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

2024

ANNUAL REPORT

Contents

Corporate Profile	2
Corporate Information	3
Key Financials	5
Chairman's Statement	6
General Manager's Statement	9
Management Discussion and Analysis	12
Profile of Directors, Supervisors and Senior Management	56
Corporate Governance Report	68
Report of the Board of Directors	97
Report of the Board of Supervisors	119
Environmental, Social and Governance Report	122
Independent Auditor's Report	144
Consolidated Financial Statements and Notes to the Consolidated Financial Statements	150
Definitions	251

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

Corporate Profile

Zhongguancun Science-Tech Leasing Co., Ltd. (Stock Code: 1601.HK), established in Beijing in November 2012, is a listed platform under the ZGC Group. With the mission of "discovering and cultivating unicorn companies, fulfilling the dreams of science and technology entrepreneurs", the Company focuses on supporting the technological transformation and growth of China's hard-tech enterprises, bridging the "last mile" of industrializing their scientific and technological achievements.

We have deeply positioned ourselves in key hard-tech sectors such as robotics and autonomous driving, new energy vehicles and renewable energy, medical equipment and healthcare services, commercial aerospace and low-altitude economy, next-generation communication services and intelligent computing, semiconductor materials and equipment, as well as low-carbon and energy-saving services. Driven by the three engines of "technological innovation, product innovation, and business model innovation", we have established a distinctive competitive edge.

Upholding the philosophy that "growth equals security", we position ourselves as "discoverers of credit and value" through core technological innovation. We pioneered a growth-oriented credit rating model for sci-tech enterprises, screening technology-differentiated assets, employing association mapping and generative AI for dynamic risk monitoring to construct a full-process risk control network, and embedding risk management genes through transaction structure redesign to form an adaptive prevention system. Ultimately, we established a dynamic pricing mechanism for risk premiums, advancing from traditional "risk aversion" to proactive "risk immunity", transforming risk management into a strategic moat for asset value appreciation.

Guided by the principle of creating value for clients, we innovatively implemented integrated industrial-financial solutions through equity-debt linkage. We developed a product matrix including intellectual property leasing, project leasing, service-oriented leasing, and sales-type leasing, offering modular, full-scenario financial solutions for sci-tech enterprises from equipment financing and market expansion to operational optimization. This precisely addresses their capital needs at critical junctures such as research and development, production scaling, and mergers and acquisitions ("**M&A**"), achieving efficient asset-capital matching and enabling a full lifecycle layout of "incubation-acceleration-M&A".

Aiming for high-quality development, we built a trinity model of "equipment financing leasing + strategic equity investment + scenario-based value-added services". Leveraging a pool of 2,500+ high-growth clients, we foster technology-market synergy, attracting patient capital from regional industrial investors and venture partners. This bridges the value chain of "technology differentiation + scenario implementation + capital exit", forming an interlocking ecosystem of "demand insight – resource allocation – value realization". We empower hard-tech enterprises to leap from "Specialized, Refined, Differential, Innovative" players to "industry leaders/unicorns", constructing an ecosystem-level value creation platform for sci-tech innovation.

With three core competitive barriers – "a digitally empowered credit enhancement system, a full-cycle equity-debt dual-strategy, and an industrial-financial symbiotic value creation model" – we actively engage in the new quality productivity landscape. Serving as both financial partners for sci-tech enterprises and connectors, accelerators, and amplifiers for hard-tech industrialization which are rare in capital markets, we look forward to further deepening our presence in hard-tech sectors. We will continue empowering technological innovation, fostering deeper integration of finance and tech industries, and striving to become a world-class sci-tech financial service provider.

Corporate Information

BOARD OF DIRECTORS

Non-executive Directors
Mr. ZHANG Jian *(Chairman)*
Mr. WEI Tingquan
Mr. ZHANG Chunlei

Executive Directors
Mr. HE Rongfeng *(General manager)*
Mr. HUANG Wen

Independent Non-executive Directors
Mr. CHENG Dongyue
Mr. WU Tak Lung
Ms. LIN Zhen

BOARD OF SUPERVISORS

Mr. LUO Feifei *(Chairman)*
Mr. TIAN Anping
Mr. FANG Fang
Mr. DU Xiaoming
Mr. TONG Chao
Mr. HUANG Zemiao
Ms. HAN Nana

COMPANY SECRETARY

Mr. GAO Wei *(FCG, HKFCG (PE))*

AUTHORISED REPRESENTATIVES

Mr. HE Rongfeng
Mr. HUANG Wen

AUDIT COMMITTEE

Mr. WU Tak Lung *(Chairman)*
Mr. CHENG Dongyue
Ms. LIN Zhen
Mr. WEI Tingquan
Mr. ZHANG Chunlei

REMUNERATION COMMITTEE

Mr. CHENG Dongyue *(Chairman)*
Mr. WU Tak Lung
Ms. LIN Zhen
Mr. ZHANG Jian
Mr. HE Rongfeng

NOMINATION COMMITTEE

Mr. ZHANG Jian *(Chairman)*
Mr. CHENG Dongyue
Mr. WU Tak Lung
Ms. LIN Zhen
Mr. HE Rongfeng

RISK CONTROL COMMITTEE

Ms. LIN Zhen *(Chairwoman)*
Mr. CHENG Dongyue
Mr. WU Tak Lung
Mr. ZHANG Jian
Mr. HUANG Wen

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. ZHANG Jian *(Chairman)*
Mr. WU Tak Lung
Mr. HUANG Wen

Corporate Information

REGISTERED OFFICE

610, 6/F, Block A
No. 2 Lizezhong 2nd Road
Chaoyang District, Beijing
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Floor 5 & 6, Suite 7, Courtyard 2
No. 1 West Third Ring North Road
Haidian District, Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

Bank of Communications
No.6 Xinkexiangyuan
Academy of Sciences South Road
Haidian District, Beijing
PRC

Bank of Jiangsu
Floors 1-3, No. 7 Haidian South Road
Haidian District, Beijing
PRC

Guangfa Bank
1st Floor, Angel Building
No. 27 Haidian Street
Haidian District, Beijing
PRC

AUDITOR

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway, Admiralty
Hong Kong

LEGAL ADVISOR

As to Hong Kong Law
Patrick Mak & Tse Solicitors
Flat 901-905, 9/F, Wing On Centre
No. 111 Connaught Rd. C, Central
Hong Kong

As to PRC Law
Beijing Shengda Law Firm
17/F, Block B, Wantong Financial Center
No. 2 Fuwai Street
Xicheng District, Beijing
PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

STOCK CODE

1601

WEBSITE

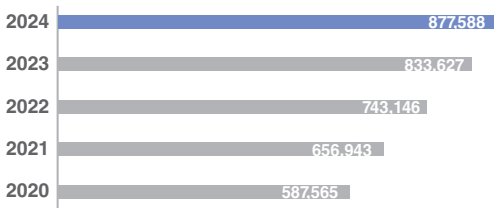
www.zgclease.com

Key Financials

For the year ended December 31, 2024

Total revenue
(RMB'000)

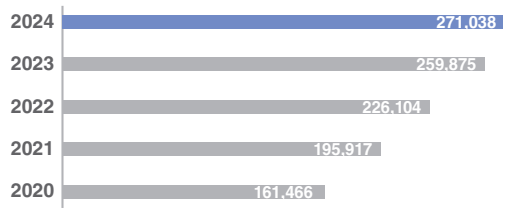
877,588



For the year ended December 31

Net profit
(RMB'000)

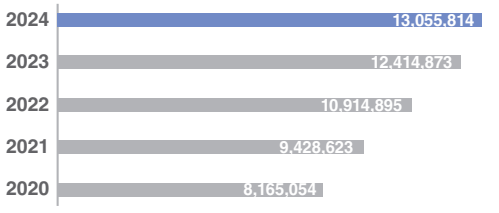
271,038



For the year ended December 31

Total assets
(RMB'000)

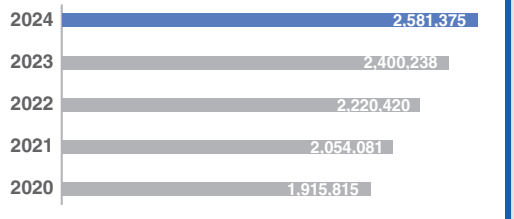
13,055,814



For the year ended December 31

Total equity
(RMB'000)

2,581,375



For the year ended December 31

Liability to asset ratio
For the year ended December 31

2023	2024
80.7%	**80.2%**

Net assets per share
(RMB)
For the year ended December 31

2023	2024
1.80	**1.94**

Basic and diluted Earnings per Share (RMB) For the year ended December 31, 2024	Return on average equity For the year ended December 31, 2024	Return on average assets For the year ended December 31, 2024
0.20	**10.9%**	**2.1%**

Net profit margin For the year ended December 31, 2024	Net interest margin For the year ended December 31, 2024	Net interest spread For the year ended December 31, 2024
30.9%	**4.1%**	**3.2%**

Chairman's Statement

Dear Shareholders,

The year 2024 is a crucial year for the comprehensive implementation of the spirit of the 20th National Congress of the Communist Party of China. Facing the complex global landscape characterized by diverging economic recovery momentum and accelerating industrial transformation, our company has closely adhered to the requirements of the "Five Major Articles of Finance" with Sci-Tech Finance as the priority. We have leveraged technological finance to cultivate new quality productive forces, shouldered the responsibilities of a state-owned enterprise to safeguard the construction of Chinese-style modernization, promoted stability through progress, established new frameworks before dismantling old ones, and stepped into a new stage of high-quality development. Throughout the year, the total asset scale of our company exceeded RMB13 billion, and the net assets exceeded RMB2.5 billion. We entered into 697 new projects, and cumulatively served over 2,500 science and technology innovation enterprises. Both operating income and profits have maintained growth for twelve consecutive years.

This year, we adhered to the leadership of Party-building and comprehensively promoted the strategic upgrade. On the basis of a profound understanding of the development patterns of the science and technology industry and regulatory requirements, we optimized the strategic system, re-anchored our strategic positioning as a "science and technology equipment leasing company", solidified two core capabilities, namely credit and value discovery, and developed integrated solutions for leasing, investment and services. We also established three major business modules: leasing, investment and services, and strengthened the dynamic management of the strategy. Throughout the year, we established seven "Party Member Pioneer Teams" around key tasks such as "innovative breakthroughs in the integration of industry and finance". By pooling talent to solve challenges and strengthening the team, we provided strong support for the realization of our strategic objectives.

This year, we adhered to focusing on the industry and constructed a hard technology industry ecosystem for the future. We have deeply delved into the science and technology equipment manufacturing industry and the productive service industry of high-tech heavy assets, and precisely laid out the tracks of the hard technology industry. Through in-depth exploration of application scenarios and marketing channels, 85% of the newly developed customers within the year came from the target industry fields, covering cutting-edge industries such as robot services, low-speed intelligent driving, public auxiliary equipment services, commercial aerospace and low-altitude economy, and semiconductor materials. By innovating the business model of integrating industry and finance, we have provided full-scenario financial solutions for hard technology enterprises, cleared the "last mile" for the surgical robot industry in Beijing, and helped the hard technology industry achieve transformative leaps.

Chairman's Statement

This year, we have adhered to value creation, and our brand influence has been significantly enhanced. Our controlling shareholder, ZGC Finance, took the lead in Wangjing Development to increase the capital of our Company. While strengthening our company's capital strength, it also demonstrated the strong confidence of the shareholders in our company's development. We have strengthened communication with investors and partners, and have successfully planned and organized a parallel forum with the theme of "Empowering the Growth of Technology Innovation Enterprises through the Integration of Industry and Finance" at the West Lake Forum, as well as more than ten brand activities of the "Escort Plan". Our company has won industry awards such as the "West Lake Forum Cup" Excellent Leasing Enterprise Award and the Leasing Enterprise Innovation Achievement Award. The ESG case of our company has been successfully selected into the "Excellent ESG Case Studies of State – Owned Listed Companies under Beijing Municipality – Social Responsibility Chapter". The effectiveness of our Company in empowering new quality productive forces with innovative product services has been recognized by the market, peers, and investors.

