, stage two and stage three were 0.3%, 0.8% and 37.5% respectively. Compared with the end of the previous year, the asset structure of the Group has remained stable. As of December 31, 2024, the assets of the Group in Stage 1 accounted for 89.9%, decreased by 3.4 percentage points compared with the previous year, and the assets of Stage 2 and Stage 3 accounted for 1.1% and 9.0% respectively, increased by 0.3 percentage point and 3.1 percentage points compared with the previous year. At the same time, due to prudential considerations, the overall expected loss rate of assets has been raised to 3.7%, an increase of 19.4% compared to the previous year, and systematically strengthen the risk resistance capacity of its assets.

The following table sets forth the breakdown of allowances measured based on ECL as of the dates indicated:

	Stage 1	Stage 2	Stage 3	
		Lifetime ECL		
	12-month ECL balance	Not credit-impaired	Credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2024				
ECL rate%	**0.3%**	**0.8%**	**37.5%**	**3.7%**
Net amount of loans and receivables	**10,739,750**	**129,485**	**1,077,725**	**11,946,960**
Allowance for impairment loss	**36,753**	**1,087**	**404,026**	**441,866**
Net value of accounts receivable	**10,702,997**	**128,398**	**673,699**	**11,505,094**
December 31, 2023				
ECL rate%	0.4%	1.0%	47.2%	3.1%
Net amount of loans and receivables	10,798,172	88,456	683,466	11,570,094
Allowance for impairment loss	39,578	920	322,348	362,846
Net value of accounts receivable	10,758,594	87,536	361,118	11,207,248

3.3 Others

As of December 31, 2024, cash and cash equivalents of the Group amounted to RMB841.0 million. The Group retained adequate cash to support business expansion and ensures its liquidity and safety. Restricted deposit of the Group amounted to RMB85.8 million, primarily comprising restricted bank deposits for bank acceptances, factorings and asset-backed securities business.

As of December 31, 2024, the receivables of the Group amounted to RMB2.0 million, which were mainly derived from accounts receivable from operating leases.

As of December 31, 2024, the balance of other assets of the Group amounted to RMB90.1 million, which were mainly derived from the prepaid equipment payments to suppliers and input tax to be deducted from value-added tax.

As of December 31, 2024, the balance of deferred tax assets of the Group amounted to RMB110.8 million, which were mainly derived from the temporary difference between net profit and taxable income in the financial report.

As of December 31, 2024, the balance of property and equipment of the Group amounted to RMB80.9 million, mainly including operating leased assets, right-of-use assets and office equipment and computers for our employees.

As of December 31, 2024, the balance of interest in associates of the Group amounted to RMB302.8 million, which was the equity investment in the associates, Beijing Zhongnuo Tongchuang Investment Fund Management Co., Ltd., Jiangsu Zhongguancun Zhongnuo Xietong Investment Fund (Limited Partnership), Beijing Zhongnuo Foresight Innovation Investment Fund (Limited Partnership), Shenzhen Zhongke Zhiyi Industry Investment Co., Ltd., Zhongguancun Lingyan (Hangzhou) Private Fund Co., Ltd. and Zhongguancun Huizhi (Suzhou) Enterprise Management Co., Ltd..

As of December 31, 2024, the balance of financial assets at fair value through other comprehensive income of the Group amounted to RMB13.2 million, which was the strategic equity investment in Beijing Zhongguancun Synergetic Innovation Investment Fund Management Co., Ltd..

As of December 31, 2024, the balance of financial assets at fair value through profit or loss of the Group amounted to RMB1.2 million, which was the equity investment in Beijing YuanBio Angel Venture Capital Partnership (Limited Partnership) and Langfang Wantai Composite Materials Co., Ltd..

As of December 31, 2024, the balance of intangible assets of the Group amounted to RMB22.9 million, mainly including software used in our business operations and risk management functions and digital information system.

3.4 Liabilities (Overview)

As of December 31, 2024, the total liabilities of the Group amounted to RMB10,474.4 million, representing an increase of RMB459.8 million or a growth rate of 4.6% as compared to December 31, 2023. Borrowings were the main component of the liabilities, accounting for 76.5%.

The following table sets forth the liability analysis as of the dates indicated:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Borrowings	**8,008,224**	**76.5%**	7,412,648	74.1%	8.0%
Trade and other liabilities	**2,443,414**	**23.3%**	2,587,845	25.8%	(5.6%)
Income tax payable	**22,801**	**0.2%**	14,142	0.1%	61.2%
Total liabilities	**10,474,439**	**100.0%**	10,014,635	100.0%	4.6%

3.5 Borrowings

The Group has been committed to serving technology and new economy companies in China and established long-term and stable partners in both direct and indirect financing markets.

In the direct financing market, in 2024, the Group successfully registered RMB1.5 billion medium-term notes and achieved initial public offering within the year, raising RMB500 million. The Group issued six phases of asset-backed securities products, raising RMB3.514 billion, and two phases of ultra short term financing bonds, raising RMB900 million. The Group fully demonstrated the social responsibility of state-owned capital in empowering the development of the real economy and serving technological innovation through finance.

In the indirect financing market, as of December 31, 2024, the Group has established long-term and stable cooperative relationships with more than 30 commercial banks. In the future, the Group will build deep strategic cooperative relationships, optimize cooperation structures, and expand credit lines. At the same time, the Group will continue to explore cooperation channels with small and medium-sized banks and foreign banks, and continuously build and improve diversified and multi-level bank financing channels.

In conclusion, the Group will continue to optimize and consolidate diversified financing channels, explore innovative financing products and improve fund management efficiency.

As of December 31, 2024, the outstanding balance of bank loans was RMB3,345.0 million, accounting for 41.7% of the total borrowings, which was slightly lower as compared to December 31, 2023. The balance of asset-backed securities accounted for 45.7% of the total borrowings, representing a slightly increase as the previous year. The balance of credit bonds accounts for 12.6% of the total borrowings, which has increased compared to the same period at the end of last year.To further expand our funding sources, the Group plans to actively explore financing products such as asset-backed securities and credit bonds.

The following table sets forth a breakdown of borrowings by funding sources as of the dates indicated:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Bank loans	**3,344,993**	**41.7%**	4,751,665	64.1%	(29.6%)
– collateralized	**1,427,217**	**17.8%**	2,223,561	30.0%	(35.8%)
– pledged	**1,917,776**	**23.9%**	2,528,104	34.1%	(24.1%)
Asset-backed securities	**3,656,920**	**45.7%**	2,261,175	30.5%	61.7%
Credit bonds	**1,006,311**	**12.6%**	399,808	5.4%	151.7%
Total borrowings	**8,008,224**	**100.0%**	7,412,648	100.0%	8.0%

As of December 31, 2024, the current proportion of borrowings (including short-term borrowings and portions that are due within one year in long-term borrowings) accounted for 57.9% of total borrowings, representing a decrease of 26.4% as compared to December 31, 2023. The Group maintained a sound and reasonable funding structure.

The following table sets forth the distribution of borrowings by liquidity as of the dates indicated:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Current	**4,636,778**	**57.9%**	6,302,429	85.0%	(26.4%)
Non-current	**3,371,446**	**42.1%**	1,110,219	15.0%	203.7%
Total borrowings	**8,008,224**	**100.0%**	7,412,648	100.0%	8.0%

3.6 Trade and Other Liabilities

Trade and other liabilities of the Group primarily includes guaranteed deposits from lessees, accounts payables, notes payables, and lease liabilities.

Trade and other liabilities of the Group decreased by 5.6% from RMB2,587.8 million as at the end of last year to RMB2,443.4 million as at the end of this year. This decrease was primarily due to the decrease of finance lease deposit at the end of the period.

3.7 Capital and Reserves

As of December 31, 2024, total equity attributable to equity shareholders of the Group was RMB2,581.4 million, representing an increase of RMB181.1 million or 7.5% as compared to that as at the end of last year.

The following table sets forth the details of total equity as of the dates indicated:

	As of December 31, 2024		As of December 31, 2023		**Changes**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Share capital	**1,333,334**	**51.7%**	1,333,334	55.6%	0.0%
Reserves	**1,248,041**	**48.3%**	1,066,904	44.4%	17.0%
Total equity	**2,581,375**	**100.0%**	2,400,238	100.0%	7.5%

4. CAPITAL EXPENDITURES

In 2024, the capital expenditure of the Group was RMB118.9 million, primarily including expenditures for external equity investment, upgrading business operations and risk management information systems, purchasing operating leased machinery and equipment, office and electronic equipment.

5. RISK MANAGEMENT

The Group has established a set of prudent, efficient and innovative risk management structure designed to balance the risks with benefits generated in the process of serving technology and new economy industries. While driving the growth of technology and new economy companies with continued efforts, the Group achieved its maximum value.

The Group has been exposed to various operational risks, primarily including credit risks, interest rate risks and liquidity risks.

5.1 Credit Risks

Credit risks arise from our customers' failure to perform their payment obligations under the lease agreements or material and adverse changes in their creditworthiness. Credit risks are one of the major risks we are exposed to and may negatively impact our revenues, cash flow, and book value of leased assets. To manage and control the credit risks to which we are exposed, we have established and will keep updating the specialized and streamlined credit risk management policies and procedures.

Strict Industrial and Regional Customer Access. It is our consistent strategy to keep the region, industry and customers in check from the customer access, which is also the first step of credit risk control. Our business departments conduct follow-up research on their respective science and technology innovation industries, put forward the customer classification standards reflecting the characteristics of the industry, and further established the access policy, due diligence standard and customized service scheme from the subdivided industry respectively. Among the fields in line with the government's industry policy guidance, we selected the subdivided industry with large development space, bright development prospects and good industry credit for business expansion. To reduce the risk of excessive diversification in the business area, the Group focuses on our leasing business on customers in economically developed regions and set up regional equity companies in Suzhou, Hangzhou and Shenzhen to concentrate the Group's superior resources, further focus on customers in economically developed regions, and reduce the risk of excessive regional decentralization of exhibition industry.

Scientific Credit Evaluation System. While strengthening risk control, in order to better empower the business, we further optimized and iterated the existing two-dimensional rating model of "asset credit+subject credit", strengthened the management of asset risks and the degree of protection of leased property rights, and optimized the rating of intellectual property assets. For the main credit rating model, we have set up corresponding sub models based on the characteristics of innovative enterprises at different stages of development, and continuously upgraded and optimized them to enhance the scientific and refined risk characterization ability of the model, truly tap into customer value and growth potential, and provide technical support for project decision-making. In addition, we have iterated the credit evaluation model for technology small and micro entities, evaluating small and micro technology enterprises from multiple dimensions and deeply exploring small and micro customers with great development potential.

Comprehensive Due Diligence System. Our project due diligence system comprehensively considers various aspects such as the operational risk, credit risk and legal risk of the lessee, the risk of the lessee's affiliated enterprises, and guarantee of leased assets to lessor. The business manager conducts in-depth analysis of the lessee's basic situation, financial performance, credit status, and the purpose of financing through various due diligence investigations, based on full collection of information, assesses project risks and designs project plans to form due diligence report which shall be submitted to the assessment managers. The assessment manager conducts relevant verification and further risk assessment on the due diligence report and issues an assessment report. Based on an investigation by the asset manager into the authenticity, ownership, and value rationality of the leased assets, a comprehensive evaluation of the value preservation, controllability, and liquidity of the leased assets is conducted to form a leased assets report. Ensure that the overall risk of the project is controllable through due diligence and project analysis from multiple perspectives.

Rigorous and Scientific Project Approval Decision. We ensure the rigor and scientific nature of project approval through multi-person decision-making and professional decision-making. The multi-person decision-making mechanism means that at the stage of lease admission, project initiation and due diligence, three or more employees conduct special discussions and make decisions together to improve the accuracy and comprehensiveness of decision-making and ensure rigorous project decision-making. Professional decision-making refers to depending on the distribution characteristics of the Group's business in the five major industries of artificial intelligence, double carbon, medicine and health, intelligent manufacturing and new consumption, each of our assessment managers and assessment committee members was responsible for assessing projects from the industry in which they specialized to ensure that they focus on the subdivided industry and form a professional assessment experience. The assessment committee of each project is composed of assessment committee members specialized in different field and assess the project from the professional perspectives of industry, finance, and legal affairs.

Complete Post-Lease Management System. Our post-lease management system covers four aspects: lease assets management, lessee's operation monitoring, lease assets classification and non-performing asset disposal. In terms of lease assets management, we have formulated various requirements for leased assets management, including access conditions, monitoring measures and insurance guarantees for leased assets. In terms of lessee's operation monitoring, we adopt a combination of on-site and off-site inspections to closely monitor the lessee's operation. Once a risk signal is found, we will immediately start the investigation and issue disposal suggestions. In terms of lease assets classification, we classify the leased assets into five categories: normal, special mention, sub-standard, doubtful and loss, and regularly evaluate and adjust them, and take timely countermeasures for the deteriorated assets. In terms of non-performing asset disposal, we form interdepartmental team to analyze the disposal methods of non-performing assets and form targeted treatment plans, including taking relevant legal procedures, selling lease assets or other measures. Based on the accumulation of our long-term professional development, we can quickly dispose of non-performing assets and recover the financial lease receivables at a reasonable price in the existing customer network.