This year, we have fortified the bottom line of risk control and consolidated the foundation for development. While pursuing high-quality development, our Company has always strictly adhered to the lifeline of risk prevention and control. By continuously optimizing the rating system and risk management system, we have been constantly deepening our asset management capabilities. Through promoting standardization and digitization work, we have improved the management efficiency of leased assets and the level of post-leasing risk monitoring. By carrying out a series of training programs such as the "Qixiang Plan", we have systematically enhanced organizational capabilities and individual capabilities, and continuously improved organizational effectiveness. Overall, the asset quality has remained stable.

Chairman's Statement

Shared Aspiration Transcends Mountains and Seas, Collective Strength Drives Us Forward! The year 2025 is the final year of the 14th Five-Year Plan, which is of great significance. It is a comprehensive test of our past efforts and also a crucial juncture connecting us to a new journey. Although there are still uncertainties in the global economic landscape, the long-term positive fundamentals of the Chinese economy and the development logic driven by innovation remain unchanged. Standing at this new historical starting point, our Company will always keep in mind the "matters of great significance to the country". We will serve the national innovation strategy with a firmer determination, embrace the scientific and technological revolution with a more open attitude, and empower the real economy with more professional services. We firmly believe that under the strong leadership of the Party, through the precise infusion of financial resources, we will surely foster more scientific and technological forces that can change the world and make new and greater contributions to the construction of Chinese-style modernization!

Chairman of the Board

ZHANG Shuqing
March 31, 2025

General Manager's Statement

Dear Shareholders,

2024 is a pivotal year for achieving the goals and tasks outlined in the 14th Five-Year Plan. Facing complex and challenging domestic and international economic conditions, we adhered to a development strategy that deeply integrates technology, industry, and finance, achieving resilient growth and value creation for the company. For the full year, we recorded operating revenue of RMB878 million, a year-on-year increase of 5.27%, with total profits reaching RMB362 million, up 4.42% year-on-year. The return on equity stood at 10.9%, demonstrating the effectiveness of the Company's high-quality development.

In terms of business innovation, we continued to deepen our focus on the hard-tech industrial ecosystem, expanding into strategic emerging sectors such as robotic services, commercial aerospace, and semiconductor materials. Through the "industry and finance integration" model, we successfully implemented 11 projects, with operating lease placements increasing by 3.6 times year-on-year. The overall exit return rate for the Jiangxi Bestoo Energy Co., Ltd. (001376.SZ) project reached approximately 5.3 times, effectively validating the value-creation capabilities of our tech-financial services. In risk management, we optimized our rating models and risk control strategies, employing multiple measures to mitigate some existing risky assets. The non-performing asset ratio for the year was controlled at 1.8%, reflecting continuous improvement in asset quality. In capital management, we secured over RMB10 billion in financing for the year, with bond issuance costs hitting a record low and the comprehensive cost rate dropping to 2.8%. Additionally, we efficiently and compliantly facilitated capital increases from domestic shareholders, injecting strong momentum for business expansion. Furthermore, by refining our comprehensive budgeting system, advancing digital transformation, and enhancing the development of a multi-disciplinary talent pool, we comprehensively strengthened organizational efficiency and supported continuous improvements in operational performance.

In 2025, as the global economic landscape undergoes rapid transformation, the robust resilience of China's economy and the sustained surge of innovation present vast opportunities for tech-financial services. Confronting the dual challenges of diverging global economic recovery momentum and accelerating industrial transformation, the company will leverage the "Four Core Pillars" as strategic drivers and synergize efforts through a redefined "Five Systems" framework to achieve business focus and transformation.

General Manager's Statement

We will build a comprehensive marketing system to collaboratively advance the "Four Core Pillars" strategy. First, we will focus on "core clients", implementing tiered management and ecosystem partnerships with technology equipment manufacturers and high-tech, asset-heavy production-oriented service enterprises. Second, we will concentrate on "core needs", addressing clients' demands for technology equipment promotion and business model expansion to drive scenario-based product innovation. Third, we will emphasize "core products", including operating leases + investment, financial leases + investment, project leases, and service-oriented leases, to create a closed-loop value chain for tech-financial services. Fourth, we will prioritize the "core sales system', adopting consultative and value-driven sales approaches to establish new marketing channels and achieve precise engagement and deep development of core clients.

We will optimize the industry and finance integration business system to fully unlock the potential value of high-quality clients. By selecting premium clients through value discovery, leveraging industry and finance integration to secure high-potential clients, and promoting steady client growth through standardized operations, we will strengthen investment-driven leasing and services to cultivate deep client value. Through standardized client screening and project execution processes, we will enhance the safety and profitability of industrial-financial integration projects.

We will establish a robust business operations system to effectively strengthen market competitiveness. We will create a product development mechanism to enhance competitive advantages, refine the credit rating system to continuously improve core capabilities, and establish a specialized review system to boost approval efficiency and quality. By streamlining the primary value chain and advancing digital empowerment, we will elevate operational efficiency and market competitiveness through modular, customizable solutions and digital transformation.

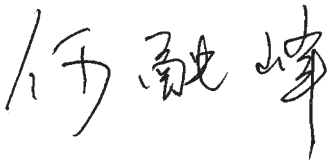
We will refine the asset management system to continuously improve asset quality and risk control effectiveness. We will refine the admission and management standards for leased assets to ensure the quality of new assets, employ diversified measures to address existing risky assets, and enhance the comprehensive risk management system to strengthen risk monitoring. Through robust asset management and risk control, we will safeguard the Company's stable operations and sustainable development.

Lastly, we will strengthen the functional support system to comprehensively enhance the effectiveness of mechanism and process management. We will uphold party-building as the guiding principle, revitalize institutional mechanisms, reinforce the capital guarantee system, and solidify a culture of high-efficiency collaboration. By optimizing organizational structures, improving management efficacy, strengthening financial safeguards, and fostering cultural development, we will provide robust support for the execution of our strategy and high-quality growth.

General Manager's Statement

Dear Shareholders and colleagues, together we will forge ahead undaunted by challenges and unite to pioneer new horizons! The Company remains committed to serving national strategies, empowering the real economy through tech-financial services, driving innovation as our engine, and anchoring risk control as our foundation. Hand in hand with partners from all sectors, we will jointly write a new chapter in which tech-financial services enable high-quality development!

General Manager



HE Rongfeng
March 31, 2025

	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)	**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)	**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 by 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 the 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 lessened, 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, differential 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 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-based 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] RMB'000	Interest income RMB'000	Average yield of interest-earning assets[2] %	Average balance of interest-earning assets RMB'000	Interest income RMB'000	Average yield of interest-earning assets %
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, artificial intelligence 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 Lifetime ECL	Stage 3	
	12-month ECL balance RMB'000	Not credit-impaired RMB'000	Credit-impaired RMB'000	Total 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, which were denominated in RMB. 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. At the end of the Reporting Period, all borrowings of our Company were denominated in RMB.

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 RMB'000	As of December 31, 2023 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 report, 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 67.1% holding master's degrees or above (98 employees). 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 scheme under Chapter 17 of the Listing Rules.

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 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.

Profile of Directors, Supervisors and Senior Management

DIRECTORS

The Board currently consists of eight Directors, which comprises three non-executive Directors, two executive Directors and three independent non-executive Directors. The following table sets forth the information regarding the Directors.

Name	Age	Position	Date of First Appointment as Director
Non-executive Directors			
Mr. ZHANG Jian	54	Chairman and non-executive Director	April 11, 2025
Mr. WEI Tingquan	50	Non-executive Director	April 11, 2025
Mr. ZHANG Chunlei	54	Non-executive Director	January 7, 2025
Executive Directors			
Mr. HE Rongfeng	57	Executive Director and general manager	August 13, 2019
Mr. HUANG Wen	50	Executive Director, deputy general manager, board secretary and person in charge of finance	August 13, 2019
Independent Non-executive Directors			
Mr. CHENG Dongyue	65	Independent non-executive Director	September 20, 2019
Mr. WU Tak Lung	59	Independent non-executive Director	August 29, 2019
Ms. LIN Zhen	41	Independent non-executive Director	August 29, 2019

Profile of Directors, Supervisors and Senior Management

Non-executive Directors

Mr. ZHANG Jian (張健), aged 54, is the chairman of the Board and non-executive Director. Mr. Zhang has been the secretary of the Party Committee of ZGC Finance since April 2024. Mr. Zhang has been the director of ZGC Group Party Committee Office/Group Office from June 2021 to April 2024, prior to which he served as the vice director (presiding) and director of the capital operation department of ZGC Group from November 2012 to June 2021. Mr. Zhang has also served in several of ZGC Group's subsidiaries, mainly including as the chairman of the board of directors of Zhongguancun Summit Enviro-protection Co., Ltd. (中關村至臻環保股份有限公司), a company with the shares of which are quoted on National Equities Exchanges and Quotations with stock code of 835461, since May 2020, as the Chairman of the Board of Supervisors of the Company from August 2019 to August 2024, as a director of Beijing Shichuang High-tech Development Co., Ltd. (北京實創高科技發展有限責任公司) from March 2018 to December 2024 and as a director of China Beijing Equity Exchange Group Co., Ltd. (北京產權交易所有限公司) from April 2017 to September 2019. Prior to joining ZGC Group, he has also worked in multiple companies, mainly including as the vice president and senior vice president of the business department and vice general manager (presiding) at Bozheng Capital Investment Co., Ltd. (博正資本投資有限公司) from February 2011 to September 2012. From January 2005 to February 2011, he served as the vice general manager of the assets management department and the board secretary of Cernet Corporation (賽爾網絡有限公司).

Mr. Zhang graduated from Nankai University (南開大學) with a bachelor's degree in international economics in July 1993. He obtained a master's degree in business administration and a doctor's degree in management from Tsinghua University School of Economics and Management (清華大學經濟管理學院) in July 1999 and January 2005, respectively.

Mr. WEI Tingquan (韋廷權), aged 50, the non-executive Director. Mr. Wei has been the senior expert of ZGC Finance since January 2021, from January 2023 to September 2024, he also served as general manager of Collaborative Innovation Department of ZGC Finance and from October 2016 to January 2021, he served as the manager of the business management department of ZGC Group. Prior to joining ZGC Group, Mr. Wei served as Head of Research and Development of China Shipbuilding Investment Development Co., Ltd. (中船投資發展有限公司) from February 2016 to October 2016 and as Senior Manager of Risk Control of China National Offshore Oil International Financial Leasing Co., Ltd. (中海油國際融資租賃有限公司) from December 2015 to January 2016. From May 2013 to November 2015, he served as Senior Manager of China National Offshore Oil Investment Holding Co., Ltd. (中海石油投資控股有限公司) and from April 2004 to April 2013, he served as Senior Manager of equity management at China National Offshore Oil Group Co., Ltd. (中國海洋石油集團有限公司) Asset Management Department.

Mr. Wei graduated from Nankai University with a Bachelor's degree in Economics in June 1996 and a Master's degree in finance in June 2001 from the Institute of Fiscal Science, Ministry of Finance.

Mr. ZHANG Chunlei (張春雷), aged 54, the non-executive Director. Mr. Zhang currently serves as the deputy secretary of the Party Committee, director, and general manager of Chaoyang International Technology Development Group Co., Ltd (朝陽國際科技發展集團有限公司) since February 2023. Mr. Zhang served as the deputy secretary, vice chairman, and general manager of the Party Committee of 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) from April 2021 to February 2023. From May 2020 to April 2021, he served as a member and deputy director of the Party Committee of the State-owned Assets Supervision and Administration Commission of Chaoyang District, Beijing (北京市朝陽區國有資產監督管理委員會). From March 2016 to May 2020, he served as the deputy director and member of the Party Group of the Management Committee of the Chaoyang Jinzhan Financial and Business District, Beijing (北京市朝陽金盞金融商務區管理委員會). From February 2014 to March 2016, he served as the deputy director of the Management Committee of Beijing Chaoyang Jinzhan Financial Service Park (北京朝陽金盞金融服務園區管理委員會). From July 2011 to February 2014, he served as the deputy secretary of the Gaobeidian Regional Working Committee (Township Party Committee) of the Communist Party of China in Chaoyang District (中共北京市朝陽區委高碑店地區工委(鄉黨委)). From May 2008 to July 2011, he served as the deputy director (Township Head) of the Gaobeidian Regional Office (Township) in Chaoyang District, Beijing (北京市朝陽區高碑店地區辦事處(鄉)). From April 1997 to May 2008, he served as a comprehensive management office staff member, comprehensive management office deputy director, comprehensive management office director, assistant director, and deputy director of the Comprehensive Management Office in Fatou Street Office, Chaoyang District, Beijing (北京市朝陽區垡頭街道辦事處).

Mr. Zhang received his Bachelor's degree in Chemical Machinery Equipment from Xi'an Jiaotong University in July 1992.

Profile of Directors, Supervisors and Senior Management

Executive Directors

Mr. HE Rongfeng (何融峰), aged 57, the executive Director and the general manager of the Company. Mr. He has around 19 years of experience in finance leasing and corporate management. He has been serving as a director of Beijing Zhongnuo Tongchuang Investment Fund Management Co., Ltd. (北京中諾同創投資基金管理有限公司) since April 2019, and as a director of 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) since July 2016. Prior to joining the Company, Mr. He served as the deputy general manager of China KangFu International Leasing Co., Ltd. (中國康富國際租賃股份有限公司), a company with the shares of which are quoted on National Equities Exchanges and Quotations with stock code of 833499, from March 2005 to January 2009. He then served as the general manager of China KangFu International Leasing Co., Ltd. From February 2009 to December 2012, responsible for the overall operation and management of the company.

Mr. He graduated from Xiangtan University (湘潭大學), majoring in mechanical engineering, and obtained a bachelor's degree in engineering in June 1990.

Mr. HUANG Wen (黃 聞), aged 50, the executive Director, deputy general manager, the board secretary and the person in charge of finance of the Company. Mr. Huang joined the Company in April 2013 as the general manager assistant, and then has been serving as a deputy general manager of the Company since December 2014. Mr. Huang has around 15 years of experience in corporate management. Prior to joining the Company, Mr. Huang served as the general manager of Beijing region of Ping An Pratt & Whitney Finance Guarantee Co., Ltd. (平安普惠融資擔保有限公司, previously known as Fudeng Investment Credit Guarantee Co., Ltd. (富登投資信用擔保有限公司)) from August 2011 to January 2013. He served as a deputy general manager in Tianjin Bohai Finance Guarantee Co., Ltd. (天津渤海融資擔保有限公司) from June 2010 to July 2011. Mr. Huang served as the vice president of Zhongyuan Guoxin Credit Guaranty Co., Ltd. (中元國信信用擔保有限公司) from January 2009 to January 2010, prior to which he served as the deputy manager of its guarantee department from September 2004 to September 2006.

Mr. Huang graduated from Capital University of Economics and Business (首都經貿大學) with a bachelor's degree in economics in July 1997. He further obtained a master's degree in business administration from Tsinghua University (清華大學) in July 2004.

Independent Non-executive Directors

Mr. CHENG Dongyue (程東躍), aged 65, the independent non-executive Director. Mr. Cheng has extensive working experience in finance lease industry. He has been serving as the chairman of Finance Leasing Research Center of Zhejiang University (School of economics, Institute of Finance) (浙江大學(經濟學院、金融研究院)融資租賃研究中心) since March 2017. He served as the chairman of the board and general manager of Guangzhou Yuexiu Finance Leasing Co., Ltd. (廣州越秀融資租賃有限公司) from May 2012 to June 2015, primarily responsible for overall management of the company, and during the same period, he also served as a deputy general manager of Guangzhou Yuexiu Finance Holding Co., Ltd. (廣州越秀金融控股集團有限公司), primarily responsible for finance leasing business. He served as the general manager of Bank of Communications Finance Leasing Co., Ltd. (交銀金融租賃有限責任公司) from December 2007 to July 2010, primarily responsible for overall management of the company.

Mr. Cheng graduated from Zhongnan University of Economics and Law (中南財經政法大學), majoring in business economics, and obtained a master's degree in economics in October 1986. He also obtained a doctor's degree in management from Zhejiang University (浙江大學) in June 2005.

Mr. WU Tak Lung (吳德龍), aged 59, the independent non-executive Director. Mr. Wu has served as an independent non-executive director of each of the following companies listed on the Stock Exchange: (1) Kam Hing International Holdings Limited (stock code: 2307), (2) Sinopharm Group Co., Ltd. (stock code: 1099), and (3) Henan Jinma Energy Company Limited (stock code: 6885).

Save as disclosed above, Mr. Wu was an independent non-executive director of (1) Minth Group Co., Ltd. (stock code: 0425), and (2) Sinomax Group Limited (stock code: 1418). Certain members and former members of the board of Beijing Media Corporation Limited have been criticized, details of which in respect of Mr. Wu are set out in the Company's announcement dated February 15, 2022.

Mr. Wu obtained a bachelor's degree of business administration in accounting from the Hong Kong Baptist University and a master's degree of business administration (MBA) jointly from the University of Manchester and the University of Wales. He worked in an international accounting firm, Deloitte Touche Tohmatsu, for five years, and was then employed by several listed and private companies in Hong Kong as head of corporate finance and executive director.

Mr. Wu is a member of Hong Kong Institute of Certified Public Accountants, a senior fellow member of Hong Kong Securities and Investment Institute, a fellow member of the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong and the Hong Kong Chartered Governance Institute.

Ms. LIN Zhen (林　禎), aged 41, the independent non-executive Director. Ms. Lin has been a partner at the Shanghai office of Grandall Law Firm (國浩律師事務所) since June 2012, responsible for providing professional legal services mainly with respect to corporate and securities law. Prior to that, she successively served as a legal assistant and a lawyer at Grandall Law Firm since July 2005.

Ms. Lin graduated from East China University of Political Science and Law (華東政法大學) with a bachelor's degree in law in July 2005. Ms. Lin obtained a master's degree in international and comparative law from Illinois Institute of Technology Chicago-Kent College of Law in May 2010. Ms. Lin was accredited as a PRC lawyer by Shanghai Municipal Bureau of Justice in December 2006.

SUPERVISORS

The following table sets forth information regarding the Supervisors.

Name	Age	Position	Date of First Appointment as Supervisor
Mr. LUO Feifei	46	Chairman of the board of Supervisors	April 11, 2025
Mr. TIAN Anping	46	Supervisor	August 13, 2019
Mr. FANG Fang	44	Supervisor	August 13, 2019
Mr. DU Xiaoming	46	Supervisor	June 6, 2023
Mr. TONG Chao	47	Supervisor	August 13, 2019
Mr. HUANG Zemiao	44	Supervisor	January 7, 2025
Ms. HAN Nana	43	Supervisor	August 13, 2019

Mr. LUO Feifei (羅 飛 飛), aged 46, the chairman of the Board of Supervisors of the Company currently. Mr. Luo has been the Vice General Manager of ZGC Finance since December 2022. He has been a director of Beijing Qihang Venture Capital Management Co., Ltd. (北京啟航創業投資管理有限公司) since June 2023. From October 2020 to November 2022, he served as Vice President of Shenzhen Baorun Century Fund Management Co., Ltd. (深圳寶潤世紀基金管理有限公司), General Manager of Business Development Department of Jiangsu Bank Beijing Branch (江蘇銀行北京分行), and Secretary of the Board of Directors of Longping Agriculture Science Co., Ltd. (隆平農業發展股份有限公司). From July 2007 to October 2020, Mr. Luo has served as Customer Manager of Head Office Business Department, Rio de Janeiro Representative Office, Beijing Branch, Senior Customer Assistant Manager, Senior Manager, Director of China Development Bank (國家開發銀行).

Mr. Luo graduated from Beijing University of Science and Technology (北京科技大學) with a bachelor's degree and a master's degree in Steel Metallurgy Major in September 2003. He obtained a doctor's degree in International Trade (Financial Direction) in management from University of International Business and Economics School of International Economics and Trade (對外經濟貿易大學國際經濟貿易學院) in July 2007.

Mr. TIAN Anping (田安平), aged 46, the shareholder representative supervisor of the Company currently. Mr. Tian has served as the director of the audit and legal department of Chaoyang SCOMC since June 2023, mainly responsible for internal audit and legal affairs. From September 2011 to May 2023, he successively served in Chaoyang SCOMC as deputy director of the comprehensive office, director of the Party mass work department, and manager of the audit department, mainly responsible for administrative, Party affairs, and audit matters. From December 2017 to August 2019, Mr. Tian served as a director of the Company. From September 2001 to August 2011, he served in Beijing Jinchaoyang Commerce & Trade State-owned Asset Operation Company (北京金朝陽商貿國有資本運營公司), primarily responsible for corporate administrative management.

Mr. Tian graduated from Beijing Technology and Business University (北京工商大學), majoring in management engineering, and obtained a bachelor's degree in engineering in June 2001.

Profile of Directors, Supervisors and Senior Management

Mr. FANG Fang (方放), aged 44, the shareholder representative supervisor of the Company currently. Mr. Fang has been serving in several positions in Nanshan Capital since July 2016 and currently is a director and the general manager of Nanshan Capital, primarily responsible for overall operation and management. He has served as an executive director and general manager of Shenzhen Qianhai Nanshan Financial Development Co., Ltd (深圳前海南山金融發展有限公司) since March 2024, and an executive director and general manager of Nanshan Group Beijing Tianxin Changji Asset Management Co., Ltd. (南山集團北京天信長基資產管理有限公司) since April 2021. Prior to joining Nanshan Capital, Mr. Fang served at Ministry of Foreign Affairs of the PRC from August 2004 to July 2016, primarily responsible for financial matters.

Mr. Fang graduated from Shandong University of Finance (山東財政學院), majoring in financial management, and obtained a bachelor's degree in management in July 2004.

Mr. DU Xiaoming (杜曉明), aged 46, the shareholder representative supervisor of the Company currently. Mr. Du is currently the deputy chief accountant and general manager of the industrial finance management department of China Urban and Rural Holding Group Co., Ltd. (中國城鄉控股集團有限公司). Prior to this, Mr. Du worked in the First Engineering Company of First Highway Engineering Bureau (第一公路工程局第一工程公司), CCCC Road&Bridge North China Engineering Co., Ltd. (中交路橋華北工程有限公司) and CCCC Investment Co., Ltd. (中交投資有限公司) from August 2002 to October 2012. From October 2012 to April 2018, he served as general manager of finance department and director of sharing center of CCCC Infrastructure Maintenance Group Co., Ltd. (中交基礎設施養護集團有限公司). From May 2018 to August 2020, he served as the General Manager of the finance and capital department (financial management department) of China Urban and Rural Holding Group Co., Ltd. and the Chief Financial Officer of Beijing Branch. From September 2020 to August 2022, he served as the director, chief financial officer and senior vice president of Beijing OriginWater Technology Co., Ltd. (a company listed on Shenzhen Stock Exchange with stock code of 300070).

Mr. Du graduated from Changsha University of Science & Technology (長沙理工大學), and obtained a bachelor's degree in management in June 2002 and master's degree in in business administration in June 2012 respectively.