5.2 Interest Rate Risk

The Group's interest rate risk arises from the mismatch between the maturity date of interest-earning assets and interest-bearing liabilities and the contract repricing date. The risk of changes in the cash flow of financial instruments caused by the Group's interest rate changes was mainly related to financial lease. The Group adopts the following measures to manage its interest rate risk:

- Optimizing the time difference between the maturity dates of interest-earning assets and interest-bearing liabilities and the contract repricing date; and

- Managing the difference between the pricing of interest-earning assets and interest-bearing liabilities and LPR and the benchmark interest rate of the PBOC.

The following table illustrates the potential impact of reasonable changes in interest rates on the Group's retained profits based on the structure of financial assets and financial liabilities as at the balance sheet dates, assuming that all other variables remain constant.

	Increase/(decrease) in retained profits	
	As of December 31, 2024	As of December 31, 2023
	RMB'000	*RMB'000*
Changes in basis points		
+100 basis points	**18,767**	7,409
–100 basis points	**(18,767)**	(7,409)

5.3 Liquidity Risk

Liquidity risk refers to our potential failure to secure sufficient funding at reasonable costs, leading to our failure to satisfy our various payment obligations and to support our business operations and expansions.

In terms of liquidity risk management, the Group held cash and cash equivalents that the senior management considered sufficient and implemented comprehensive policies and process monitoring to meet our operating and sustainable development needs. Our management supervised the use of financing and ensured compliance with corresponding financing agreements.

In 2024, the liquidity position of the Group has been sound. By assessing and monitoring the liquidity situation, the Group allocated financial assets and financial liabilities as a whole to improve its ability to ensure liquidity at a reasonable cost in a timely manner.

The following table sets forth the Group's remaining contractual maturities as of the dates indicated of the financial assets and financial liabilities based on contractual undiscounted cash flows of the Group and the earliest date the Group may be required to pay.

	Overdue/ on demand *RMB'000*	Within 1 month *RMB'000*	1 to 3 months *RMB'000*	3 months to 1 year *RMB'000*	1 to 5 years *RMB'000*	More than five years *RMB'000*	Indefinite *RMB'000*	Total *RMB'000*
December 31, 2024								
Total financial assets	**1,864,870**	**476,307**	**1,506,422**	**5,065,149**	**5,029,782**	**–**	**14,494**	**13,957,024**
Total financial liabilities	**–**	**336,944**	**1,300,187**	**4,550,411**	**4,266,720**	**–**	**121**	**10,454,383**
Net exposure	**1,864,870**	**139,363**	**206,235**	**514,738**	**763,062**	**–**	**14,373**	**3,502,641**
December 31, 2023								
Total financial assets	1,285,191	456,215	1,444,457	4,857,539	5,105,747	–	13,540	13,162,689
Total financial liabilities	138	654,918	1,009,322	6,052,405	2,062,079	479	–	9,779,341
Net exposure	1,285,053	(198,703)	435,135	(1,194,866)	3,043,668	(479)	13,540	3,383,348

5.4 Foreign Currency Risk

The functional currency of the Group is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

6. PLEDGE OF GROUP ASSETS

As of December 31, 2024, the Group held loans and receivables of RMB5,921.6 million pledged to secure borrowings, and cash of RMB85.8 million pledged for bank acceptances, factorings and asset-backed securities.

The following table sets forth the Group's breakdown of pledge assets as of the dates indicated:

	As of December 31, 2024 *RMB'000*	As of December 31, 2023 *RMB'000*
Pledged finance lease receivables		
For factorings and loan borrowings	**1,519,142**	2,918,053
For asset-backed securities	**4,402,421**	2,450,677
Restricted bank deposits	**85,785**	46,117
Total pledged assets	**6,007,348**	5,414,847

7. MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group has made an additional equity investment of RMB60.0 million in the associate, Beijing Zhongnuo Foresight Innovation Investment Fund (Limited Partnership), during the year ended December 31, 2024.

Save as disclosed in this announcement, there were no significant investments, material acquisitions or disposals of subsidiaries, associated companies and joint ventures by the Group for the year ended December 31, 2024.

8. HUMAN RESOURCES

8.1 Staff and Remuneration

As of December 31, 2024, the Group had a total of 146 employees (As of December 31, 2023: 141), with approximately 100% of our employees holding bachelor's degrees (48 employees), and approximately 67.1% holding master's degrees or above (98 employee). Approximately 13.7% (20 employees) have intermediate professional titles or above; and approximately 3.4% (5 employees) have associate senior professional titles or above.

The Group's employees are generally stable with a high retention rate. In addition to the normal flow of people, approximately 54.1% of our employees (79 employees) have been worked for the Group for over five years. We did not experience any material labor disputes for the year ended December 31, 2024.

For the year ended December 31, 2024, the staff costs of the Group amounted to approximately RMB99.4 million (2023: approximately RMB94.9 million).

8.2 Incentive Schemes

We have established and implemented flexible and efficient employee incentive schemes to correlate the remuneration of our employees with their overall performance and contribution to the Group and have established a performance-based remuneration awards system that combines their performance and accomplishment of work targets. Employees of the Group are promoted in terms of positions, seniority, overall performance, as well as professional and administrative classification, with a clear career path. We implement comprehensive performance evaluations and well-directed training programs for all staff every year, in accordance with our business objective obligations and achievement of key objectives. As of December 31, 2024, the Group did not adopt any share option scheme.

8.3 Employee Benefits

In accordance with applicable PRC laws and regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds for our employees. We also provided supplemental commercial medical insurance and accident insurance in addition to the social security insurance and housing provident funds above.

8.4 Employee Training

The Group valued staff training and established a preliminary training system based on job competency. In order to encourage the staff to study and upgrade themselves and cultivate and establish a team of professional and highly efficient talents, the Group adopted a people-oriented approach to provide trainings based on actual needs, and organized various training sessions on operating management and professional skills based on the principle of classified management, covering employees of all levels from front-line staff to senior management. The Group also implemented the plan for the cultivation of cadres and young talents.

9. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

9.1 Contingent Liabilities

As of December 31, 2024, the Group did not have any material contingent liabilities.

9.2 Capital Commitments and Credit Commitments

The Group has the following capital commitments and non-cancellable credit commitments as of the dates indicated:

	As of December 31, 2024 *RMB'000*	As of December 31, 2023 *RMB'000*
Credit commitments(1)	**109,269**	62,240
Capital commitments(2)	**2,340**	62,340
Property and equipment(3)	**995**	–

Notes:

(1) The Group's non-cancellable credit commitments were primarily finance leases that have been contracted, but not yet commenced.

(2) As of December 31, 2024, the contracted capital commitments included the unpaid capital commitment to Beijing Zhongnuo Tongchuang Investment Fund Management Co., Ltd. of RMB2.3 million.

(3) The property and equipment commitments of the Group mainly refer to the outstanding payments for operating lease assets that have been signed but not confirmed in the financial statements.

10. USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company issued 333,334,000 H shares at the issue price of HK$1.52 per H share in connection with the global offering.

The H shares have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since January 21, 2020. The Group received net proceeds (after deduction of underwriting commission and related costs and expenses) from the global offering of approximately RMB405.8 million.

As disclosed in the announcement of the Company dated October 20, 2023 (the "**Announcement**") and the circular of the Company dated November 10, 2023 (the "**Circular**"), having carefully considered the investment capital requirement for improvement of information systems was less than those of initially expected, for the purpose of enhancing the utilization efficiency of the net proceeds from the global offering, the Board resolved to reallocate the unused net proceeds initially allocated for improvement of information systems, in the amount of approximately RMB12.7 million, to the expansion of business operations of the Company in order to extend the customer base and boost the turnover. Please refer to the Announcement and Circular for details.

The net proceeds from the global offering have been used in accordance with the purposes set out in the prospectus of the Company dated December 31, 2019 (the "**Prospectus**") and disclosed in the Announcement and Circular.

The table below sets forth a detailed breakdown and description of the use of net proceeds from the listing of the Company:

Use of proceeds	Amounts expected to be utilized as disclosed in the Prospectus *(RMB in million)*	Utilised immediately before the reallocation *(RMB in million)*	Unutilised immediately before the reallocation *(RMB in million)*	Planned use of net proceeds after reallocation *(RMB in million)*	Amount utilised during the year ended December 31, 2024 *(RMB in million)*	Unutilised (as at December 31, 2024) *(RMB in million)*	Expected time of use
Expand our business operations	284.0	284.0	0	12.7	12.7	–	–
Improve our information systems	40.6	27.9	12.7	–	–	–	–
Recruit talents	40.6	40.6	0	–	–	–	–
Replenish working capital	40.6	40.6	0	–	–	–	–

11. BUSINESS OUTLOOK

In the future, the Group will deepen strategic transformation and upgrading around "core customers, core needs, core products, and core sales system", innovate business models, focus on business transformation through the industry and finance integration and regional expansion, strengthen professional capabilities in both industry and leasing property, continuously enhance the Company's market competitiveness and intrinsic value, bring satisfactory returns to investors, and create greater value for society.

12. FUTURE PLANS FOR MATERIAL INVESTMENTS AND INVESTMENTS IN CAPITAL ASSETS

As at December 31, 2024, the Company did not have any future plans for material investments or investments in capital assets.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024
(Expressed in RMB)

	NOTES	2024 RMB'000	2023 RMB'000
Interest income		**729,856**	691,933
Advisory fee income		**139,371**	141,662
Rental income from operating leases		**8,361**	32
Revenue	7	**877,588**	833,627
Other net income	8	**5,676**	32,825
Interest expense	9	**(286,057)**	(292,824)
Operating expense	10	**(166,381)**	(170,887)
Impairment losses charged	11	**(79,020)**	(78,254)
Share of results of associates	21	**10,394**	21,910
Net foreign exchange losses		**(680)**	(192)
Profit before taxation		**361,520**	346,205
Income tax expense	12	**(90,482)**	(86,330)
Profit for the year		**271,038**	259,875
Other comprehensive income/(expense) for the year	16		
Item that will not be reclassified to profit or loss:			
– Net fair value change of equity investments at fair value through other comprehensive income		**766**	(57)
Total comprehensive income for the year		**271,804**	259,818
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**271,804**	259,818
Earnings per share			
Basic and diluted *(in RMB Yuan)*	15	**0.20**	0.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

(Expressed in RMB)

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property and equipment	17	**80,945**	35,965
Intangible assets	18	**22,872**	19,556
Loans and receivables	19	**4,644,450**	4,790,021
Financial assets at fair value through profit and loss ("**FVTPL**")		**1,249**	1,317
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	20	**13,245**	12,224
Interest in associates	21	**302,790**	264,525
Deferred tax assets	23(a)	**110,814**	92,540
Other assets	22	**3,086**	180
		5,179,451	5,216,328
Current assets			
Loans and receivables	19	**6,860,644**	6,417,227
Other assets	22	**86,995**	99,938
Accounts receivable	24	**1,973**	–
Pledged and restricted deposits		**85,785**	46,117
Cash and cash equivalents	25	**840,966**	635,263
		7,876,363	7,198,545
Current liabilities			
Borrowings	27	**4,636,778**	6,302,429
Income tax payable	23(b)	**22,801**	14,142
Trade and other liabilities	28	**1,664,718**	1,601,533
		6,324,297	7,918,104
Net current assets/(liabilities)		**1,552,066**	(719,559)
Total assets less current liabilities		**6,731,517**	4,496,769

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Borrowings	*27*	**3,371,446**	1,110,219
Trade and other liabilities	*28*	**778,696**	986,312
		4,150,142	2,096,531
NET ASSETS		**2,581,375**	2,400,238
CAPITAL AND RESERVES	*29*		
Share capital		**1,333,334**	1,333,334
Reserves		**1,248,041**	1,066,904
Total equity attributable to equity shareholders of the Company		**2,581,375**	2,400,238
TOTAL EQUITY		**2,581,375**	2,400,238

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024
(Expressed in RMB)

		Attributable to equity shareholders of the Company						
	NOTES	Share capital *RMB'000*	Capital reserve *RMB'000*	Surplus reserve *RMB'000*	General reserve *RMB'000*	Fair value reserve *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
At January 1, 2024		**1,333,334**	**331,149**	**98,135**	**110,470**	**2,137**	**525,013**	**2,400,238**
Changes in equity for 2024:								
Profit for the year		–	–	–	–	–	271,038	271,038
Other comprehensive income		–	–	–	–	766	–	766
Total comprehensive income		–	–	–	–	766	271,038	271,804
Appropriation to statutory reserve	*29(c)(i)*	–	–	27,092	–	–	(27,092)	–
Dividends approved in respect of the previous year	*29(d)*	–	–	–	–	–	(90,667)	(90,667)
At December 31, 2024		**1,333,334**	**331,149**	**125,227**	**110,470**	**2,903**	**678,292**	**2,581,375**

For the year ended December 31, 2023
(Expressed in RMB)

		Attributable to equity shareholders of the Company						
		Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Retained profits	Total equity
	NOTES	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023		1,333,334	331,149	72,159	110,470	2,194	371,114	2,220,420
Changes in equity for 2023:								
Profit for the year		–	–	–	–	–	259,875	259,875
Other comprehensive income		–	–	–	–	(57)	–	(57)
Total comprehensive income		–	–	–	–	(57)	259,875	259,818
Appropriation to statutory reserve	*29(c)(i)*	–	–	25,976	–	–	(25,976)	–
Dividends approved in respect of the previous year	*29(d)*	–	–	–	–	–	(80,000)	(80,000)
At December 31, 2023		1,333,334	331,149	98,135	110,470	2,137	525,013	2,400,238

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024
(Expressed in RMB)

	NOTES	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before taxation		**361,520**	346,205
Adjustments for:			
Interest expense	*9*	**233,995**	236,561
Share of results of associates		**(10,394)**	(21,910)
Impairment losses charged	*11*	**79,020**	78,254
Depreciation and amortization	*10(b)*	**20,575**	16,103
Investment income		**(177)**	(2,948)
Changes in fair value of FVTPL	*8*	**68**	(1,800)
Foreign exchange losses/(gains)		**680**	(1)
Others		**–**	22,289
Operating cash flows before movements in working capital		**685,287**	672,753
(Increase)/decrease in pledged and restricted deposits		**(58,656)**	7,637
Increase in loans and receivables		**(378,839)**	(1,466,354)
Increase in trade and other receivables		**(53)**	(45,234)
(Decrease)/increase in trade and other liabilities		**(10,789)**	302,644
Cash from/(used in) operations		**236,950**	(528,554)
PRC income taxes paid	*23(b)*	**(100,352)**	(107,009)
Net cash from/(used in) operating activities		**136,598**	(635,563)
Investing activities			
Dividends received from equity investments		**177**	–
Proceeds from disposal and redemption of investments		**32,130**	47,613
Payments on investment in associates		**(60,000)**	(62,100)
Payment for purchase of equipment and intangible assets		**(58,899)**	(31,783)
Net cash used in investing activities		**(86,592)**	(46,270)

	NOTES	**2024** ***RMB'000***	2023 *RMB'000*
Financing activities			
Proceeds from borrowings	*26*	**8,612,099**	8,284,458
Repayment of borrowings	*26*	**(8,027,535)**	(7,263,866)
Capital element of lease rentals paid	*26*	**(10,431)**	(12,854)
Interest element of lease rentals paid	*26*	**(729)**	(1,232)
Interest paid	*26*	**(248,832)**	(220,599)
Other borrowing costs paid	*26*	**(77,528)**	(23,799)
Dividends paid to equity shareholders of the Company	*29(d)*	**(90,667)**	(80,000)
Net cash from financing activities		**156,377**	682,108
Effect of foreign exchange rate change		**(680)**	1
Net increase in cash and cash equivalents		**205,703**	276
Cash and cash equivalents at beginning of the year		**635,263**	634,987
Cash and cash equivalents at end of the year	*25*	**840,966**	635,263

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1. GENERAL INFORMATION

Zhongguancun Science-Tech Leasing Co., Ltd. (the "**Company**"), formerly known as Zhongguancun Science-Tech Leasing Ltd., was established as a limited liability company in Beijing, the Peopled Republic of China (the "**PRC**"). On August 16, 2019, the Company was converted into a joint stock limited liability company and was renamed to Zhongguancun Science-Tech Leasing Co., Ltd. On January 21, 2020, the Company's H shares were listed on The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2024 comprise the Company and its consolidated structured entities (see Note 34) (together referred to as the "**Group**") and the Group's interest in associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial assets at fair value through other comprehensive income and the financial asset measured at fair value through profit and loss, are stated at fair value as explained in Note 4(14).

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are disclosed in Note 5.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

(a) New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

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

(b) New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*[3]
- Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*[3]
- Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
- Amendments to IFRS, *Annual Improvements to IFRS Accounting Standards – Volume11*[3]
- Amendments to IAS 21, *Lack of Exchangeability*[2]
- IFRS 18, *Presentation and Disclosure in Financial Statements*[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all these new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

(1) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(2) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate on acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 Investments in Associates and Joint Ventures ("**IAS 28**") (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

(3) Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 Leases ("**IFRS 16**") at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases motor vehicles/parking space that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as printer and plants). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in "property and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities within "Trade and other liabilities".

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers ("**IFRS 15**") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognized as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under IFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognized (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

(ii) Finance leases

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification; and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification. Otherwise, the Group accounts for the modification in accordance with the requirements of IFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognized and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognized in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognized in profit or loss at the effective date of modification.

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of IFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a receivable equal to the transfer proceeds within the scope of IFRS 9.

(4) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

(5) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(6) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other net income".

(7) Employee benefits

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognizes any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognized in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

(8) Taxation

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

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxs ("**IAS 12**") requirements to the lease liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(9) Property and equipment

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

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– The Group's leased assets are depreciated over the shorter of the unexpired term of lease and the leased assets' estimated useful lives.	
– Machinery leased out under operating leases	6 years
– Electronic equipment	5 years
– Office equipment	5 years
– Other	5 years

(10) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful life is as follows:

	Estimate useful lives
Software	5 – 10 years

(11) Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are presented in "Pledged and restricted deposits".

(12) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(13) Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

(14) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other net income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other net income" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets including financial assets measured at amortised cost, loans and receivables and credit commitments which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

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

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

(15) Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(16) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, it is the current asking price. The quoted prices from an active market are prices that are readily and regularly available from an exchange, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each reporting period. Where other pricing models are used, inputs are based on market data at the end of each reporting period.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(17) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

(18) Trade and other liabilities

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(19) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with Note 4(14).

(20) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(21) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(ii) Advisory fee income

Depending on the nature of advisory services and the contract terms, advisory fee income is recognized at a point in time when the advisory service is completed.

(iii) Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

(22) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Measurement of the ECL allowance

For financial assets measured at amortised cost and loan commitments, complex models and a large number of assumptions are used in the measurement of expected credit losses (ECL). These models and assumptions involve future macroeconomic conditions and customers' credit behaviour (for example, the likelihood of customers defaulting and the resulting losses). The parameters, assumptions and estimation techniques used in the measurement of expected credit losses are disclosed in Note 30(a).

Impairment of non-financial assets

As described in Note 4(20), on the balance sheet date, the Group conducts impairment assessments on assets such as long-term equity investments, fixed assets, right-of-use assets and intangible assets to determine whether the recoverable amount of the assets has fallen below their carrying amounts when there is an indication of impairment. If circumstances indicate that their carrying amounts may not be fully recoverable, the relevant assets will be regarded as impaired and impairment losses will be recognized accordingly.

The recoverable amount is the higher of the net amount obtained by deducting the disposal costs from the fair value of the asset and the present value of the expected future cash flows of the asset. When estimating the present value of the expected future cash flows, significant judgments need to be made regarding the cash inflows, selling prices, relevant operating costs of the asset and the discount rate used in calculating the present value. The Group will use all available relevant information when estimating the recoverable amount, including forecasts regarding cash inflows, selling prices and relevant operating costs made based on reasonable and supportable assumptions.

Income tax

The Group needs to make judgments on the future tax treatment of certain transactions in order to recognize income tax. Based on relevant tax regulations, the Group carefully assesses the income tax impacts corresponding to the transactions and makes provisions for income tax accordingly. Deferred tax assets can only be recognized when it is probable that the Group will earn future taxable profits which can be used to offset the relevant temporary differences. In this regard, the management needs to make significant judgments on the tax treatment of certain transactions and also needs to make significant estimates regarding the probability of whether sufficient future taxable profits can be earned to offset deferred tax assets.

6. OPERATING SEGMENTS

Operating segments, and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The directors have determined that the Group has only one single business component/reportable segment as the Group is principally engaged in providing finance leasing service which is the basis to allocate resources and assess performance of the Group.

7. REVENUE

The principal activities of the Group are providing leasing services, and related advisory services to customers in the PRC. The Group has no lessee for the years ended December 31, 2024 and 2023, with whose transactions have exceeded 10% of the Group's aggregate revenues.

No segment information is presented as the Group is principally engaged in a single line of business. Revenue represents interest income, advisory fee and rental income. The amount of each significant category of revenue is as follows:

	NOTE	**2024** ***RMB'000***	2023 *RMB'000*
Interest income			
– Finance lease receivables		**66,179**	49,312
– Sale-and-leaseback transactions		**595,503**	575,840
– Intellectual property lease transactions		**68,174**	66,781
Advisory fee income	*(i)*		
– Management advisory fee income		**41,614**	41,660
– Policy advisory fee income		**97,757**	100,002
Rental income from operating leases		**8,361**	32
		877,588	833,627

Note:

(i) Advisory fee income arises from contracts with customers within the scope of IFRS 15 and is recognized at a point in time.

8. OTHER NET INCOME

	NOTE	**2024** ***RMB'000***	2023 *RMB'000*
Deductible value-added tax (VAT) deduction		**–**	21,349
Interest from deposits		**3,727**	4,220
Investment income		**177**	2,948
Changes in fair value of FVTPL		**(68)**	1,800
Government grants	*(i)*	**1,677**	1,075
Income from a related party		**167**	423
Others		**(4)**	1,010
		5,676	32,825

Note:

(i) The government grants were mainly provided to reward enterprises that provide financing support to scientific and technological innovation business and are located in certain areas. The grants were unconditional and therefore recognized as income when received.

9. INTEREST EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Borrowings	**222,660**	215,144
Borrowings from related parties	**–**	20,185
Imputed interest expense on interest-free guaranteed deposits from lessees	**52,062**	56,263
Interest expense on lease liabilities	**729**	1,232
Others	**10,606**	–
	286,057	292,824

10. OPERATING EXPENSE

(a) Staff costs

	2024	2023
	RMB'000	*RMB'000*
Salaries, bonuses and allowances	**74,528**	73,317
Social insurance and other benefits	**24,893**	22,274
Cash-settled share-based payments	**–**	(646)
Sub-total	**99,421**	94,945

(b) Other items

	2024	2023
	RMB'000	*RMB'000*
Depreciation and amortization expenses	**20,575**	16,103
Regional corporate service fees	**10,715**	8,425
Office and travel expenses	**7,607**	8,156
Other professional service fees	**4,004**	2,171
Auditor's remuneration	**2,110**	2,453
Public maintenance fees	**2,621**	2,494
Business development expenses	**3,568**	4,019
Others	**15,760**	32,121
Sub-total	**66,960**	75,942
Total operating expense	**166,381**	170,887

11. IMPAIRMENT LOSSES CHARGED

	NOTES	**2024** **RMB'000**	2023 RMB'000
Loans and receivables	*19(c)*	**79,020**	78,174
Credit commitments	*28(d)*	**–**	80
		79,020	78,254

12. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss:

	NOTES	**2024** **RMB'000**	2023 RMB'000
Current tax			
– PRC Enterprise Income Tax ("**EIT**") Provision for the year	*23(b)*	**109,011**	103,009
Deferred income tax			
– Origination of temporary differences	*23(a)*	**(18,529)**	(16,679)
		90,482	86,330

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	NOTE	**2024** **RMB'000**	2023 RMB'000
Profit before taxation		**361,520**	346,205
Notional tax on profit before taxation, calculated at the rate of 25%		**90,380**	86,551
Tax effect of non-deductible expenses		**168**	75
Others	*(i)*	**(66)**	(296)
Income tax expense for the year		**90,482**	86,330

Note:

(i) The consolidated structured entities are not subject to PRC EIT.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	2024			
	Fees *RMB'000*	**Salaries, allowances and benefits in kind** *RMB'000*	**Discretionary bonuses** *RMB'000*	**Total** *RMB'000*
Executive directors				
He Rongfeng (何融峰)	–	1,149	960	2,109
Huang Wen (黃聞)	–	871	300	1,171
Non-executive directors				
Zhang Shuqing (張書清)	–	–	–	–
Zhang Jian (張健) (i)	–	–	–	–
Wei Tingquan (韋廷權) (ii)	–	–	–	–
Huang Jinliang (黃錦亮) (iii)	–	–	–	–
Zhang Chunlei (張春雷) (iv)	–	–	–	–
Wang Sujuan (王素娟) (v)	–	–	–	–
Independent non-executive directors				
Cheng Dongyue (程東躍)	–	150	–	150
Wu Tak Lung (吳德龍)	–	150	–	150
Lin Zhen (林楨)	–	150	–	150
Supervisors				
Zhang Jian (張健) (i)	–	–	–	–
Luo Feifei (羅飛飛) (vi)	–	–	–	–
Tian Anping (田安平)	–	–	–	–
Fang Fang (方放)	–	–	–	–
Du Xiaoming (杜曉明)	–	–	–	–
Tong Chao (佟超)	–	524	247	771
Zhou Di (周迪) (vii)	–	107	144	251
Han Nana (韓娜娜)	–	438	144	582
Huang Zemiao (黃澤淼) (viii)	–	–	–	–
Total	–	3,539	1,795	5,334

(i) Zhang Jian (張健) was appointed as non-executive director on January 20, 2025, and the term of office commences upon the approval of the director's appointment qualifications by the Beijing Local Financial Supervision and Administration Bureau. Zhang Jian (張健) resigned as a supervisor on August 23, 2024.