Mr. TONG Chao (佟超), aged 47, the employee representative supervisor of the Company currently. Since joining the Company in April 2013, Mr. Tong successively served as the general manager of the leasing department, risk management department, information technology department and innovation business department and he was promoted to serve as a chief expert of the Company in January 2018, and he is currently serving as the full-time deputy director of the evaluation committee. Prior to joining the Company, Mr. Tong served as the general manager of the leasing department of Huayuan Leasing Co., Ltd. (華遠租賃有限公司) from October 2011 to April 2013. He served as a regional manager of the education sector of Far East International Leasing Co., Ltd. (遠東國際租賃有限公司) from October 2009 to April 2011, primarily responsible for finance leasing business in Inner Mongolia. He served at the Beijing branch of Citibank from September 2008 to July 2009, and successively served as a clerk and business manager at the Shenyang branch of China Merchants Bank from September 2000 to July 2006.

Mr. Tong graduated from Dongbei University of Finance and Economics (東北財經大學), majoring in currency and banking, and obtained a bachelor's degree in economics in July 2000. He obtained a master's degree in business administration from Tsinghua University (清華大學) in July 2008.

Mr. HUANG Zemiao (黃澤淼), aged 44, the employee representative supervisor of the Company currently and currently serves as the Deputy General Manager of the Risk Management Department and Audit Department of the Company. From July 2007 to January 2010, Mr. Huang served as a clerk at the Financial & Economic Committee of the People's Congress of Huairou District, Beijing* (北京市懷柔區人大財經委). From January 2010 to December 2010, he served as the head of the Strategic Development Department and the Capital Planning Department of Shanzhong Financial Leasing Co., Ltd.* (山重融資租賃有限公司). From January 2011 to June 2014, he served as the Deputy Director of the Finance Office of Fengtai District, Beijing* (北京市豐臺區金融辦). During the period, from June 2014 to December 2015, he was temporarily appointed as the Deputy Director of the Beijing Municipal Bureau of Economy and Information Technology* (北京市經信委). From June 2014 to December 2015, he served as the Chief Clerk of the Research Office of the Fengtai District Committee and Government in Beijing* (北京市豐臺區區委區政府). Since December 2015, he has successively served as the Senior Strategic Manager of Strategic Development Department, Director of Risk Management Department, and Deputy General Manager of Risk Management Department and Audit Department (in charge of work) of the Company.

Mr. Huang graduated from Dongbei University (東北大學), obtained a bachelor's degree in economics in July 2005 and a master's degree in economics in July 2007.

Ms. HAN Nana (韓娜娜) (with former name HAN Lina (韓麗娜)), aged 43, the employee representative supervisor of the Company currently. Since joining the Company in March 2018, Ms. Han has been serving as the minister of Party-masses work team of the Company. Prior to joining the Company, from August 2005 to March 2018, Ms. Han served in several positions in Aerospace Long March Launch Vehicle Technology Co., Ltd. (航天長征火箭技術有限公司), including an assistant and a deputy division chief (presiding) of the corporate culture division at the Party-masses work department.

Ms. Han graduated from Renmin University of China (中國人民大學) with a bachelor's degree in philosophy in July 2002 and with a master's degree in Marxist philosophy in July 2005, respectively. She obtained the qualification of senior political work staff (高級政工師) granted by China Aerospace Science and Technology Corporation (中國航天科技集團有限公司) in August 2011.

SENIOR MANAGEMENT

Saved as the Directors disclosed above, the following table sets forth information regarding the senior management of the Company.

Name	Age	Position	Time of joining the Company
Mr. DOU Jiyan	46	Deputy general manager	April 30, 2013
Ms. YANG Pengyan	48	Deputy general manager	April 30, 2013
Mr. LIU Shouquan	43	General manager assistant	November 1, 2013
Mr. LIANG Jingji	48	General manager assistant and head of risk management team	April 30, 2013
Mr. GAO Wei	58	Company secretary	June 17, 2019

Mr. DOU Jiyan (竇繼岩), aged 46, deputy general manager of the Company and responsible for business management. Mr. Dou joined the Company in April 2013 and served as the director of the risk management team of the Company until December 2014. Then he served as a general manager assistant of the Company from December 2014. Mr. Dou was promoted and has been serving as a deputy general manager since October 2017. Mr. Dou has been serving as the chairman of Beijing Zhongnuo Tongchuang Investment Fund Management Co., Ltd. (北京中諾同創投資基金管理有限公司) since April 2019. Prior to joining the Company, Mr. Dou served as a senior manager of the marketing department of Doushan (China) Financial Leasing Co., Ltd. (鬥山(中國)融資租賃有限公司) from September 2007 to May 2013.

Mr. Dou graduated from Shandong Technology and Business University (山東工商學院, formerly known as China Coal Economic College (中國煤炭經濟學院)) with a bachelor's degree in management in July 2002. He obtained the certificate of senior economist granted by Beijing Municipal Human Resources and Social Securities Bureau in September 2019.

Ms. YANG Pengyan (楊鵬艷), aged 48, deputy general manager and responsible for business management. Ms. Yang joined the Company in April 2013 as a vice director of the business development department of the Company. In December 2014, she was promoted to serve as the director of strategy development team of the Company. Ms. Yang was further promoted to and she has been serving as a deputy general manager of the Company since September 2017. Prior to joining the Company, Ms. Yang served as the head of the planning and development department of ZGC Group from January 2012 to April 2013. From August 2010 to March 2011, she temporarily served as a president assistant in the insurance and non-banking service department of Beijing Financial Work Bureau (北京市金融局保險與非銀服務處) for training purpose. From March 2009 to May 2012, she was a postdoctoral fellow majoring in applied economics at Peking University (北京大學).

Ms. Yang graduated from University of Jinan (濟南大學, previously known as Shandong Construction Material & Industrial School (山東建築材料工業學院)) with a bachelor's degree in engineering in July 1998. She graduated from University of International Business and Economics with a master's degree in law in June 2003. She further obtained a doctor's degree in economics from University of International Business and Economics in June 2008. She was granted the legal professional qualification by the Ministry of Justice in September 2002. She obtained the certificate of senior economist granted by Beijing Senior Professional Technical Qualification Review Committee (北京市高級專業技術資格評審委員會) in September 2016.

Mr. LIU Shouquan (劉守泉), aged 43, general manager assistant of the Company and responsible for business management. Mr. Liu joined the Company in November 2013 as a senior manager of the leasing team of the Company and served in that position until December 2014. From December 2014 to January 2018, he successively served as the vice director and the director of the leasing team, and he has been serving as the general manager assistant of the Company since January 2018. Prior to joining the Company, Mr. Liu served as the general manager assistant in Beijing Kaiyuan Finance Leasing Co., Ltd. (北京開元融資租賃有限公司) from April 2012 to October 2013. He served in Zhongdan Investment Credit Assurance Co., Ltd. (中擔投資信用擔保有限公司) from September 2009 to February 2012, primarily responsible for guarantee business. He served in Beijing Hyundai Motor Company (北京現代汽車有限公司) from August 2003 to July 2006.

Mr. Liu obtained a bachelor's degree in management from School of Network Education of Renmin University of China (中國人民大學網絡教育學院) in June 2007 through remote learning course. He obtained a Master's degree in business administration from China Europe International Business School (中歐國際工商學院) in November 2023.

Mr. LIANG Jingji (梁經基), aged 48, general manager assistant and head of risk management team of the Company and responsible for operation of project reviews, assets management team, risk management team and audit team of the Company. Mr. Liang served as the director of the assets management team of the Company since joining the Company in April 2013. He has also been serving as a chief expert and general manager assistant since January 2018 and January 2019, respectively. Prior to joining the Company, Mr. Liang served as the general counsel of China KangFu International Leasing Co., Ltd. (中國康富國際租賃有限公司), a company whose shares are quoted on National Equities Exchanges and Quotations (stock code: 833499), from September 2007 to April 2013, primarily responsible for legal affairs.

Mr. Liang graduated from Hunan Normal University (湖南師範大學) with a bachelor's degree in Arts in June 1999. He graduated from Xiangtan University (湘潭大學) with a master's degree in law in June 2006. He was accredited as a PRC lawyer by Beijing Municipal Bureau of Justice in December 2007.

Profile of Directors, Supervisors and Senior Management

Mr. GAO Wei (高偉), aged 58, is the company secretary of the Company. Mr. Gao has extensive experience in corporate financing and managing overseas-listed companies. He is now the chief representative of Beijing Representative Office of the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries). Mr. Gao now served as an independent director of Guolian Securities Co., Ltd. (國聯證券股份有限公司), an independent director of Best Mart 360 Holdings Limited (優品360控股有限公司) and an independent director of AK Medical Holdings Limited (愛康醫療控股有限公司). Mr. Gao first joined the Council of the Hong Kong Chartered Governance Institute in 2013 and served as the vice president from 2014 to 2020 and from 2022 to 2023. He served as one of the vice chairmen of the board secretary committee of China Association for Public Companies (中國上市公司協會) from November 2015 to November 2018. He served as a director of Sinotrans Air Transportation Development Co., Ltd. (中外運空運發展股份有限公司, a company previously listed on Shanghai Stock Exchange with the stock code of 600270) from November 2011 to June 2019 and the general manager of the company from January 2016 to June 2019, primarily responsible for overall operation and management, and he served as the legal representative of the company from January 2017 to August 2019. He served as the board secretary and company secretary of Sinotrans Limited (中國外運股份有限公司), a company listed on the Stock Exchange with the stock code of 0598) from January 2003 to December 2016, primarily responsible for secretarial work; he served as the general counsel of Sinotrans Limited from January 2010 to June 2019, primarily responsible for legal affairs. He served as the board secretary and head of finance team of the Company from June 2019 to February 2021, and he has been the company secretary of the Company since June 2019.

Mr. Gao graduated from University of Science and Technology Beijing (北京科技大學) majoring in management engineering in July 1989, and further obtained a master's degree in economics from Central University of Finance and Economics (中央財經大學) in January 1993. He obtained a doctor's degree in law from University of International Business and Economics (對外經濟貿易大學) in June 1999. He was accredited as a PRC lawyer by the Ministry of Justice in October 1996. He is a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Gao is also an arbitrator of each of China International Economic and Trade Arbitration Commission, China Maritime Arbitration Commission, Beijing Arbitration Commission and Shanghai Arbitration Commission.

1. CORPORATE GOVERNANCE PRACTICE

The Company has adopted the Corporate Governance Code ("**CG Code**") as contained in Appendix C1 to 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 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. CORPORATE CULTURE

The Company has been committed to providing comprehensive financial solutions for science and technology enterprises since establishment and has formed a unique corporate culture system. The corporate culture of the Company comprises four components: corporate positioning, corporate mission, corporate core competence and corporate values. Our corporate mission positioning: financial partner of science and technology enterprises. Our corporate mission: discover and build unicorn companies and help science and technology entrepreneurs achieve their dreams. Our corporate core competence: credit and value discovery system. Our corporate values: innovation, professionalism, health and belief.

The Company believes that a healthy corporate culture is the core of good corporate governance and promotes it in business development, general operations and employee training. At present, the Company judges the practice degree of corporate culture by business completion, the number of SRDI (specialized, refined, differentiated and innovative) enterprise customers, the number of small and micro innovation enterprise customers, the number of finance leasing and investments linkage projects, product innovation ability and other indicators. In business development, the Company regularly follows up the completion of the annual key indicators, continuously optimizes the rating model to guide the business development of early-staged science and technology enterprises, and continuously guides and monitors the implementation of corporate culture through the business orientation and operation support system. In general operation, the Company encourages all teams to innovate products and services based on various corporate cultures of serving science and technology enterprises, and provides certain financial support for related innovation activities. In employee training, the Company has incorporated the publicity of corporate culture into various employee training materials, work reporting procedures, topic discussions and other aspects and found out the employees' recognition to the corporate culture or issues identified through various channels. In addition, the Company organized strategic seminars to comprehensively sort out the current strategy and corporate culture based on the Company's actual operating conditions and provide guidance for the Company's development.