(ii) Wei Tingquan (韋廷權) was appointed as non-executive director on January 20, 2025, and the term of office commences upon the approval of the director's appointment qualifications by the Beijing Local Financial Supervision and Administration Bureau.

(iii) Huang Jinliang's (黃錦亮) qualification for the position of non-executive director was provided to the Beijing Local Financial Supervision and Administration Bureau for review on May 10, 2024, and it became effective on January 7, 2025.

(iv) Zhang Chunlei's (張春雷) qualification for the position of non-executive director was provided to the Beijing Local Financial Supervision and Administration Bureau for review on December 22, 2023, and it became effective on January 7, 2025.

(v) Non-executive director Wang Sujuan (王素娟) resigned on December 20, 2024.

(vi) Luo Feifei (羅飛飛) was appointed as chairman of the Board of Supervisors on January 20, 2025, and the term of office commences upon the approval of the supervisor's appointment qualifications by the Beijing Local Financial Supervision and Administration Bureau.

(vii) Supervisor Zhou Di (周迪) resigned on March 5, 2024.

(viii) Huang Zemiao (黃澤淼) was appointed as supervisor on January 7, 2025.

	2023			
	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors				
He Rongfeng (何融峰)	–	1,899	960	2,859
Huang Wen (黃聞)	–	774	300	1,074
Non-executive directors				
Zhang Shuqing (張書清)	–	–	–	–
Wang Sujuan (王素娟) (i)	–	–	–	–
Zhang Chunlei (張春雷) (ii)	–	–	–	–
Lou Yixiang (婁毅翔) (iii)	–	–	–	–
Du Yunchao (杜雲超) (iv)	–	–	–	–
Independent non-executive directors				
Cheng Dongyue (程東躍)	–	150	–	150
Wu Tak Lung (吳德龍)	–	150	–	150
Lin Zhen (林楨)	–	150	–	150
Supervisors				
Zhang Jian (張健)	–	–	–	–
Tian Anping (田安平)	–	–	–	–
Fang Fang (方放)	–	–	–	–
Du Xiaoming (杜曉明) (v)	–	–	–	–
Kan wei (闞巍) (vi)	–	–	–	–
Tong Chao (佟超)	–	591	265	856
Zhou Di (周迪)	–	451	236	687
Han Nana (韓娜娜)	–	377	144	521
Total	–	4,542	1,905	6,447

(i) Wang Sujuan (王素娟) was appointed as non-executive director on June 6, 2023.

(ii) Zhang Chunlei's (張春雷) qualification for the position of non-executive director was provided to the Beijing Local Financial Supervision and Administration Bureau for review on December 22, 2023, and it became effective on January 7, 2025.

(iii) Non-executive director Lou Yixiang (婁毅翔) resigned on December 18, 2023.

(iv) Non-executive director Du Yunchao (杜雲超) resigned on September 22, 2023.

(v) Du Xiaoming (杜曉明) was appointed as supervisor on June 6, 2023.

(vi) Supervisor Kan Wei (闞巍) resigned on January 19, 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during both years.

In 2024, no emolument was paid by the Group to any of the directors or supervisors as an inducement to join or upon joining the Group or as a compensation for loss of office (2023: Nil).

14. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest remuneration, there was one director (2023: one) of the Group for the year ended December 31, 2024, whose emoluments are disclosed in Note 13. The aggregate of the emoluments in respect of the other four (2023: four) individuals are as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**3,447**	3,316
Discretionary bonuses	**2,151**	1,440
Total	**5,598**	4,756

The emoluments of the other individuals with the highest emoluments are all within the following bands:

	2024	2023
	Number of individuals	*Number of individuals*
HKD1,000,001 – HKD1,500,000	**3**	4
HKD1,500,001 – HKD2,000,000	**1**	–

15. BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Profit attributable to equity shareholders of the Company *(RMB'000)*	**271,038**	259,875
Weighted average number of ordinary shares *(in thousands)*	**1,333,334**	1,333,334
Basic and diluted earnings per share attributable to equity shareholders of the Company *(in RMB Yuan per share)*	**0.20**	0.19

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding for the years ended December 31, 2024 and 2023.

16. OTHER COMPREHENSIVE INCOME

	2024			2023		
	Before-tax amount ***RMB'000***	**Tax expense** ***RMB'000***	**Net-of-Tax amount** ***RMB'000***	Before-tax amount *RMB'000*	Tax expense *RMB'000*	Net-of-Tax amount *RMB'000*
Net fair value change of equity investments at fair value through other comprehensive income	**1,021**	**(255)**	**766**	(75)	18	(57)

17. PROPERTY AND EQUIPMENT

	Properties leased for own use carried at cost *RMB'000*	Electronic equipment *RMB'000*	Office equipment *RMB'000*	Machinery leased out under operating leases *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost						
As at January 1, 2023	55,690	6,740	962	–	1,159	64,551
Additions	–	736	13	13,274	629	14,652
Disposals	(10,634)	(176)	(63)	–	(1,042)	(11,915)
As at December 31, 2023/ January 1, 2024	45,056	7,300	912	13,274	746	67,288
Additions	1,506	209	19	60,559	629	62,922
Disposals	(768)	(382)	(10)	–	(26)	(1,186)
As at December 31, 2024	45,794	7,127	921	73,833	1,349	129,024
Accumulated depreciation						
As at January 1, 2023	(24,119)	(2,408)	(688)	–	(986)	(28,201)
Charge for the year	(12,246)	(1,231)	(97)	–	(348)	(13,922)
Eliminated on disposals	9,540	159	59	–	1,042	10,800
As at December 31, 2023/ January 1, 2024	(26,825)	(3,480)	(726)	–	(292)	(31,323)
Charge for the year	(11,249)	(1,268)	(68)	(4,893)	(401)	(17,879)
Eliminated on disposals	768	346	9	–	–	1,123
As at December 31, 2024	(37,306)	(4,402)	(785)	(4,893)	(693)	(48,079)
Net carrying amount						
As at December 31, 2024	8,488	2,725	136	68,940	656	80,945
As at December 31, 2023	18,231	3,820	186	13,274	454	35,965

Note:

The Group leases out a number of items of machinery under operating leases. The leases typically run for an initial period of four years. None of the leases includes variable lease payments. Undiscounted lease payments under non-cancellable operating leases in place at the reporting date that will be receivable by the Group in future periods are as follows:

	December 31, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Within 1 year	**19,693**	3,704
1 to 2 years	**19,106**	3,558
2 to 3 years	**18,610**	3,418
3 to 4 years	**8,476**	3,283
	65,885	13,963

18. INTANGIBLE ASSETS

	December 31, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Cost		
At the beginning of the year	**34,039**	28,437
Additions	**5,955**	5,602
At the end of the year	**39,994**	34,039
Accumulated amortization		
At the beginning of the year	**(14,483)**	(12,608)
Charge for the year	**(2,639)**	(1,875)
At the end of the year	**(17,122)**	(14,483)
Carrying amount		
At the beginning of the year	**19,556**	15,829
At the end of the year	**22,872**	19,556

Intangible assets mainly include software.

19. LOANS AND RECEIVABLES

	NOTE	**December 31, 2024** *RMB'000*	December 31, 2023 *RMB'000*
Minimum finance lease receivables			
Within one year		**796,170**	747,018
In the second year		**371,790**	388,781
In the third year		**159,391**	208,128
In the fourth year		**52,917**	43,790
In the fifth year		**16,939**	24,799
Gross amount of finance lease receivables		**1,397,207**	1,412,516
Less: Unearned finance income		**(135,774)**	(130,993)
Net amount of finance lease receivables		**1,261,433**	1,281,523
Receivables from sale-and-leaseback transactions	*(i)*	**9,788,885**	9,130,440
Receivables from intellectual property lease transactions		**896,642**	1,158,131
Loans and receivables		**11,946,960**	11,570,094
Less:			
Provision for finance lease receivables		**(122,577)**	(143,885)
Provision for receivables from sale-and-leaseback transactions		**(294,791)**	(204,607)
Provision for intellectual property lease transactions		**(24,498)**	(14,354)
Provision for loans and receivables		**(441,866)**	(362,846)
Total		**11,505,094**	11,207,248

Note:

(i) Receivables from sale-and-leaseback transactions which do not satisfy sales under IFRS 15 were recognized as loans and receivables in accordance with IFRS 9.

Analysis for reporting purpose as:

	December 31, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Non-current assets	**4,644,450**	4,790,021
Current assets	**6,860,644**	6,417,227
Total	**11,505,094**	11,207,248

The loans and receivables with net amount of approximately RMB1,519.1 million and RMB2,918.1 million were pledged as collaterals for the Group's borrowings as at December 31, 2024 and 2023, respectively (see Note 27(i)).

The loans and receivables with net amount of approximately RMB2,849.0 million and RMB1,159.6 million were pledged as collaterals for the Group's asset-backed securities as at December 31, 2024 and 2023, respectively (see Note 27(ii)). The loans and receivables with net amount of approximately RMB1,553.4 million and RMB1,291.1 million were pledged as collaterals for the Group's asset-backed notes as at December 31, 2024 and 2023, respectively (see Note 27(ii)).

Loans and receivables are mainly secured by leased assets, lessees' deposits and leased assets repurchase arrangement where applicable.

Lessees' deposits are calculated and collected based on a certain percentage of the entire value of the lease contract. The deposits are returned to the lessees in full by end of the lease period according to the terms of the lease contracts. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments for the corresponding lease contracts. As at December 31, 2024, the lessees' deposits of RMB1,242.5 million (December 31, 2023: RMB1,318.3 million) were pledged for related loans and receivables (see Note 28).

(a) Present value of minimum finance lease receivables:

	December 31, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Within one year	**707,025**	663,166
In the second year	**340,527**	357,600
In the third year	**148,041**	196,436
In the fourth year	**49,541**	40,449
In the fifth year	**16,299**	23,872
Total	**1,261,433**	1,281,523

(b) Loans and receivables and allowances for impairment losses:

	December 31, 2024			
	12-month ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Net amount of loans and receivables	**10,739,750**	**129,485**	**1,077,725**	**11,946,960**
Less: Allowances for impairment losses	**(36,753)**	**(1,087)**	**(404,026)**	**(441,866)**
Carrying amount of loans and receivables	**10,702,997**	**128,398**	**673,699**	**11,505,094**

	December 31, 2023			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Net amount of loans and receivables	10,798,172	88,456	683,466	11,570,094
Less: Allowances for impairment losses	(39,578)	(920)	(322,348)	(362,846)
Carrying amount of loans and receivables	10,758,594	87,536	361,118	11,207,248

(c) Changes in allowance for impairment losses of loans and receivables are as follows:

	December 31, 2024			
	12-month ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Balance at January 1, 2024	**39,578**	**920**	**322,348**	**362,846**
Transfer:				
– to lifetime ECL not credit-impaired	**(1,102)**	**1,102**	**–**	**–**
– to lifetime ECL credit-impaired	**(2,422)**	**(920)**	**3,342**	**–**
Charge for the year	**699**	**(15)**	**78,336**	**79,020**
Balance at December 31, 2024	**36,753**	**1,087**	**404,026**	**441,866**

	December 31, 2023			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance at January 1, 2023	33,862	524	250,286	284,672
Transfer:				
– to lifetime ECL not credit-impaired	(209)	209	–	–
– to lifetime ECL credit-impaired	(738)	(524)	1,262	–
Charge for the year	6,663	711	70,800	78,174
Balance at December 31, 2023	39,578	920	322,348	362,846

20. FINANCIAL ASSETS AT FVTOCI

	NOTE	**December 31, 2024** *RMB'000*	December 31, 2023 *RMB'000*
Equity securities designated at FVTOCI			
– Unlisted equity securities	*(i)*	**13,245**	12,224

Note:

(i) The unlisted equity securities are shares in Beijing Zhongguancun Synergetic Innovation Investment Fund Management Co., Ltd. (北京中關村協同創新投資基金管理有限公司), a company established in the PRC and engaged in investment management. The Group designated this investment at FVTOCI as the investment is held for strategic purposes. Dividends of RMB0.2 million were received on this investment in 2024 (2023: RMB0.2 million).

21. INTEREST IN ASSOCIATES

The following list contains the particulars of associates, all of which are unlisted corporate entities or partnerships whose quoted market price is not available:

Name of associates	Date of establishment	Form of business structure	Place of incorporation and business	Registered capital *RMB' million*	Paid in capital at 2024 ***RMB' million***	Paid in capital at 2023 *RMB' million*	Proportion of voting rights and ownership interest at 2024 and 2023	Principal activities
Beijing Zhongnuo Tongchuang Investment Fund Management Co., Ltd. (北京中諾同創投資基金管理有限公司, "**Beijing Zhongnuo**")	April 23, 2019	Incorporation	PRC	10.0	**4.0**	4.0	39%	Investment management
Jiangsu Zhongguancun Zhongnuo Xietong Investment Fund (Limited Partnership) (江蘇中關村中諾協同投資基金合夥企業(有限合夥), "**Jiangsu Zhongnuo**") (i)	November 11, 2019	Partnership	PRC	200.0	**65.6**	131.2	49%	Investment management
Beijing Zhongnuo Foresight Innovation Investment Fund Center (Limited Partnership) (北京中諾遠見創新投資基金中心(有限合夥), "**Zhongnuo Foresight**") (ii)	May 6, 2022	Partnership	PRC	500.0	**498.9**	350.0	40%	Investment management
Shenzhen Zhongke Zhiyi Industrial Investment Co., Ltd. (深圳中科知易產業投資有限公司, "**Zhongke Zhiyi**")	August 29, 2022	Incorporation	PRC	4.0	**4.0**	4.0	35%	Advisory service
Zhongguancun Lingyan (Hangzhou) Private Equity Fund Co., Ltd. (中關村領雁(杭州)私募基金有限公司) "**Lingyan (Hangzhou)**")	September 14, 2022	Incorporation	PRC	4.0	**4.0**	4.0	35%	Advisory service
Zhongguancun Huizhi (Suzhou) Enterprise Manageinenl Co., Ltd. (中關村匯志(蘇州)企業管理有限公司) "**Huizhi (Suzhou)**")	November 2, 2022	Incorporation	PRC	4.0	**4.0**	4.0	35%	Advisory service

(i) The paid-in capital of Jiangsu Zhongnuo decreased in 2024 due to distribution of investment return of the fund.

(ii) The paid-in capital of Zhongnuo Foresight increased in 2024 because of the payment of paid-in capital from the fund investors.

The English translation of the name of these entities is for reference only. The official names of these entities are in Chinese.

These investments enable the Group to carry out investment management and advisory service activities in the PRC.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

None of the associates is individually material to the Group and their aggregate information is presented below:

	2024	2023
	RMB'000	*RMB'000*
Carrying amount of individually insignificant associates in the consolidated financial statements	**302,790**	264,525
Group's share of those associates' profit	**10,394**	21,910
Total comprehensive income	**10,394**	21,910

22. OTHER ASSETS

	NOTE	**December 31, 2024**	December 31, 2023
		RMB'000	*RMB'000*
Non-current assets			
Other assets		**3,086**	180
Current assets			
Deductible VAT		**77,222**	79,233
Advance payments		**4,112**	16,029
Due from related parties	*32(c)*	**5,288**	3,683
Other receivables		**373**	993
Sub-total		**86,995**	99,938
Total		**90,081**	100,118

23. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements for the years ended December 31, 2024 and 2023 are as follows:

Deferred tax arising from:	**Revaluation of FVTOCI**	**Revaluation of FVTPL**	**Revenue with EIT paid in prior years**	**Revaluation of equity investments**	**Allowance for impairment losses**	**Accrued staff costs**	**Right-of-use assets**	**Lease liabilities**	**Depreciation**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
January 1, 2023	(2,324)	(153)	9,415	(8,274)	71,259	5,920	(8,151)	8,151	–	75,843
Credited/(charged) to profit or loss	–	188	(4,061)	(15)	19,563	762	3,393	(3,151)	–	16,679
Credited to other comprehensive income	18	–	–	–	–	–	–	–	–	18
December 31, 2023	(2,306)	35	5,354	(8,289)	90,822	6,682	(4,758)	5,000	–	92,540
Credited/(charged) to profit or loss	–	17	(5,293)	3,203	19,755	418	2,020	(2,081)	490	18,529
Charged to other comprehensive income	(255)	–	–	–	–	–	–	–	–	(255)
December 31, 2024	(2,561)	52	61	(5,086)	110,577	7,100	(2,738)	2,919	490	110,814

(b) Income tax payable

	December 31, 2024	December 31, 2023
	RMB'000	*RMB'000*
At beginning of the year	**14,142**	18,142
Provision for income tax for the year	**109,011**	103,009
Income tax paid	**(100,352)**	(107,009)
At end of the year	**22,801**	14,142

24. ACCOUNTS RECEIVABLE

	December 31, 2024	December 31, 2023
	RMB'000	*RMB'000*
Operating lease receivables	**1,973**	–

The following is an aging analysis of accounts receivable presented based on the confirmation date of the accounts receivable.

	December 31, 2024	December 31, 2023
	RMB'000	*RMB'000*
Within one year	**1,973**	–

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	December 31, 2024	December 31, 2023
	RMB'000	*RMB'000*
Deposits with banks	**840,966**	635,263
Cash and cash equivalents	**840,966**	635,263

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings	**Lease liabilities**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
As at 1 January 2024	**7,451,596**	**16,806**	**7,468,402**
Changes from financing cash flows:			
Capital element of lease rentals paid	**–**	**(10,431)**	**(10,431)**
Proceeds from borrowings	**8,612,099**	**–**	**8,612,099**
Repayment of borrowings	**(8,027,535)**	**–**	**(8,027,535)**
Interest element of lease rentals paid	**–**	**(729)**	**(729)**
Interest paid	**(248,832)**	**–**	**(248,832)**
Other borrowing costs paid	**(77,528)**	**–**	**(77,528)**
Other changes:			
Increase in lease liabilities from entering into new leases during the year	**–**	**5,305**	**5,305**
Interest expense	**222,660**	**729**	**223,389**
Other borrowing costs	**77,528**	**–**	**77,528**
Interest adjustment	**(1,764)**	**–**	**(1,764)**
As at December 31, 2024	**8,008,224**	**11,680**	**8,019,904**

	Borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	6,417,360	28,993	6,446,353
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(12,854)	(12,854)
Proceeds from borrowings	8,284,458	–	8,284,458
Repayment of borrowings	(7,263,866)	–	(7,263,866)
Interest element of lease rentals paid	–	(1,232)	(1,232)
Interest paid	(220,599)	–	(220,599)
Other borrowing costs paid	(23,799)	–	(23,799)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	667	667
Interest expense	235,329	1,232	236,561
Other borrowing costs	23,799	–	23,799
Interest adjustment	(1,086)	–	(1,086)
As at December 31, 2023	7,451,596	16,806	7,468,402

27. BORROWINGS

	NOTES	**December 31, 2024** *RMB'000*	December 31, 2023 *RMB'000*
Bank loans			
– pledged	*(i)*	**1,427,217**	2,223,561
– unsecured		**1,917,776**	2,528,104
Asset-backed securities and notes	*(ii)*	**3,656,920**	2,261,175
Credit bonds	*(iii)*	**1,006,311**	399,808
		8,008,224	7,412,648

Analysis for reporting purpose as:

	December 31, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Non-current liabilities	**3,371,446**	1,110,219
Current liabilities	**4,636,778**	6,302,429
	8,008,224	7,412,648

Notes:

(i) As at December 31, 2024, bank loans amounting to RMB1,427.2 million were pledged by loans and receivables (December 31, 2023: RMB2,223.6 million) (see Note 19).

(ii) On September 20, 2022, the Company issued asset-backed securities with two tranches: senior tranche Class A with principal amount of RMB375.0 million, coupon rate of 3.00% and matured on April 22, 2024; senior tranche Class B with principal amount of RMB100.0 million, coupon rate of 3.20% and matured on October 21, 2024; junior tranche with principal amount of RMB25.0 million and matured date on October 21, 2024. The Company holds all junior tranche asset-backed securities.

On November 22, 2022, the Company issued asset-backed medium-term notes with two tranches: senior tranche Class A with principal amount of RMB625.0 million, coupon rate of 3.70% and matured on November 20, 2024; senior tranche Class B with principal amount of RMB150.0 million, coupon rate of 3.65% and an expected maturity date on February 20, 2025; junior tranche with principal amount of RMB45.0 million and an expected maturity date on February 20, 2025. The Company holds all junior tranche asset-backed notes.

On December 27, 2022, the Company issued asset-backed securities with two tranches: senior tranche Class A with principal amount of RMB66.0 million, coupon rate of 4.00% and matured on March 20, 2024; senior tranche Class B with principal amount of RMB20.0 million, coupon rate of 4.00% and matured on September 20, 2024; junior tranche with principal amount of RMB5.0 million and matured on September 20, 2024. The Company holds senior tranche Class A with principal amount of RMB5.8 million, all senior tranche Class B and all junior tranche asset-backed securities.

On April 3, 2023, the Company issued asset-backed notes with two tranches: senior tranche Class A with principal amount of RMB510.0 million, coupon rate of 3.50% and an expected maturity date on January 20, 2025; senior tranche Class B with principal amount of RMB135.0 million, coupon rate of 3.84% and an expected maturity date on April 21, 2025; junior tranche with principal amount of RMB35.0 million and an expected maturity date on April 21, 2025. The Company holds all junior tranche asset-backed notes.

On May 16, 2023, the Company issued asset-backed securities with two tranches: senior tranche Class A with principal amount of RMB600.0 million, coupon rate of 3.20% and an expected maturity date on February 20, 2025; senior tranche Class B with principal amount of RMB160.0 million, coupon rate of 3.20% and an expected maturity date on August 20, 2025; junior tranche with principal amount of RMB40.0 million and an expected maturity date on August 20, 2025. The Company holds all junior tranche asset-backed securities.

On November 14, 2023, the Company issued asset-backed securities with two tranches: senior tranche Class A with principal amount of RMB75.0 million, coupon rate of 3.08% and matured on March 20, 2024; senior tranche Class B with principal amount of RMB20.0 million, coupon rate of 3.08% and matured on September 20, 2024; junior tranche with principal amount of RMB5.0 million and matured on September 20, 2024. The Company holds all junior tranche asset-backed securities.

On March 12, 2024, the Company issued asset-backed securities with two tranches: senior tranche Class A with principal amount of RMB375.0 million, coupon rate of 2.80% and an expected maturity date on December 12, 2025; senior tranche Class B with principal amount of RMB100.0 million, coupon rate of 2.80% and an expected maturity date on March 20, 2026; junior tranche with principal amount of RMB25.0 million and an expected maturity date on March 20, 2026. The Company holds all junior tranche asset-backed securities.

On April 16, 2024, the Company issued asset-backed notes with two tranches: senior tranche Class A with principal amount of RMB520.0 million, coupon rate of 2.70% and an expected maturity date on March 20, 2026; senior tranche Class B with principal amount of RMB140.0 million, coupon rate of 2.70% and an expected maturity date on September 21, 2026; junior tranche with principal amount of RMB40.0 million and an expected maturity date on September 21, 2026. The Company holds all junior tranche asset-backed notes.

On June 12, 2024, the Company issued asset-backed securities with two tranches: senior tranche Class A with principal amount of RMB750.0 million, coupon rate of 2.60% and an expected maturity date on April 20, 2026; senior tranche Class B with principal amount of RMB200.0 million, coupon rate of 2.60% and an expected maturity date on October 20, 2026; junior tranche with principal amount of RMB50.0 million and an expected maturity date on October 20, 2026. The Company holds all junior tranche asset-backed securities.

On September 20, 2024, the Company issued asset-backed securities with two tranches: senior tranche Class A with principal amount of RMB375.0 million, coupon rate of 2.20% and an expected maturity date on May 20, 2026; senior tranche Class B with principal amount of RMB100.0 million, coupon rate of 2.20% and an expected maturity date on November 20, 2026; junior tranche with principal amount of RMB25.0 million and an expected maturity date on November 20, 2026. The Company holds all junior tranche asset-backed securities.