3. THE BOARD

3.1 Duties and Division of Responsibility

The Board shall be accountable to the general meeting and perform the following duties and powers as conferred by the Articles of Association:

(I) to convene the general meeting and report its performance at the general meetings;

(II) to implement resolutions adopted at the general meetings;

(III) to make decisions on the Company's business plans and investment plans;

(IV) to formulate the Company's annual financial budgets and annual final accounting plans;

(V) to formulate the Company's profit distribution plans and loss recovery plans;

(VI) to formulate proposals on the increase or reduction of the Company's registered capital and proposals on the issuance of corporate bonds or other securities and listing plans;

(VII) to formulate plans for merger, division, dissolution and other changes in corporate form of the Company;

(VIII) to determine the establishment of internal management departments of the Company;

(IX) to appoint or dismiss the general manager and the board secretary of the Company, and to appoint or dismiss other senior management members of the Company as nominated by the general manager and to determine their remunerations;

(X) to formulate the basic management system of the Company;

(XI) to formulate proposals for any amendment to the Articles of Association;

(XII) to propose the engagement or replacement of accounting firm which undertakes the audit business of the Company to the general meeting;

(XIII) to determine the external guarantee matter of the Company other than those to be considered by the general meeting;

(XIV) to determine the purchase or sale of major assets of the Company within one year, or the amount of guarantee, which does not exceed 30% of the most recently audited total assets of the Company;

(XV) to approve the connected transaction which shall be approved by the Board in accordance with the requirements of the laws, administrative regulations, the listing rules of the stock exchange on which the shares of the Company are listed and the Articles of Association; and

(XVI) other duties and powers granted by the requirements of the laws, regulations, the listing rules of the stock exchange on which the shares of the Company are listed and the general meeting.

The Board has delegated the authority and responsibility of day-to-day management and operation of the Group to the senior management of the Company.

To oversee particular aspects of the Company's affairs, the Board has established five Board committees, including the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Control Committee and the Environmental, Social and Governance Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. The terms of reference of each of the Board Committees are published on the websites of the Stock Exchange and the Company.

All Directors shall ensure that they carry out duties in good faith, in compliance with the applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

3.2 Chairman of the Board and General Manager

In accordance with code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have the position of chief executive officer, the duties of whom are performed by the general manager of the Company. On December 20, 2024, Mr. ZHANG Shuqing has resigned as the chairman of the Board, non-executive Director, chairman of the Nomination Committee, member of the Remuneration Committee, member of the Risk Control Committee and chairman of the Environmental, Social and Governance Committee. His resignation took effect from April 11, 2025 following the approval of qualifications of Mr. ZHANG Jian as the chairman of the Board and non-executive Director. During the Reprting Period, the general manager of the Company was Mr. HE Rongfeng, an executive Director.

In accordance with the Articles of Association, the chairman of the Board shall perform the following duties and powers:

(I) to preside over the general meetings, and to convene and preside over Board meetings;

(II) to inspect the implementation of the resolutions of the Board;

(III) to sign the securities issued by the Company;

(IV) to sign the legally binding and important documents with external parties on behalf of the Company; and

(V) other duties and powers granted by the Board.

If the chairman of the Board is unable to perform his or her duties and powers, a Director elected jointly by more than half of the Directors shall perform the chairman of the Board's duties and powers on his or her behalf.

The Company shall have one general manager, who shall be appointed or dismissed by the Board. In accordance with the Articles of Association, the general manager of the Company shall be accountable to the Board and may exercise the following powers:

(I) to be in charge of the management of production and operation of the Company and to organize the implementation of the resolutions of the Board;

(II) to organize the implementation of the annual business plans and investment plans of the Company;

(III) to draft proposals for the establishment of internal management bodies of the Company;

(IV) to draft the basis management system of the Company;

(V) to formulate the basic rules and regulations of the Company;

(VI) to propose the appointment or dismissal of the deputy general manager, head of finance team and head of risk management team of the Company;

(VII) to appoint or dismiss the management personnel other than those required to be appointed or dismissed by the Board; and

(VIII) other duties and powers granted by the Articles of Association and the Board.

There is a clear division of responsibilities between the chairman of the Board and the general manager of the Company, which provides a balance of power and authority, according to the Articles of Association.

3.3 Composition of the Board

During the Reporting Period and up to the latest practicable date of this report, the Directors were as follows:

Non-executive Directors
Mr. ZHANG Shuqing[1]
Ms. WANG Sujuan[2]
Mr. ZHANG Jian[3]
Mr. HUANG Jinliang[4]
Mr. WEI Tingquan[5]
Mr. ZHANG Chunlei[6]

Executive Directors
Mr. HE Rongfeng
Mr. HUANG Wen

Independent Non-executive Directors
Mr. CHENG Dongyue
Mr. WU Tak Lung
Ms. LIN Zhen

Notes:

1 Resigned on December 20, 2024 and effective from the approval date of qualification of Mr. ZHANG Jian as the chairman of the Board and non-executive Director (i.e. April 11, 2025)

2 Resigned with effect from December 20, 2024

3 Appointed at the extraordinary general meeting of the Company held on January 20, 2025 and effective from the approval date of qualification as the chairman of the Board and non-executive Director (i.e. April 11, 2025)

4 Appointed at the annual general meeting of the Company held on May 10, 2024 and effective from the approval date of qualification as the non-executive Director (i.e. January 7, 2025), and subsequently resigned with effect from April 15, 2025

5 Appointed at the extraordinary general meeting of the Company held on January 20, 2025 and effective from the approval date of qualification as the non-executive Director (i.e. April 11, 2025)

6 Appointed at the extraordinary general meeting of the Company held on December 22, 2023 and effective from the approval date of qualification as the non-executive Director (i.e. January 7, 2025)

Mr. HUANG Jinliang and Mr. ZHANG Chunlei have obtained legal advice as referred to in Rule 3.09D of the Listing Rules on January 7, 2025 and confirmed they understood their obligations as a director of a listed issuer.

Mr. ZHANG Jian and Mr. WEI Tingquan have obtained legal advice as referred to in Rule 3.09D of the Listing Rules on April 11, 2025 and confirmed they understood their obligations as a director of a listed issuer.

The term of appointment of each of the Directors (including non-executive Directors and independent non-executive Directors) is from the date when their respective appointments are approved by the Shareholders and their respective director's qualifications are approval by the Beijing Municipal Bureau of Local Financial Regulation and Supervision until the conclusion of the second session of the Board (being January 19, 2026).

The Board has complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules to have not less than three independent non-executive directors, including at least an independent non-executive director who has the relevant professional qualification or accounting or related financial management expertise. In accordance with Rule 3.10A of the Listing Rules, at least one-third of the Directors shall be independent non-executive directors. Currently, the Company has three independent non-executive Directors, representing one-third of the total number of directors and is in compliance with the relevant requirement.

The Company has received from each of independent non-executive Directors a confirmation of his/her independence according to Rule 3.13 of the Listing Rules during the Reporting Period. Based on the contents of such confirmations, the Board considered that all independent non-executive Directors are independent and they have met the specific independence guidelines in accordance with Rule 3.13 of the Listing Rules.

During the year, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three independent non-executive Directors, with the respective professional background of accounting, law and finance leasing industry, representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;

- the fees payable to independent non-executive Directors are fixed fees without a discretionary element and none of the independent non-executive Directors receives remuneration based on performance of the Company;

- annual meeting between the chairman and all independent non-executive Directors without presence of other Directors providing effective platform for the chairman to listen independent views on various issues concerning the Group;

- external independent professional advice is available to all Directors (including independent non-executive Directors) whenever deemed necessary to assist them to perform their duties to the Company; and

- to facilitate attendance and participation at the Board and Board committee meetings, the Company plans meeting schedules for the year well in advance, with remote facilities for attendance also available to all Directors. The Board process, ranging from agenda setting, provision of information and focus on constructive debates and discussions, facilitates effective and active participation by all independent non-executive Directors.

To the best knowledge of the Directors, there is no financial, business, family or other relationship between the Directors, the Supervisors, the chairman of the Board, the general manager and the senior management of the Company.

3.4 Corporate Governance Functions

The Board delegated to the Audit Committee to perform the corporate governance duties set out in the code provision A.2.1 of the CG Code, as below:

- formulating and reviewing the corporate governance policies and practices of the Company, and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of the directors and the senior management;
- reviewing and monitoring the Company's policies and practices on compliance with laws and regulatory requirements;
- formulating, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the directors (if any); and
- reviewing the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

The Board and the Audit Committee have performed the aforesaid corporate governance duties during the Reporting Period.

4. BOARD MEETINGS

In accordance with the Articles of Association, Board meetings shall be convened at least four times a year, and it shall be convened by the chairman of the Board. Notice of Board meetings and extraordinary Board meetings shall be delivered in person, by facsimile, by express delivery service, by registered mail, by email or paperless office system. The time limit for the delivery of such notices shall be at least fourteen days before the date of a regular Board meeting and at least three days before the date of an extraordinary Board meeting. Where an extraordinary Board meeting needs to be convened in an urgent manner, reasonable notice shall be served by telephone call or by other verbal means, but the convener shall offer explanations at the meeting.

The Board agenda for each meeting is approved by the chairman of the Board following consultation with other Board members and senior management of the Company. In addition, in order to facilitate open discussion with all independent non-executive Directors, the chairman of the Board will meet with the independent non-executive Directors, in the absence of other Directors, at least once annually.

Corporate Governance Report

Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings. Board decisions are made by vote at Board meetings and supplemented by the circulation of written resolutions between Board meetings.

A typical Board meeting would consist of:

- the presentation of papers to support decisions requiring Board approval;
- a report by the chairman of each Board Committee on matters arising since the last Board meeting;
- a management report by the general manager providing an update on the results since the last Board meeting and an explanation of changes in the business environment and their impact on budgets and the longer-term plan; and
- any declarations of interest.

Details of the attendance of Directors in the meetings of the Board, the Board Committees, the annual general meeting and the extraordinary general meetings during the Reporting Period are as follows:

	Attendance/Number of Meetings							
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Control Committee	Environmental, Social and Governance Committee	Annual General Meeting	Extraordinary General Meetings
Mr. ZHANG Shuqing[1]	8/8	N/A	1/1	2/2	1/1	1/1	1/1	3/3
Ms. WANG Sujuan[2]	8/8	2/2	N/A	N/A	N/A	N/A	1/1	3/3
Mr. HE Rongfeng	8/8	N/A	1/1	2/2	N/A	N/A	1/1	3/3
Mr. HUANG Wen	8/8	N/A	N/A	N/A	1/1	1/1	1/1	3/3
Mr. CHENG Dongyue	8/8	2/2	1/1	2/2	1/1	N/A	1/1	3/3
Mr. WU Tak Lung	8/8	2/2	1/1	2/2	1/1	1/1	1/1	3/3
Ms. LIN Zhen	8/8	2/2	1/1	2/2	1/1	N/A	1/1	3/3

Notes:

1 Resigned as the chairman of the Board, non-executive Director, the chairman of the Nomination Committee, the chairman of the Environmental, Social and Governance Committee, a member of the Remuneration Committee and a member of the Risk Control Committee on December 20, 2024 and effective from the approval date of qualification of Mr. ZHANG Jian as the chairman of the Board and non-executive Director (i.e. April 11, 2025)

2 Resigned as a non-executive Director and a member of the Audit Committee with effect from December 20, 2024

5. ELECTION OF DIRECTORS

In accordance with the Articles of Association, all Directors (including the non-executive Directors) shall be elected by general meeting, for a term of three years. A Director may be re-elected upon expiry of his/her term of office. Before a Director's term of office expires, the general meeting shall not dismiss him/her from his/her position without due cause. The term of office of a Director shall commence from the date on which he/she takes his/her position to the expiration of the session of the Board he/she serves. Where re-election is not carried out promptly after a Director's term of office expires, the existing Director shall continue to perform the duties owed by a director subject to the laws, administrative regulations, departmental rules and the Article of Association before a new Director is elected to take up the office. No proposal for re-election of Directors will be considered at the forthcoming annual general meeting of the Company.

The Company has implemented a set of effective procedures for appointment of new Directors. The nomination of new Directors shall be first deliberated by the Nomination Committee and then submitted to the Board, subject to the approval by the general meeting.

6. CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director will receive induction training on the occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the business and operations of the Company and is fully aware of his/her responsibilities under the applicable laws, rules and regulations and the Group's various governance and internal control policies. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills and have been informed of the requirement under code provision C.1.4 of the CG Code. All newly appointed Directors will receive the training referred to above and will be provided with *A Guide on Directors' Duties* issued by the Hong Kong Companies Registry and *Guidelines for Directors* and *Guide for Independent Non-Executive Directors* issued by the Hong Kong Institute of Directors. The Company provides continuous professional development for all Directors at the expense of the Company so as to develop and refresh their knowledge and skills.

Details of Directors' continuous professional development during the Reporting Period are as follows:

Directors	Reading relevant materials	Attending training on Hong Kong listed issuers' and directors' continuing duties and responsibilities/ Visiting/Interviewing key management personnel
Non-executive Directors		
Mr. ZHANG Shuqing[1]	✓	✓
Ms. WANG Sujuan[2]	✓	✓
Executive Directors		
Mr. HE Rongfeng	✓	✓
Mr. HUANG Wen	✓	✓
Independent Non-executive Directors		
Mr. CHENG Dongyue	✓	✓
Mr. WU Tak Lung	✓	✓
Ms. LIN Zhen	✓	✓

Notes:

1 Resigned on December 20, 2024 and effective from the approval date of qualification of Mr. ZHANG Jian as the chairman of the Board and non-executive Director (i.e. April 11, 2025)

2 Resigned with effect from December 20, 2024

7. INSURANCE FOR DIRECTORS

The Company has arranged appropriate insurance to cover liabilities in respect of legal litigation against its Directors and officers due to corporate activities. The insurance coverage will be reviewed annually.

8. BOARD COMMITTEES

There are five committees under the Board including the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Control Committee and the Environmental, Social and Governance Committee. The terms of reference of each of the Board Committees have been published on the websites of the Company and the Stock Exchange.

8.1 Audit Committee

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 (appointment effective from April 11, 2025), Mr. ZHANG Chunlei (appointment effective from January 7, 2025) and Ms. WANG Sujuan (resignation effective from December 20, 2024), 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.

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 internal audit, and performing other duties and responsibilities as assigned by the Board.

During the Reporting Period, the Audit Committee has convened two meetings to review the report on annual audit and the letter of statement prepared by auditors, the annual results of the Group for the year ended December 31, 2023, the interim results of the Group for the six months ended June 30, 2024, the special internal audit reports of the Company, the significant issues on the financial reporting and compliance procedures of the Group, the corporate governance report and the Company's performance on following the corporate governance code. In addition, the Audit Committee has considered the change of external auditors of the Company and made recommendation to 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 Financial Reporting Standards.

8.2 Remuneration Committee

The Remuneration Committee consists of five members, being Mr. CHENG Dongyue, Mr. WU Tak Lung and Ms. LIN Zhen, independent non-executive Directors, Mr. ZHANG Jian (appointment effective from April 11, 2025) and Mr. ZHANG Shuqing (resignation effective from April 11, 2025), non-executive Directors and Mr. HE Rongfeng, an executive Director. The Remuneration Committee is chaired by Mr. CHENG Dongyue.

The primary functions of the Remuneration Committee include determining the policies in relation to human resources management, reviewing the Company's remuneration policies, determining remuneration packages, bonuses and other compensation payables to Directors and senior management members of the Company and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee has convened one meeting to review the Company's remuneration policies and determine remuneration packages, bonuses and other compensation payables to Directors and senior management.

8.3 Nomination Committee

The Nomination Committee consists of five members, being Mr. ZHANG Jian (appointment effective from April 11, 2025) and Mr. ZHANG Shuqing (resignation effective from April 11, 2025), non-executive Directors, Mr. CHENG Dongyue, Mr. WU Tak Lung and Ms. LIN Zhen, independent non-executive Directors and Mr. HE Rongfeng, an executive Director. The Nomination Committee is chaired by Mr. ZHANG Jian.

The primary responsibility of the Nomination Committee is to review the structure, size and members of the Board, make recommendations to the Board in relation to the appointment of Directors and the Board succession and review independence of independent non-executive Directors.

During the Reporting Period, the Nomination Committee has convened two meetings to review matters related to changes in directors; review the structure and composition of the Board and to make recommendation to the Board; examine the performance of the Board; review the board diversity policy and evaluate the independence of independent non-executive Directors.

8.4 Risk Control Committee

The Risk Control Committee consists of five members, being Mr. HUANG Wen, an executive Director, Mr. ZHANG Jian (appointment effective from April 11, 2025) and Mr. ZHANG Shuqing (resignation effective from April 11, 2025), non-executive Directors, Ms. LIN Zhen, Mr. CHENG Dongyue and Mr. WU Tak Lung, independent non-executive Directors. The Risk Control Committee is chaired by Ms. LIN Zhen.

The primary functions of our Risk Control Committee are to conduct research and propose suggestions on our risk management and internal control system in respect of our operations and business development. It is also responsible for supervising the implementation of risk management and internal control measures and process.

During the Reporting Period, the Risk Control Committee has convened one meeting to review the Company's risk management and internal control for the financial year 2023 and review on the effectiveness of the internal audit functions as required under the Listing Rules.

8.5 Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee consists of three members, being Mr. ZHANG Jian (appointment effective from April 11, 2025) and Mr. ZHANG Shuqing (resignation effective from April 11, 2025), non-executive Directors, Mr. HUANG Wen, an executive Director, and Mr. WU Tak Lung, an independent non-executive Director. The Risk Control Committee is chaired by Mr. ZHANG Jian.

The main function of the Environmental, Social and Governance Committee is to review and monitor the Company's environmental, social and governance policies and practices, in order to improve the company's governance structure and strengthen the decision-making function of the board of directors.

During the Reporting Period, the Environmental, Social and Governance Committee held one meeting to review the Company's 2023 Environmental, Social and Governance Report.

8.6 Director Nomination Policy

The director nomination policy of the Company is contained in the terms of reference of the Nomination Committee. The procedure for selection of Directors is as follows:

(I) doing research on the demand of the Company for new directors and senior management and then form written materials;

(II) identifying candidates for directors and senior management within the Company and its wholly-owned companies, majority-owned subsidiaries and affiliated companies as well as in the talent market;

(III) collecting information about the candidates, such as occupation, educational background, professional titles, detailed work experience and all part-time jobs engaged in, and then forming written materials;

(IV) seeking consent from each candidate before nominating him/her as a candidate for director or senior management;

(V) convening a Committee meeting and conducting qualification review on the primary candidates based on requirements for directors and senior management;

(VI) providing suggestions and related materials of the candidates for directors and senior management to the Board prior to the election of new directors and appointment of new senior management; and

(VII) carrying out additional follow-up work in accordance with decisions and feedback of the Board.

When assessing and selecting a candidate for Director, the Nomination Committee shall consider the following criteria:

(I) the candidate's character and integrity;

(II) the candidate's qualifications including professional qualifications, skills, knowledge and experience in relation to the Company's business and strategies;

(III) whether the candidate is willing to devote sufficient time to fulfill the duties of being a member of the Board and to serve the other roles of directorship and responsibilities of major commitments;

(IV) compliance with the provision of the Listing Rules in respect of the requirement that the Board shall comprise independent non-executive Directors, and whether such candidates are considered independent with reference to the independence guidelines set out in the Listing Rules;

(V) the policy for diversity of Board members and any measurable objectives adopted by the Board to achieve diversity of Board members; and

(VI) various other factors applicable to the Company's business.

The above factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any persons, as it considers appropriate.

8.7 Board Diversity Policy

At present, there are one female member among the Board members of the Company. The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the available talent pool. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. All appointments made or to be made by the Board are merit-based, and candidates are selected based on objective criteria taking full consideration of board diversity. Final decisions are comprehensively made based on each candidate's attributes and the consideration for his/her value contributions to be made to the Board. The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption. At present, the Nomination Committee believes that the current composition of the Board meets the diversification factor.

In addition, as of December 31, 2024, the proportion of female members among all employees (including senior management) of the Company was 45.2%. The Company will take steps to maintain gender diversity among all employees (including senior management). The Company plans to provide comprehensive training for female employees who we believe have the appropriate experience, skills and knowledge in operations and business, including but not limited to business operations, management, accounting and finance, legal compliance, and research and development.

9. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

During the Reporting Period, the Directors acknowledge their responsibilities for preparing the financial statements of the Group for the year ended December 31, 2024, which give a true and fair view in accordance with the Listing Rules, International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the Directors are responsible for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

The senior management of the Company has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which have been put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors consider that in preparing the financial statements, the Company has adopted appropriate accounting policies which have been consistently applied and supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors of the Company regarding their reporting responsibilities on the consolidated financial statements of the Group for the Reporting Period is set out in the Independent Auditor's Report in this annual report.

10. 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》) as the code of conduct of the securities transactions carried out by our Directors, Supervisors and senior management. The terms of which are not less exacting than the Model Code.

Having made specific enquiry with the Directors and Supervisors, they have confirmed their compliance with the relevant standards stipulated in the aforesaid code during the Reporting Period.

11. INFORMATION REGARDING ANNUAL REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Remuneration of Directors and senior management is proposed by the Remuneration Committee according to their academic qualifications, working experience, work performance, and performance of duties. The remuneration of Directors is subject to approval and confirmation of the general meeting, while the remuneration of the senior management is subject to approval and confirmation of the Board. The remuneration of Supervisors is subject to approval and confirmation of the general meeting.

Details regarding the remuneration of the Directors, Supervisors and chief executives of the Company are set out in Note 13 to the financial statements.

The range of remuneration of senior management of the Company is set out as follows:

	Number of individuals
RMB500,001 to RMB1,000,000	1
RMB1,000,001 to RMB2,000,000	6

12. COMPANY SECRETARY

The Company appointed Mr. GAO Wei as the company secretary of the Company. Mr. GAO Wei confirmed that he received not less than 15 hours of relevant professional training during the Reporting Period.

13. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems to safeguard the investment of Shareholders and the assets of the Company, and reviewing their effectiveness (including ESG risks) annually. The Board also acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is our highest decision-making body on risk management matters, and is ultimately responsible for the effectiveness of the overall risk management policies and procedures. The main responsibilities of the Board include (1) reviewing and approving major risk management policies and procedures (including ESG risks), (2) assessing our overall risk exposure (including ESG risks), and (3) supervising senior management members who are charged with risk management responsibilities.

The Risk Control Committee is primarily responsible for (1) researching and monitoring our risk management and internal control over our business operations and development (including ESG risks), and making proposals for the Board's consideration, (2) offering insights on the characteristics of the risks we face and our risk management strategies, (3) reviewing, discussing and approving our risk management policies and guidance (including ESG risks), (4) making decisions on risk levels and the corresponding resource allocations, (5) supervising the implementation of risk management policies and procedures, and (6) assessing the effectiveness of our risk management and internal control systems (including ESG risks).

The Company has established Environmental, Social, and Governance Committee on June 16, 2023, responsible for identifying environmental, social, and governance risks and opportunities related to the Company, evaluating the impact of such risks or opportunities on the Group, and providing recommendations to the board of directors on the response to risks or opportunities, as well as fully implementing the Company's environmental, social, and governance activities.

Senior management team consists of key management personnel who primarily bear the following responsibilities under the authorization and supervision of the Board:

(I) establishing a risk management execution team with clear division of duties and working procedures with regards to each type of risk to which our business is exposed;

(II) assessing and monitoring the risk sensitivity, appetite and tolerance, and understanding the risk bottleneck during business operations;

(III) supervising the implementation and execution of risk management policies, procedures and tools;

(IV) identifying deficiencies in the risk management and reporting them to the Board;

(V) investigating major risk events and reporting the results of such investigations to the Board;

(VI) evaluating the performance of employees involved in risk management; and

(VII) supervising and monitoring the implementation and operation of the information technology systems in support of our risk management activities.

The Board determines the risk preference and risk level according to the different risk conditions and unique characteristics of technology and new economy companies and traditional industries to ensure the perfection and effectiveness of risk management and internal monitoring system. The management of the Company implements the risk management and internal monitoring policies formulated by the Board, identifies and evaluates risks, designs, operates and monitors effective risk management and internal monitoring systems.

In ensuring the effectiveness of the risk management and internal control systems, the Risk Control Committee will follow and report the status of risk management and control regularly, improve the collection mechanism of risk-related information and identify the potential flaws of risk in a timely manner.

From the aspect of risk management system construction, the Company return to the essence of financial lease business, establish a risk management system that is really suitable for the "technology" and "financial lease" characteristics of Zhongguancun, strengthen the application of financial technology in the financial lease business, and promote the deep integration of financial technology and financial lease business. During the reporting period, we further optimized and iterated the risk management system, developed "credit asset + credit subject" system, and strengthened risk management and control using technology. At the same time, we gradually transfer technology from the middle platform to the front platform, from strengthening risk control to enabling business development, from supporting role to value creation, through technological innovation, effectively drive business development, and better provide more quality services for innovative enterprises.

From the aspect of internal control system, the Company has built an internal control system covering all aspects of the Company's operation and management. The Company's internal control system fully absorbs COSO (the Committee of sponsoring organizations of the Treadway Commission) risk management framework requirements and the Hong Kong Society of Accountants' guidelines on risk management, taking into account the actual situation and business characteristics of the Company, formulate a monitoring framework, which provides reasonable guarantee for the effectiveness of the Company's business activities, the reliability of its financial reports and the compliance with laws and regulations.

The Company has established a risk management department and an audit department, which play an important role in monitoring the Company's risk management and internal control. The risk management department carries out the Company's risk assessment every year and issues the *Major Risk Report*. Taking into account the results of risk points sorted out, the audit department formulates the annual work plan of internal audit, and negotiates the annual internal audit plan and resource utilization with the management.

During the Reporting Period, the Company has inspected the overall effectiveness of the internal control system and issued the internal control self-evaluation report, which found no major defects and control risks.

The Board normally conducts review of the effectiveness of the risk management and internal control systems at least on an annual basis. During the Reporting Period, the Board, together with the Risk Control Committee, has reviewed the effectiveness of the risk management and internal control of the Company, covering all material controls, financial and internal controls, compliance and operational controls as well as risk management mechanisms and considered the risk management and internal control systems of the Company are adequate and being implemented effectively.

The Company takes the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong as the Company's basis of identification of insider information, to ensure timely report of insider information to the executive Directors and maintain communication with the Board.

14. AUDITOR'S REMUNERATION

Independence of the Company's external auditor is significant to Shareholders, the Board and the Audit Committee. The external auditor of the Company confirms annually to the Audit Committee that they are independent accountants and that they are not aware of any matters which could be reasonably thought to bear on their independence. The Audit Committee will assess the independence of the external auditor of the Company at least annually.

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (issuance of audit report in accordance with thestandards in the PRC) and Deloitte Touche Tohmatsu (issuance of audit report in accordance with the international standards) (hereinafter collectively referred to as "**Deloitte**") as the external auditors of the Company for the Reporting Period.

The Board and the Audit Committee are satisfied with the independence, objectivity and effectiveness of Deloitte and the effectiveness of its audit procedures. Upon the recommendation of the Audit committee, the Board has proposed that Deloitte be re-appointed as external auditor of the Company at the forthcoming AGM. Subject to Shareholders' approval, the Board has authorised the Audit Committee to determine the remuneration of Deloitte.

The total remuneration paid or payable to Deloitte for audit and non-audit services during the Reporting Period are as below:

Service Category	Fees Paid/ Payable RMB'000
Auditing services	1,200
Non-audit services – reviewing the 2024 interim financial report of the Company and issuing an independent review report	880

15. DIVIDEND POLICY

The Company has adopted a dividend policy on December 20, 2019. The Company may distribute dividends by cash, stock or combination of cash and stock or other ways permitted by laws and regulations. According to the aforesaid dividend policy, the Articles of Association and the applicable laws and regulations, the Company's profit distribution plan shall be formulated by the Board and submitted to the general meeting for deliberation after being approved by the Board and the Board of Supervisors, and shall be approved by more than half of the Shareholders with voting rights and attending the general meeting. The Board will declare a dividend (if any) in RMB on a per share basis for H Shares and pay the dividend in Hong Kong dollars. In general, the Company intends to distribute not less than 35% of the annual distributable profits as dividends. All Shareholders have equal rights to obtain distributable profits, and the profits will be distributed in proportion. The Company's future dividend declaration may not necessarily reflect its previous dividend declaration and will be made by the Board at its discretion.

According to the applicable PRC laws and the Articles of Association, the after tax profits of the Company shall be distributed in the following order:

(I) When the Company distributes the after tax profits of the current year, 10% of the profits shall be withdrawn and included in the Company's statutory reserve fund. If the cumulative amount of the Company's legal accumulation fund is more than 50% of the Company's registered capital, it may not be withdrawn any more.

(II) Where the Company's statutory reserve fund is insufficient to cover the losses of the previous year, the Company shall first use the profits of the current year to cover the losses before drawing the statutory reserve fund in accordance with the provisions of the preceding paragraph.

(III) After the Company withdraws the legal accumulation fund from the after tax profit, it can also withdraw the discretionary accumulation fund from the after tax profit upon the resolution of the general meeting.

(IV) The remaining after tax profits after the Company makes up the losses and withdraws the accumulation fund shall be regarded as the distributable profits. In principle, the annual dividend shall not be less than 35% of the distributable profits realized in the current year, and shall be distributed according to the proportion of shares held by the Shareholders, except for those not distributed according to the proportion of shares held in accordance with the Articles of Association. The profit distribution plan of the Company shall be formulated by the Board and submitted to the general meeting for deliberation after being approved by the Board, and shall not be adopted until more than half of the Shareholders present have voted for approval. The Board will declare a dividend (if any) in RMB on a per share basis for H Shares and pay the dividend in Hong Kong dollars.

(V) If the general meeting, in violation of the provisions of the preceding paragraph, distributes profits to the Shareholders before the Company makes up for the losses and withdraws the statutory reserve fund, the Shareholders must return the profits distributed in violation of the provisions to the Company.

(VI) The Shares held by the Company do not participate in the distribution of profits.

16. THE PROCEDURE FOR SHAREHOLDERS TO CONVENE A GENERAL MEETING

As the owners of the Company, Shareholders are entitled to the various rights stipulated by laws, administrative rules and regulations and the Articles of Association. The general meeting is the supreme authority of the Company, through which Shareholders exercise their power.

The Board and senior management of the Company understand that they are representing the interest of all the Shareholders and their top priority is to maintain the stable and continuous growth of Shareholders' investment return in the long run and enhance the competitiveness of the business.

16.1 The Procedure for Shareholders to Convene a General Meeting

In accordance with the Articles of Association, general meetings are convened by the Board. If the Board is unable or fails to fulfill the obligation of convening a general meeting, the Board of Supervisors shall convene and preside over such meeting in a timely manner. If the Board of Supervisors does not convene or preside over such meeting, the Shareholders individually or jointly holding no less than 10% of shares of the Company for no less than 90 consecutive days may convene and preside over such meeting on their own.

Shareholders who request an extraordinary general meeting or a general meeting of a class of Shareholders shall comply with the following procedures:

(I) Two or more Shareholders who individually or together hold 10% or more of the shares carrying the right to vote in the meeting to be convened can request the Board to convene an extraordinary general meeting or a class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions and resolutions proposed. The Board shall convene the extraordinary general meeting or the class meeting as soon as possible upon receiving such written request(s). The shareholdings referred to above shall be calculated as at the date of request made.

(II) If no notice of convening a general meeting is issued within thirty days after the Board receiving the above mentioned written request(s), the Shareholders making the request(s) can convene a meeting by themselves within four months after the Board receiving the above mentioned written request(s), and the procedures for convening such meeting shall follow the procedures of the general meeting convened by the Board as much as possible.

All reasonable expenses incurred for such meeting convened by the Shareholders as a result of the failure of the Board to convene a meeting as required above shall be borne by the Company and be set off against sums owed by the Company to the defaulting Directors.

16.2 The Procedure for Shareholders of Putting Forward Proposals at the General Meeting

In accordance with the Articles of Association, as a general meeting is convened, any Shareholders individually or jointly holding more than 3% of the Company's shares may propose any resolution to the Company. Such Shareholders who individually or together hold more than 3% of the Company's shares may submit an interim proposal in writing to the convener ten days prior to the date of the general meeting. The convener shall then send a supplemental notice of general meeting to announce the interim proposal and submit the interim proposal to the general meeting for consideration within two days upon receipt of such proposal. Written proposal can be sent by mail to the Company's headquarters and principal place of business in China at Floor 5 & 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC or by email at ir@zgclease.com.

16.3 The Procedure for Enquiry from Shareholders to the Board

Shareholders may at any time send their inquiries and concerns to the Board in writing through the investor relations which contact details are as follows:

Address: Floor 6, Suite 7, Courtyard 2, No.1 West Third Ring North Road, Haidian District, Beijing, the PRC
Fax: +86-010-8345-3809
Email: ir@zgclease.com
Attention: the Board/company secretary

For the avoidance of doubt, Shareholders must lodge their questions together with their detailed contact information (including full name, contact details and identification) for prompt response from the Company if the Company deems appropriate. Shareholders' information may be disclosed as required by law.

17. COMMUNICATIONS WITH SHAREHOLDERS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies.

During the Reporting Period, the Company strengthened communication with Shareholders and investors through various channels, such as online and offline shareholder-investor exchange activities, results conferences, online roadshows, which allows investors to have a more comprehensive interpretation and analysis of the Group's business philosophy and operating conditions. The Company's corporate website (www.zgclease.com) has three languages: English, traditional Chinese and simplified Chinese, and has a section on investor relations, which converges all regulatory announcements, reports and circulars published on the website of the Stock Exchange for Shareholders and investors' reference, while the other sections of the corporate website provide the latest information on all aspects of the Group's operations. Through the above communication measures and procedures with investors and Shareholders, the Company has examined and reviewed the effectiveness of the relevant policies on communication with investors and Shareholders during the Reporting Period and considers that the above policies and measures can safeguard the effective communication between the Company and investors and Shareholders.

18. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Due to the implementation of the relevant opinions of the Party Committee of State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and the adjustment in the affiliation of the company's party organization, the Company has revised the relevant articles of association. The amendments have been approved by the 2024 first extraordinary general meeting of shareholders held by the Company on June 28, 2024. For details of amendments, please refer to the Company's announcements dated May 31, 2024 and June 28, 2024 and the circular dated June 5, 2024.

Saved as disclosed above, there was no major amendment to the Articles of Association during the Reporting Period.

April 2025

Report of the Board of Directors

The Board is pleased to present its report together with the audited financial statements of the Company for the Reporting Period.

1. BUSINESS REVIEW

1.1 Principal Activities

The Company was established as a limited liability company on November 27, 2012 under the laws of the PRC and is a member of ZGC Group. The Company's H shares were listed on the Stock Exchange since January 21, 2020. During the Reporting Period, the Company was principally engaged in providing finance lease, leasing-based equity investment and integration of industry and finance solution for domestic science and technology innovation enterprises of high growth.

During the Reporting Period, the Company had no subsidiary. An analysis of the Company's revenue and operating profit for the Reporting Period by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

1.2 Business Review and Analysis of Key Indicators of Financial Performance

A review of the Company's business during the Reporting Period, which includes a discussion of the principal risks and uncertainties faced by the Company, an analysis of the Company's performance using financial key performance indicators, particulars of important events affecting the Company during the year, and an indication of likely future developments in the Company's business, could be found in the sections headed "Chairman's Statement", "General Manager's Statement" and "Management Discussion and Analysis" in this annual report. A discussion on relationships with its key stakeholders is included in the sections headed "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. These discussions form part of this directors' report.