On October 29, 2024, the Company issued asset-backed securities with two tranches: senior tranche Class A with principal amount of RMB86.0 million, coupon rate of 2.30% and an expected maturity date on August 20, 2025; senior tranche Class B with principal amount of RMB23.0 million, coupon rate of 2.30% and an expected maturity date on November 20, 2025; junior tranche with principal amount of RMB5.0 million and an expected maturity date on November 20, 2025. The Company holds all junior tranche asset-backed securities.

On November 14, 2024, the Company issued asset-backed notes with two tranches: senior tranche Class A with principal amount of RMB510.0 million, coupon rate of 2.34% and an expected maturity date on August 25, 2026; senior tranche Class B with principal amount of RMB150.0 million, coupon rate of 2.34% and an expected maturity date on February 25, 2027; junior tranche with principal amount of RMB40.0 million and an expected maturity date on February 25, 2027. The Company holds all junior tranche asset-backed notes.

Certain Asset-backed securities and notes had earlier repayment before their maturity dates.

(iii) On August 5, 2024, the Company issued short-term commercial papers with principal amount of RMB500.0 million and coupon rate of 2.04% and an expected maturity date on April 25, 2025.

On October 21, 2024, the Company issued first tranche of medium-term notes with principal amount of RMB500.0 million and coupon rate of 2.56% and an expected maturity date on October 22, 2027.

As at December 31, 2024, the remaining maturity of borrowings were repayable as follows:

	2024	2023
	RMB'000	*RMB'000*
Within one year	**4,636,778**	6,302,429
After 1 year but within 2 years	**2,353,902**	813,615
After 2 years but within 5 years	**1,017,544**	296,604
	8,008,224	7,412,648

The ranges of contractual interest rates on the borrowings are as follows:

	December 31, 2024	December 31, 2023
Floating rate	**Loan Prime Rate+ 40bp to 90bp**	Loan Prime Rate+ 35bp to 90bp
Fixed rate	**2.60%-4.30%**	2.60%-4.20%

28. TRADE AND OTHER LIABILITIES

	NOTES	**December 31, 2024** ***RMB'000***	December 31, 2023 *RMB'000*
Current liabilities			
Notes payable		**920,434**	766,078
Guaranteed deposits from lessees		**494,415**	503,558
Accounts payable	*(a)*	**150,838**	161,505
Deferred revenue		**50,764**	–
Accrued staff costs	*(b)*	**34,150**	32,938
Lease liabilities	*(c)*	**7,166**	11,914
Others		**6,951**	125,540
Sub-total		**1,664,718**	1,601,533
Non-current liabilities			
Guaranteed deposits from lessees		**748,041**	814,708
Deferred revenue		**25,697**	87,148
Lease liabilities	*(c)*	**4,514**	8,088
Provision for credit commitments	*(d)*	**444**	444
Others		**–**	75,924
Sub-total		**778,696**	986,312
Total		**2,443,414**	2,587,845

(a) Accounts payable

The following is an aging analysis of accounts payable presented based on the confirmation date of the accounts payable.

	2024	2023
	RMB'000	*RMB'000*
Within one year	**79,383**	107,344
After 1 year but within 2 years	**48,255**	44,529
After 2 years	**23,200**	9,632
	150,838	161,505

(b) Accrued staff costs

Contributions to the defined contribution retirement plan, include the social pension insurance schemes and the retirement benefit annuity plan, are recognized as expenses when incurred, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(c) Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at December 31, 2024:

	December 31, 2024		December 31, 2023	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**7,166**	**7,409**	11,914	12,731
After 1 year but within 2 years	**1,546**	**1,647**	6,612	6,653
After 2 year but within 5 years	**2,968**	**3,040**	1,476	1,541
		12,096		20,925
Less: Interest adjustments		**(416)**		(923)
Present value of lease liabilities	**11,680**	**11,680**	20,002	20,002

Amounts included in the consolidated statements of cash flow for leases comprise the followings:

	2024	2023
	RMB'000	*RMB'000*
Within operating cash flows	**1,084**	1,231
Within financing cash flows	**11,160**	14,086
	12,244	15,317

(d) Provision for credit commitments

	2024			
	12-month ECL *RMB'000*	**Lifetime ECL not credit-impaired** *RMB'000*	**Lifetime ECL credit-impaired** *RMB'000*	**Total** *RMB'000*
Balance at January 1. 2024	**444**	**–**	**–**	**444**
Charge for the year	**–**	**–**	**–**	**–**
Balance at December 31, 2024	**444**	**–**	**–**	**444**

	2023			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
Balance at January 1. 2023	364	–	–	364
Charge for the year	80	–	–	80
Balance at December 31, 2023	444	–	–	444

29. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2024		2023	
	Number of shares ***'000***	**Nominal Value** ***RMB'000***	Number of shares *'000*	Nominal Value *RMB'000*
Issued and fully paid:				
Domestic shares of RMB1 Yuan each	**840,000**	**840,000**	840,000	840,000
H shares of RMB1 Yuan each	**493,334**	**493,334**	493,334	493,334
	1,333,334	**1,333,334**	1,333,334	1,333,334

(b) Capital reserve

Capital reserve mainly includes the capital reserve arising from the conversion of the Company from a limited liability company into a joint-stock company and the share premium arising from the issuance of new shares at prices in excess of par value.

(c) Reserves

(i) Surplus reserve

The Company is required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC, to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity shareholders of the Company, statutory surplus reserve may be used to net off against accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalization is not less than 25% of the registered capital before capitalization.

After making the appropriation to the statutory surplus reserve, the Company may also appropriate its net profit to the discretionary surplus reserve upon approval by equity shareholders.

(ii) General reserve

According to "Guidelines for the Supervision and Management of Beijing Financial Leasing Companies (Trial) (《北京市融資租賃公司監督管理指引(試行)》) "(the "**Guidelines**") issued on April 7, 2020, the Company maintained a general reserve within equity, through the appropriation of net profit, which should be no less than 1.5% of the year end balance of gross risk-bearing assets in 2020. Since the Guidelines were annulled on July 15, 2021, there is no requirement for the Company to appropriate its net profit to general reserve in future.

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVTOCI under IFRS 9 that are held at the end of the reporting period.

(d) Dividends

Final dividend in respect of financial year ended December 31, 2023, approved and paid during 2024 was RMB90.7 million. Dividends on ordinary shares for 2023 was RMB0.068 per share. Final dividend in respect of financial year ended December 31, 2022, approved and paid during 2023 was RMB80.0 million. Dividends on ordinary shares for 2022 was RMB0.060 per share.

(e) Capital management

The Group's main objective of capital management is to ensure a stable capital ratio to support the Group's business development and maximize equity shareholders' value.

The Group assesses and manages its capital structure with the aim of striking a balance between achieving higher equity shareholders returns through debt financing and ensuring capital security through equity financing, and the Group adjusts the capital structure based on changes in external economic conditions.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, market and liquidity risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk is the risk that the Group will suffer losses due to a lessee's failure to fulfil contractual obligations. Credit risk is the most significant risk faced by the Group in the course of its operating activities. The credit risk exposure is managed based on the principle of prudence. The Group's credit risk is primarily attributable to its finance leasing business.

The Group's exposure to credit risk arising from cash and cash equivalents, pledged and restricted deposits is limited because the counterparties are banks and financial institutions, of which the Group considers to have low credit risk. The Group does not provide any guarantees which would expose the Group to credit risk.

The Group's maximum exposure to credit risk before collateral held and other credit enhancement is as follows:

	December 31, 2024 *RMB'000*	December 31, 2023 *RMB'000*
Cash and cash equivalents	**840,966**	635,263
Pledged and restricted deposits	**85,785**	46,117
Accounts receivable	**1,973**	–
Loans and receivables	**11,505,094**	11,207,248
Other receivables	**5,661**	4,676
Total	**12,439,479**	11,893,304

The maximum exposure to credit risk in respect of those off-balance sheet items as at the end of the reporting period is disclosed in Note 31(a).

(i) Loans and receivables credit risk management

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2024, 1.73% of the total net amounts of loans and receivables was due from the Group's largest customer (December 31, 2023: 1.03%), and 7.21% of the total net amounts of loans and receivables was due from the Group's five largest customers (December 31, 2023: 5.27%).

Individual credit evaluations are performed on all customers requiring credit. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The Group performs standardized management throughout the entire finance lease business processes, including investigation of and application for finance lease projects, due diligence, review and approval of lease projects, release of finance lease funds, post-lease monitoring, and management of bad and doubtful financial lease receipts. The Group also identifies, monitors and manages potential credit risks throughout its operations with its five-tier risk grading system, policies and procedures related to credit risk management, leasing business information system, management of the investment direction of its leasing business and optimizing the structure of its leasing assets.

Changes in the economic environment or the distribution of a particular industry of finance lease assets in the Group's asset portfolio may cause losses to the Group. Credit risk exposure in the balance sheet is associated primarily with loans and receivables. The Group's credit risk is managed by the Engagement Evaluation Department, Risk Management Department, Asset Management Department and the Evaluation Committee.

(ii) Risk limits management and mitigation measures

The Group monitors credit risk limits on a regular basis, manages, limits, and controls the concentration of credit risk it identifies, particularly in industries, regions, and single customers.

To optimize the credit risk structure, the Group identifies the direction of its leasing business and sets limits for industries, regions and single lessees with reference to global economic developments, industry trends and corporate strategic objectives. The Group controls the set-up of leasing projects according to the industry's and region's risk levels.

Other specific management and mitigation measures include:

Guarantee: To make credit risk management more efficient, the Group uses different approaches to mitigate credit risk, including obtaining collaterals/pledges, deposits, and guarantees from guarantors.

For the finance lease business, the Group requires different approaches to guarantees based on the lessee's credit status, the risk level of the finance lease business and the characteristics of each guarantee category. The Group also requires an assessment of the guarantor's financing capacity, the ownership and value of collaterals and pledges, and the feasibility of realizing the collateral and the pledge. If a finance lease is guaranteed by a third party, the Group will assess the guarantor's financial status, credit condition and solvency.

Insurance: For the finance lease business, the title will be owned by the Group during the lease period, but the risks and benefits associated with the operation and maintenance will be transferred to the lessee. Therefore, if a covered accident occurs during the lease period, the lessee must immediately report it to the related insurance company and notify the Group, provide reasons and related materials to the Group for the accident, and file claims against the insurance company in a timely manner in conjunction with the Group.

Concentration risk of credit exposure

An analysis of gross amount of loans and receivables by industry is set out below:

	December 31, 2024		December 31, 2023	
	RMB'000	***%***	*RMB'000*	*%*
Intelligent manufacturing	**3,961,309**	**30**	4,668,538	37
Dual carbon	**3,358,927**	**26**	2,517,459	20
Artificial intelligence	**2,021,754**	**16**	1,435,875	12
Medicine and health	**1,950,181**	**15**	1,893,526	15
New consumption	**1,554,349**	**12**	1,714,363	14
Others	**163,598**	**1**	233,368	2
Total	**13,010,118**	**100**	12,463,129	100

An analysis of gross amount of loans and receivables by geographical area is set out below:

	December 31, 2024		December 31, 2023	
	RMB'000	*%*	*RMB'000*	*%*
Eastern China	**5,027,455**	**39**	4,269,897	34
Northern China	**3,879,606**	**30**	4,371,969	36
Southern China	**1,539,580**	**12**	1,395,282	11
Central China	**977,593**	**7**	1,021,344	8
Northwestern China	**783,562**	**6**	701,765	6
Southwestern China	**561,613**	**4**	418,687	3
Northeastern China	**240,709**	**2**	284,185	2
Total	**13,010,118**	**100**	12,463,129	100

The overall ECL rate for loans and receivables are summarized as follows:

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and receivables	**0.34%**	**0.84%**	**37.49%**	**3.70%**

	2023			
	Stage 1	Stage 2	Stage 3	Total
Loans and receivables	0.37%	1.04%	47.16%	3.14%

An analysis of loans and receivables by credit quality is set out below:

	December 31, 2024	December 31, 2023
	RMB'000	*RMB'000*
12-month ECL balance	**10,739,750**	10,798,172
Lifetime ECL not credit-impaired balance		
– Not overdue	**11,784**	–
– Less than 1 month (inclusive) overdue	**420**	16,333
– 1 to 3 months (inclusive) overdue	**117,281**	72,123
Lifetime ECL credit-impaired	**1,077,725**	683,466
Loans and receivables	**11,946,960**	11,570,094
Less: Allowances for impairment losses	**(441,866)**	(362,846)
Carrying value of loans and receivables	**11,505,094**	11,207,248

(b) Market risk

Market risk arises when the adverse changes in market prices (interest rates, exchange rates, as well as equity prices and other prices) lead to losses from the Group's business. The Group's market risk mainly arises from currency risk and interest rate risk.

(i) Currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The directors consider the Group's exposure to foreign currency risk is not significant for 2024 as the foreign currency balance of the Group at the end of the reporting period is immaterial.

(ii) Interest rate risk

The risk of changes in the cash flow of financial instruments caused by the Groups interest rate changes is mainly related to financial lease. The Group's interest rate risk arises from the mismatch between the maturity date of interest-generating assets and interest-bearing liabilities and the contract repricing date. Interest margin of the Group may increase due to the change of market interest rate, interest margin of the Group may even decrease or loss due to their unpredictability.

The Group adopts the following measures to manage its interest rate risk:

- Optimizes the time difference between the maturity dates of interest-generating assets and interest-bearing liabilities and the contract repricing date; and

- Managing the difference between the pricing of interest-generating assets and interest-bearing liabilities and the benchmark interest rate of the People's Bank of China.

The sensitivity of the Group to the interest rate risk of financial instruments is based on the assumption that the reasonable changes in the interest rate risk borne by the financial instruments at the balance sheet date during the following year shall remain constant throughout the year. The following table shows the impact of the structure of financial assets and financial liabilities at the balance sheet date on the Group's after-tax profits, with a general increase or decrease of 100 basis points in interest rates, and all other variables held constant.

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in all financial instruments' yield rate on the Group's profit after taxation, based on the Group's positions of interest-generating assets and interest-bearing liabilities as at December 31, 2024 and 2023.

	2024	2023
	RMB'000	*RMB'000*
Profit after taxation		
+ 100 basis points	**18,767**	7,409
– 100 basis points	**(18,767)**	(7,409)

(c) Liquidity risk

Management regularly monitors the Group's liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Overdue/ on demand *RMB'000*	**Within 1 month** *RMB'000*	**1 to 3 months** *RMB'000*	**3 months to 1 year** *RMB'000*	**1 to 5 years** *RMB'000*	**More than five years** *RMB'000*	**Indefinite** *RMB'000*	**Total** *RMB'000*	**Carrying amount** *RMB'000*
December 31, 2024									
Cash and cash equivalent	**840,966**	**–**	**–**	**–**	**–**	**–**	**–**	**840,966**	**840,966**
Pledged and restricted deposits	**85,785**	**–**	**–**	**–**	**–**	**–**	**–**	**85,785**	**85,785**
Loans and receivables	**935,435**	**476,307**	**1,506,422**	**5,064,792**	**5,027,162**	**–**	**–**	**13,010,118**	**11,505,094**
Financial assets at FVTOCI	**–**	**–**	**–**	**–**	**–**	**–**	**13,245**	**13,245**	**13,245**
Financial assets at FVTPL	**–**	**–**	**–**	**–**	**–**	**–**	**1,249**	**1,249**	**1,249**
Other assets	**2,684**	**–**	**–**	**357**	**2,620**	**–**	**–**	**5,661**	**5,661**
Total financial assets	**1,864,870**	**476,307**	**1,506,422**	**5,065,149**	**5,029,782**	**–**	**14,494**	**13,957,024**	**12,452,000**
Borrowings	**–**	**245,148**	**903,532**	**3,505,970**	**3,400,845**	**–**	**–**	**8,055,495**	**8,008,224**
Trade and other liabilities	**–**	**91,796**	**396,134**	**1,037,553**	**861,188**	**–**	**121**	**2,386,792**	**2,317,279**
Lease liabilities	**–**	**–**	**521**	**6,888**	**4,687**	**–**	**–**	**12,096**	**11,680**
Total financial liabilities	**–**	**336,944**	**1,300,187**	**4,550,411**	**4,266,720**	**–**	**121**	**10,454,383**	**10,337,183**
Net exposure	**1,864,870**	**139,363**	**206,235**	**514,738**	**763,062**	**–**	**14,373**	**3,502,641**	**2,114,817**

	Overdue/ on demand *RMB'000*	Within 1 month *RMB'000*	1 to 3 months *RMB'000*	3 months to 1 year *RMB'000*	1 to 5 years *RMB'000*	More than five years *RMB'000*	Indefinite *RMB'000*	Total *RMB'000*	Carrying amount *RMB'000*
December 31, 2023									
Cash and cash equivalent	635,263	–	–	–	–	–	–	635,263	635,263
Pledged and restricted deposits	46,117	–	–	–	–	–	–	46,117	46,117
Loans and receivables	600,691	456,215	1,444,457	4,857,539	5,104,227	–	–	12,463,129	11,207,248
Financial assets at FVTOCI	–	–	–	–	–	–	12,223	12,223	12,224
Financial assets at FVTPL	–	–	–	–	–	–	1,317	1,317	1,317
Other assets	3,120	–	–	–	1,520	–	–	4,640	4,640
Total financial assets	1,285,191	456,215	1,444,457	4,857,539	5,105,747	–	13,540	13,162,689	11,906,809
Borrowings	–	536,513	690,145	5,084,850	1,111,284	–	–	7,422,792	7,412,648
Trade and other liabilities	138	118,405	318,919	955,082	942,601	479	–	2,335,624	2,248,474
Lease liabilities	–	–	258	12,473	8,194	–	–	20,925	20,002
Total financial liabilities	138	654,918	1,009,322	6,052,405	2,062,079	479	–	9,779,341	9,681,124
Net exposure	1,285,053	(198,703)	435,135	(1,194,866)	3,043,668	(479)	13,540	3,383,348	2,225,685

(d) Fair values

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

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

Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTOCI	**–**	**–**	**13,245**	**13,245**
Financial assets at FVTPL	**–**	**–**	**1,249**	**1,249**
Total	**–**	**–**	**14,494**	**14,494**

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI	–	–	12,224	12,224
Financial assets at FVTPL	–	–	1,317	1,317
Total	–	–	13,541	13,541

For the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The following table presents the related valuation techniques and inputs of the major financial instruments in Level 3.

Financial assets/ liabilities	**Fair value hierarchy**	**Valuation Technique(s) and Key inputs**	**Significant Unobservable Input(s)**	**Relationship of unobservable input(s) to fair value**
Unlisted investments	Level 3	the net asset adjustment method	the net asset	The higher the net asset, the higher the fair value

The fair value of unlisted equity instruments is determined using the net asset adjustment method. The unobservable valuation parameter is the net asset.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2024	2023
	RMB'000	*RMB'000*
Unlisted equity securities:		
At the beginning of the year	**13,541**	13,299
Investments from debt restructuring	**–**	505
Repayment of cost	**–**	(48)
Net unrealised gains or losses recognized in profit and loss during the year	**(68)**	(140)
Net unrealised gains or losses recognized in other comprehensive income during the year	**1,021**	(75)
At end of the year	**14,494**	13,541

Total unrealised losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period is RMB68 thousand (December 31, 2023: RMB140 thousand).

31. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Finance lease commitments

The irrevocable finance lease commitments of the Group refer to loans and receivables that have not been yet released. As at December 31, 2024, the Group's non-cancellable finance lease commitments amounted to RMB109.3 million (December 31, 2023: RMB62.2 million).

(b) Capital commitments

	2024	2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Interest in associates	**2,340**	62,340
Property and equipment	**995**	–

32. MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of the entities	Relationship
Zhongguancun Development Group Co., Ltd.* (中關村發展集團股份有限公司)	Ultimate controlling party
Beijing Zhongguancun Technology Entrepreneurship Financial Service Group Co., Ltd. * (北京中關村科技創業金融服務集團有限公司)	Controlling shareholder
Beijing Chaoyang State Owned Capital Operation and Management Co., Ltd.* (北京朝陽國有資本運營管理有限公司)	Other shareholder
Beijing Zhongguancun Frontier Technology Industry Development Co., Ltd.* (北京中關村前沿技術產業發展有限公司)	A company controlled by the ultimate controlling party
Beijing Zhongguancun Software Park Development Co., Ltd.* (北京中關村軟件園發展有限責任公司)	A company controlled by the ultimate controlling party
Beijing Zhongguancun Technology Service Co., Ltd.* (北京中關村科技服務有限公司)	A company controlled by the ultimate controlling party
Beijing Zhongguancun Technology Financing Guarantee Co., Ltd.* (北京中關村科技融資擔保有限公司)	A company controlled by the controlling shareholder
Beijing Chaoyang International Technology Innovation Service Co., Ltd.* (北京朝陽國際科技創新服務有限公司)	A company controlled by the other shareholder
Beijing Zhongguancun Science and Technology Industry Research Institute Co., Ltd.* (北京中關村科技產業研究院有限公司)	A company significantly impacted by the ultimate controlling party
Beijing Zhongnuo Tongchuang Investment Fund Management Co., Ltd.* (北京中諾同創投資基金管理有限公司)	An associate of the Company
Shenzhen Zhongke Zhiyi Industrial Investment Co., Ltd.* (深圳中科知易產業投資有限公司)	An associate of the Company
Zhongguancun Huizhi (Suzhou) Enterprise Management Co., Ltd.* (中關村匯志(蘇州)企業管理有限公司)	An associate of the Company
Zhongguancun Lingyan (Hangzhou) Private Equity Fund Co., Ltd.* (中關村領雁(杭州)私募基金有限公司)	An associate of the Company

* The English translation of the name of these entities is for reference only. The official name of the entities are in Chinese.

(b) Transaction amounts with related parties:

	2024	2023
	RMB'000	*RMB'000*
Borrowing related		
Interest expenses arising from borrowings from a related party	**–**	20,185
Leasing related		
Interest expense on lease liabilities to related parties	**672**	1,198
Guarantee related		
Payment of guarantee fees to related parties	**6,493**	2,059
Others		
Service fees to related parties	**10,715**	8,425
Office expense to related parties	**1,271**	1,718
Other income from related parties	**167**	423

(c) The balances of transactions with related parties:

		December 31, 2024	December 31, 2023
	NOTE	***RMB'000***	*RMB'000*
Leasing related			
Lease liabilities payable to related parties		**7,813**	19,732
Lease prepayment to related parties		**2,860**	3,064
Others			
Deposits for rental	*(i)*	**3,329**	3,329
Service fees payable to related parties		**4,089**	3,548
Other receivables from related parties		**1,959**	354
Other payable to a related party		**700**	641

Note:

(i) As at December 31, 2024, this represents deposits for rental paid to Zhongguancun Development Group Co., Ltd. and Beijing Zhongguancun Technology Service Co., Ltd. which will be due within one year and three years, respectively (December 31, 2023: due within two years and four years, respectively).

(d) Transactions with key management personnel

	2024	2023
	RMB'000	*RMB'000*
Key management personnel remuneration	**8,410**	8,899

33. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	December 31, 2024	December 31, 2023
	RMB'000	*RMB'000*
Non-current assets		
Property and equipment	**80,945**	35,965
Intangible assets	**22,872**	19,556
Loans and receivables	**4,644,450**	4,790,021
Financial assets at FVTOCI	**13,245**	12,224
Financial assets at FVTPL	**1,249**	1,317
Interest in associates	**302,790**	264,525
Deferred tax assets	**110,814**	92,540
Other assets	**3,086**	180
	5,179,451	5,216,328
Current assets		
Loans and receivables	**6,860,644**	6,417,227
Other assets	**153,677**	121,167
Accounts receivable	**1,973**	–
Pledged and restricted deposits	**18,586**	24,548
Cash and cash equivalents	**840,966**	635,263
	7,875,846	7,198,205
Current liabilities		
Borrowings	**4,636,778**	6,302,429
Income tax payable	**22,801**	14,142
Trade and other liabilities	**1,664,602**	1,601,473
	6,324,181	7,918,044
Net current assets/(liabilities)	**1,551,665**	(719,839)
Total assets less current liabilities	**6,731,116**	4,496,489
Non-current liabilities		
Borrowings	**3,371,446**	1,110,219
Trade and other liabilities	**778,696**	986,312
	4,150,142	2,096,531
NET ASSETS	**2,580,974**	2,399,958
CAPITAL AND RESERVES		
Share capital	**1,333,334**	1,333,334
Reserves	**1,247,640**	1,066,624
TOTAL EQUITY	**2,580,974**	2,399,958

Approved and authorised for issue by the board of directors on March 31, 2025.

Movements in components of equity

The reconciliation between the opening and closing balances of each component of Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *RMB'000*	Capital reserve *RMB'000*	Surplus reserve *RMB'000*	General reserve *RMB'000*	Fair value reserve *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
At January 1. 2023	1,333,334	331,149	72,159	110,470	2,194	370,950	2,220,256
Changes in equity for 2023							
Profit for the year	–	–	–	–	–	259,759	259,759
Other comprehensive income	–	–	–	–	(57)	–	(57)
Total comprehensive income	–	–	–	–	(57)	259,759	259,702
Appropriation to statutory reserve	–	–	25,976	–	–	(25,976)	–
Dividends approved in respect of the previous years	–	–	–	–	–	(80,000)	(80,000)
At December 31, 2023 January 1, 2024	1,333,334	331,149	98,135	110,470	2,137	524,733	2,399,958
Changes in equity for 2024							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**270,917**	**270,917**
Other comprehensive income	**–**	**–**	**–**	**–**	**766**	**–**	**766**
Total comprehensive income	**–**	**–**	**–**	**–**	**766**	**270,917**	**271,683**
Appropriation to statutory reserve	**–**	**–**	**27,092**	**–**	**–**	**(27,092)**	**–**
Dividends approved in respect of the previous years	**–**	**–**	**–**	**–**	**–**	**(90,667)**	**(90,667)**
At December 31, 2024	**1,333,334**	**331,149**	**125,227**	**110,470**	**2,903**	**677,891**	**2,580,974**

34. CONSOLIDATED STRUCTURED ENTITIES

In the course of its ordinary activities, the Group enters into asset securitisation transactions and transfers the loans and receivables to special purpose entities, which are structured entities created to provide opportunities for investors to invest in the loans and receivables. Where a structured entity conducts activities according to contractual arrangements, voting right is not a main factor to consider in assessing whether the Group controls the structured entity. The Group obtains control over a structured entity when it involves itself in the entity's operations and is exposed to variable returns from such involvement, and when it has the ability to affect those returns through its power over the structured entity. In this case, the Group includes the structured entities in its consolidation scope.

As at December 31, 2024, the number of consolidated structured entities of the Group was twelve (December 31, 2023: nine). As at December 31, 2024, the total assets of the consolidated structured entities amounted to RMB3,149.1 million (December 31, 2023: RMB2,418.9 million).

(a) Name of consolidated structured entities

Name of the entities

Guangdong Foshan Shunde – Zhongguancun Science and Technology Leasing 2023 Phase I Intellectual Property Asset Backed Special Programme (Speciality and Specialty)
廣東佛山順德－中關村科技租賃2023年第一期知識產權資產支持專項計劃(專精特新)

CITIC Guotai Junan – Zhongguancun Science and Technology Leasing 2023 Phase I Asset Backed Special Programme
建投國君－中關村科技租賃2023年第一期資產支持專項計劃

Zhongguancun Science and Technology Leasing Corporation Limited 2023 Phase I Directed Asset Backed Notes
中關村科技租賃股份有限公司2023年度第一期定向資產支持票據

CITIC Capital – Zhongguancun Science and Technology Leasing 2022 Phase II Intellectual Property Asset Backed Special Programme (Specialised)
中信建投 – 中關村科技租賃2022年第二期知識產權資產支持專項計劃(專精特新)

Zhongguancun Science and Technology Leasing Corporation Limited 2022 Phase I Directed Asset Backed Notes
中關村科技租賃股份有限公司2022年度第一期定向資產支持票據

CITIC Guotai Junan – Zhongguancun Technology Leasing 2022 Phase I Asset Backed Special Programme
建投國君－中關村科技租賃2022年第一期資產支持專項計劃

CITIC Capital – Zhongguancun Science and Technology Leasing Phase I Asset Backed Special Programme
中信建投－中關村科技租賃1期資產支持專項計畫

CITIC Capital – Zhongguancun Science and Technology Leasing Phase II Asset Backed Special Programme
中信建投－中關村科技租賃2期資產支持專項計畫

Zhongguancun Science and Technology Leasing Company Limited 2024 Phase I Directed Asset Backed Notes
中關村科技租賃股份有限公司2024年度第一期定向資產支持票據

Zhongguancun Science and Technology Leasing Company Limited 2024 Phase II Directed Asset Backed Notes
中關村科技租賃股份有限公司2024年度第二期定向資產支持票據

CITIC Capital – Zhongguancun Science and Technology Leasing Phase III Small and Micro Enterprises Asset Backed Special Programme (Science and Technology Innovation)
中信建投－中關村科技租賃3期小微企業資產支持專項計劃(科技創新)

Zhongguancun Science and Technology Leasing – Guangzhou Development Zone New Energy Vehicle Intellectual Property Right No.1 Asset Backed Special Programme (Specialised)
中關村科技租賃－廣州開發區新能源汽車知識產權1號資產支持專項計劃(專精特新)

35. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At December 31, 2024, the directors consider the immediate parent of the Company to be Beijing Zhongguancun Technology Entrepreneurship Financial Service Group Co., Ltd. (北京中關村科技創業金融服務集團有限公司) and the ultimate controlling party of the Group to be Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司).

36. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

According to the proposal of the meeting of board of directors dated March 31, 2025, a cash profit distribution by the Company to its equity shareholders amounted to RMB95.3 million, and the dividend per share was RMB0.071. If the total share capital of the Company changes before the equity registration date for implementing equity distribution (i.e. Wednesday, May 28, 2025), the amount of cash dividends distributed per share will be adjusted accordingly within the total amount of RMB95.3 million. The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

37. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation.

OTHER INFORMATION

1. CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has committed to maintaining high standards of corporate governance in order to safeguard the interests of the shareholders of the Company (the "**Shareholders**") and enhance the corporate value and accountability of the Company.

To the best knowledge of the Directors, during the Reporting Period, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code. The Board will continue to review and improve the Company's corporate governance practice to ensure its compliance with the CG Code.

2. DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company has formulated the Code of Dealing in Securities of the Company by Directors, Supervisors, Senior Management and Personnel with Inside Information (《董事、監事、高級管理人員及其他內幕信息知情人員證券交易管理制度》) (the "**Code of Dealing**") as the code of conduct of the securities transactions carried out by the Directors, Supervisors, senior management and personnel with inside information, the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules.

Specific enquiry has been made with the Directors and Supervisors, and they have confirmed their compliance with the required standards set out in the said Code of Dealing during the Reporting Period.

3. ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on Friday, May 16, 2025, a notice of which will be published and provided to the Shareholders in due course.

4. FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.071 per share (tax inclusive) for the year ended December 31, 2024 (2023: RMB0.068 per share), totally approximately RMB95.3 million, to the Shareholders whose names appear on the register of members of the Company on Wednesday, May 28, 2025. If the total share capital of the Company changes before the equity registration date for implementing equity distribution (i.e. Wednesday, May 28, 2025), the amount of cash dividends distributed per share will be adjusted accordingly within the total amount of RMB95.3 million. In principle, the payments will be made to holders of Domestic Shares in RMB and to holders of H Shares in HK$. The proposed final dividend is expected to be paid on or around Monday, July 28, 2025, subject to the Shareholders' approval at the forthcoming annual general meeting.

Taxation

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice on the Issues Concerning the Collection and Administration of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and the Announcement of the State Administration of Taxation on Promulgation of the "Administrative Measures on Entitlement of Non-residents to Treatment under Treaties" (Announcement No. 35 [2019] of the State Administration of Taxation) (《國家稅務總局關於發佈〈非居民納稅人享受協議待遇管理辦法〉的公告》)(國家稅務總局公告2019年第35號)) and the relevant laws, regulations and regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the proposed final dividend to be distributed to them. Overseas resident individual shareholders of stocks issued by domestic non-foreign investment enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries in which they are residents and China, or to the tax arrangements between mainland China and Hong Kong and Macau. Accordingly, 10% of the dividends to be distributed to the individual holders of H Shares are generally withheld as individual income tax unless otherwise specified by the relevant tax laws, regulations and agreements.

For holders of H Shares who are non-resident enterprises, in accordance with the provisions of the Notice on Issues concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shares holders who are Overseas Non-resident Enterprises (Guoshuihan [2008] No. 897) published by the State Administration of Taxation of PRC (國家稅務總局《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), the enterprise income tax shall be withheld at a uniform rate of 10% by the Company. Non-resident enterprise shareholders may apply for tax refund for the difference in accordance with relevant requirements including tax agreements (arrangements).

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the holders of H shares or any disputes relating to the tax withholding and payment mechanism or arrangements.

5. CLOSURES OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, May 12, 2025 to Friday, May 16, 2025, both dates 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 headquarters and principal place of business in China at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC (for holders of domestic shares) or the Company's H 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 holders of H shares) not later than 4:30 p.m. on Friday, May 9, 2025, for registration.

For determining the entitlement to the proposed final dividend, subject to approval by the Shareholders at the AGM, the register of members of the Company will be closed from Thursday, May 22, 2025 to Wednesday, May 28, 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's headquarters and principal place of business in China at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC (for holders of domestic shares) or the Company's H 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 holders of H shares) not later than 4:30 p.m. on Wednesday, May 21, 2025, for registration.

6. AUDIT COMMITTEE

The Company has established the audit committee of the Company (the "**Audit Committee**") in accordance with Rule 3.21 of the Listing Rules and the CG Code, with terms of reference in writing. The Audit Committee consists of five members, being Mr. CHENG Dongyue, Mr. WU Tak Lung and Ms. LIN Zhen, independent non-executive Directors, Mr. WEI Tingquan and Mr. ZHANG Chunlei, non-executive Directors. The Audit Committee is chaired by Mr. WU Tak Lung who has a professional qualification in accountancy as required by the Listing Rules. Mr. WEI Tingquan has been elected as a non-executive Director of the second session of the Board and a member of the Audit Committee of the Board on January 20, 2025, and his term of office shall be effective from the date of approval of the Beijing Municipal Bureau of Local Financial Regulation and Supervision.

The primary functions of the Audit Committee include making recommendations to the Board on the appointment, re-appointment and removal of external auditors, reviewing the financial statements, assisting the Board in providing advice and an independent view of the financial reporting process, overseeing the audit process, providing advice and comment to the Board on matters related to corporate governance and performing other duties and responsibilities as assigned by the Board.

The Audit Committee has discussed with the management and the external auditor of the Company and reviewed the audited annual consolidated financial statements of the Group for the Reporting Period and the annual results. In addition, Deloitte Touche Tohmatsu, the external auditor of the Company, has independently audited the consolidated financial statements of the Group for the Reporting Period in accordance with International Standards on Auditing.

7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Subscription of New Domestic Shares under Specific Mandate

On January 17, 2025, the Company entered into the subscription agreements with each of Beijing Zhongguancun Finance Group Co., Ltd. (北京中關村科技創業金融服務集團有限公司) and Beijing Chaoyang District Wangjing Xinxing Industry Zone Comprehensive Development Company (北京望京新興產業區綜合開發有限公司) (collectively the "**Subscribers**"), pursuant to which the Company has conditionally agreed to issue and allot, and the Subscribers have conditionally agreed to subscribe for, an aggregate of not more than 281,768,000 new domestic shares of the Company (the "**Shares**") (inclusive) at the subscription price of RMB1.81 (equivalent to approximately HK$1.96 and subject to final adjustment) per subscription Share for a total consideration of approximately RMB510 million (equivalent to approximately HK$553 million) in cash.

The subscription price of RMB1.81 (equivalent to approximately HK$1.96 and subject to final adjustment) per subscription share represents a premium of approximately 142.09% to the price of approximately HK$0.81 per H Share based on the closing price as quoted on the Stock Exchange on the date of on January 17, 2025, the date of the subscription agreements.

The net proceeds (after deduction of relevant costs and expenses) are expected to be approximately RMB507 million (equivalent to approximately HK$549 million). The subscription shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing domestic Shares in issue on the date of allotment and issue of the subscription shares.

As at the date of this announcement, completion of the subscription is yet to take place.

For details, please refer to the announcements of the Company dated January 17, 2025 and February 18, 2025 and the circular of the Company dated January 23, 2025.

Save as disclosed above, there were no significant events after the year ended December 31, 2024 and up to the date of this announcement.

8. MATERIAL LEGAL, LITIGATION AND ARBITRATION MATTERS

As at the end of the Reporting Period, the Company has no pending litigation as defendant.

9. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares (as defined in the Listing Rules)). As at the end of the Reporting Period, no treasury shares (as defined in the Listing Rules) were held by the Company.

10. PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement was published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.zgclease.com). 2024 annual report of the Company will be provided to the Shareholders and published on the websites of Stock Exchange and the Company in due course.

This announcement was prepared in both Chinese and English versions, where there is a discrepancy between the Chinese and English versions, the English version shall prevail.

By order of the Board
Zhongguancun Science-Tech Leasing Co., Ltd.
ZHANG Shuqing
Chairman

Beijing, the PRC, March 31, 2025

As at the date of this announcement, the Board comprises Mr. HE Rongfeng and Mr. HUANG Wen as executive directors, Mr. ZHANG Shuqing, Mr. HUANG Jinliang and Mr. ZHANG Chunlei as non-executive directors, and Mr. CHENG Dongyue, Mr. Wu Tak Lung and Ms. LIN Zhen as independent non-executive directors.