1.3 Environmental, Social and Governance Performance

As a listed company of the Stock Exchange, the Company attaches great importance to the performance of environmental, social and governance responsibilities, in pursuit of long-term sustainable development. For more information regarding environmental, social and governance matters of the Company for the Reporting Period, please refer to the section headed "Environmental, Social and Governance Report" in this annual report.

1.4 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 (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 report, 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 report.

2. PROFIT DISTRIBUTIONS

2.1 Final Dividend

The consolidated annual results of the Company for the Reporting Period are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Notes to the Financial Statements of this annual report.

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, July 16, 2025. If the total share capital of the Company changes before the equity registration date for the implementation of the equity distribution, which is Wednesday, July 16, 2025, the amount of cash dividend 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 Friday, August 22, 2025, subject to the Shareholders' approval at the forthcoming annual general meeting.

The Company is not aware of any arrangement under which a Shareholder has waived or agree to waive any dividend.

2.2 Taxation

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得税法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得税法實施條例》), 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) (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》(國税函[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) (《國家税務總局關於發布〈非居民納税人享受協議待遇管理辦法〉的公告》(國家税務總局公告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. 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 (國家税務總局《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税有關問題的通知》(國税函[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.

Saved as disclosed above, the Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

3. 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 forthcoming annual general meeting, the register of members of the Company will be closed from Monday, June 23, 2025 to Friday, June 27, 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 forthcoming annual general meeting, 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, June 20, 2025, for registration.

For determining the entitlement to the proposed final dividend, subject to approval by the Shareholders at the forthcoming annual general meeting, the register of members of the Company will be closed from Thursday, July 10, 2025 to Wednesday, July 16, 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, July 9, 2025, for registration.

4. FINANCIAL SUMMARY

A summary of the Company's results, assets and liabilities for the last five financial years is set out on pages 12 to 13 of this annual report. This summary does not form part of the audited consolidated financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Company during the Reporting Period are set out in Note 17 to the Financial Statements of this annual report.

6. SHARE/PAID-IN CAPITAL

Details of the movements in share/paid-in capital of the Company during the Reporting Period are set out in Note 29 to the Financial Statements of this annual report.

7. EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company has not entered into any equity-linked agreement.

8. RESERVES

Details of the movement in the reserves of the Company during the Reporting Period are set out in Note 33 to the Financial Statements of this annual report.

As at the end of the Reporting Period, the reserves of the Company available for distribution to the Shareholders amounted to approximately RMB677.89 million.

9. BORROWINGS

Details of the borrowings during the Reporting Period are set out in the section headed "Management Discussion and Analysis" and Note 27 to the Financial Statements of this annual report.

10. CHARITABLE DONATIONS

During the Reporting Period, the Company's charitable donations amounted to RMB0 (2023: RMB0).

11. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 at the end of the Reporting Period, no treasury shares were held by the Company.

12. PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

13. DIRECTORS

During the Reporting Period and up to the date of this report, the Directors were as follows:

Non-executive Directors

Mr. ZHANG Shuqing[1]
Ms. WANG Sujuan[2]
Mr. ZHANG Jian[3]
Mr. HUANG Jinliang[4]
Mr. WEI Tingquan[5]
Mr. ZHANG Chunlei[6]

Executive Directors

Mr. HE Rongfeng
Mr. HUANG Wen

Independent Non-executive Directors

Mr. CHENG Dongyue
Mr. WU Tak Lung
Ms. LIN Zhen

Notes:

1 Resigned on December 20, 2024 and effective from the approval date of qualification of Mr. ZHANG Jian as the chairman of the Board and non-executive Director

2 Resigned with effect from December 20, 2024

3 Appointed at the extraordinary general meeting of the Company held on January 20, 2025 and effective from the approval date of qualification as the chairman of the Board and non-executive Director

4 Appointed at the annual general meeting of the Company held on May 10, 2024 and effective from the approval date of qualification as the non-executive Director (i.e. January 7, 2025)

5 Appointed at the extraordinary general meeting of the Company held on January 20, 2025 and effective from the approval date of qualification as the non-executive Director

6 Appointed at the extraordinary general meeting of the Company held on December 22, 2023 and effective from the approval date of qualification as the non-executive Director (i.e. January 7, 2025)

14. SUPERVISORS

During the Reporting Period and up to the date of this report, the Supervisors were as follows:

Mr. ZHANG Jian[1]
Mr. LUO Feifei[2]
Mr. TIAN Anping
Mr. FANG Fang
Mr. DU Xiaoming
Mr. TONG Chao
Mr. HUANG Zemiao[3]
Ms. HAN Nana
Ms. ZHOU Di[4]

Notes:

1 Retired with effect from August 23, 2024

2 Appointed at the extraordinary general meeting of the Company held on January 20, 2025 and effective from the approval date of qualification as the shareholder representative Supervisor

3 Appointed at the staff representatives' meeting of the Company held on March 5, 2024 and effective from the approval date of qualification as the staff representative Supervisor (i.e. January 7, 2025)

4 Resigned with effect from March 5, 2024

15. BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and the senior management of the Company as at the date of this annual report are set out in the section headed "Profile of Directors, Supervisors and Senior Management" to this annual report.

16. DIRECTOR AND SUPERVISOR SERVICE CONTRACTS

Each of the Directors entered into a service contract with the Company. The principal particulars of these service contracts comprise, among other things, (a) the term of three years commencing from the date when their respective appointments are approved by the Shareholders and their respective director's qualifications are approval by the Beijing Municipal Bureau of Local Financial Regulation and Supervision, and (b) termination provisions in accordance with their respective terms.

Each of the Supervisors entered into a contract with the Company in respect of (among other things) compliance with the relevant laws, regulations, the Articles of Association and relevant provisions applicable to arbitrations in the PRC. The term of such contracts is three years commencing from the date when their respective appointments are approved.

Save as disclosed above, none of the Directors or Supervisors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than normal statutory compensation.

17. CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the Report, there was no transaction, arrangement or contract of significance in relation to the Company's business to which the Company was a party and in which any controlling Shareholder or any of its subsidiary corporations had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

18. DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance in relation to the Company's business to which the Company was a party and in which a director and supervisor of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

19. REMUNERATION OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

During the Reporting Period, details of the Directors' and Supervisors' emoluments and emoluments of the five highest paid individuals in the Company are set out in Notes 13 and 14 to the financial statements of this annual report, respectively.

20. DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period and up to the date of this report, none of the Directors had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Company.

21. NON-COMPETITION AGREEMENT

To avoid any potential competition between the business of the Controlling Shareholders and the Company, on December 20, 2019, each of the Controlling Shareholders (except for Beijing SCOMC which became a controlling shareholder since December 2022) entered into a non-competition agreement in favor of the Company (the "**Non-competition Agreement**"), pursuant to which each of the Controlling Shareholders irrevocably undertakes to the Company that it will not and will procure its subsidiaries (except the Company) not to, directly or indirectly (whether in the capacity of principal or agent, whether for its own benefit or jointly with or on behalf of any person, firm or company, whether within or outside China), commence, engage in, participate in or acquire any business which competes or may compete directly or indirectly with the core business of the Company or own any rights or interests in such business within the restricted period. Details of the Non-competition Agreement are set out in the section headed "Relationship with the Controlling Shareholders – Non-competition Agreement" in the Prospectus.

The Controlling Shareholders (except for Beijing SCOMC which became a controlling shareholder since December 2022) declared that they complied with the Non-competition Agreement during the Reporting Period. The independent non-executive Directors have conducted the review of the aforesaid compliance and also reviewed the relevant undertakings and are satisfied that the Non-competition Agreement has been fully complied with.

22. INDEMNITY OF DIRECTORS AND SUPERVISORS

At no time during the Reporting Period was there any permitted indemnity provision being in force for the benefit of any of the Directors or Supervisors (whether made by the Company or otherwise) or any associated companies (if made by the Company). The Company has arranged appropriate liability insurance coverage for the Directors, Supervisors and officers.

23. MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Reporting Period.

24. LOAN AND GUARANTEE

During the Reporting Period, the Company did not make any loan or provided any guarantee for any loan, directly or indirectly, to the Company's Directors, Supervisors, senior management, the Controlling Shareholders or their respective connected persons.

25. SHARE SCHEME

The Company has no share scheme pursuant to Chapter 17 of the Listing Rules since its incorporation and up to the date of this report.

26. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the end of the Reporting Period, none of the Directors, Supervisors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he or she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

27. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the end of the Reporting Period, to the knowledge of the Directors, the following persons (not being Directors, Supervisors and the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Class of Shares	Capacity/ Nature of interest	Number of Shares interested[1]	Approximate percentage of shareholding in the total issued relevant class of Shares[1] (%)	Approximate percentage of shareholding in the total issued Shares[1] (%)
ZGC Finance[2]	Domestic Shares	Beneficial owner	640,000,000 (L)	76.19% (L)	48.00% (L)
ZGC International Holding Limited[2]	H Shares	Beneficial owner	25,476,000 (L)	5.16% (L)	1.91% (L)
ZGC Group[2]	Domestic Shares	Interest of controlled corporation	640,000,000 (L)	76.19% (L)	48.00% (L)
	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing SCOMC	Domestic Shares	Interest of controlled corporation	640,000,000 (L)	76.19% (L)	48.00% (L)
	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Chaoyang SCOMC[3]	Domestic Shares	Beneficial owner	100,000,000 (L)		
		Interest of controlled corporation	100,000,000 (L)		
		Total:	200,000,000 (L)	23.81% (L)	15.00% (L)
Beijing Chaoyang International Technology Development Group Co., Ltd. (北京朝陽國際科技發展集團有限公司)[3]	Domestic Shares	Interest of controlled corporation	100,000,000 (L)	11.90% (L)	7.50% (L)
Wangjing Development[3]	Domestic Shares	Beneficial owner	100,000,000 (L)	11.90% (L)	7.50% (L)
Nanshan Capital[4]	H Shares	Beneficial owner	99,900,000 (L)	20.25% (L)	7.49% (L)
Nanshan Group Co., Ltd. (南山集團有限公司)[4]	H Shares	Interest of controlled corporation	99,900,000 (L)	20.25% (L)	7.49% (L)
Nanshan Villagers' Committee of Dongjiang County, Longkou City (龍口市東江鎮南山村村民委員會)[4]	H Shares	Interest of controlled corporation	99,900,000 (L)	20.25% (L)	7.49% (L)

Name of Shareholder	Class of Shares	Capacity/ Nature of interest	Number of Shares interested[1]	Approximate percentage of shareholding in the total issued relevant class of Shares[1] (%)	Approximate percentage of shareholding in the total issued Shares[1] (%)
SONG Jianbo (宋建波)[4]	H Shares	Interest of controlled corporation	99,900,000 (L)	20.25% (L)	7.49% (L)
CCCG (HK) Holding Limited (中交集團(香港)控股有限公司)[5]	H Shares	Beneficial owner	58,914,000 (L)	11.94% (L)	4.42% (L)
China Communications Construction Group Limited (中國交通建設集團有限公司) [5]	H Shares	Interest of controlled corporation	58,914,000 (L)	11.94% (L)	4.42% (L)
Beijing Enterprises Group Company Limited[6]	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Group (BVI) Company Limited[6]	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Morden Orient Limited[6]	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Investments Limited (北京企業投資有限公司) [6]	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Holdings Limited (北京控股有限公司)[6]	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Environmental Construction Limited (北控環境建設有限公司)[6]	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Water Group Limited (北控水務集團有限公司) [6]	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
United Crystal Limited (源晶有限公司)[6]	H Shares	Beneficial owner	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Haidian District State Owned Capital Operation Co., Ltd. (北京市海淀區國有資本運營有限公司)[7]	H Shares	Interest of controlled corporation	36,742,000 (L)	7.45% (L)	2.76% (L)
Beijing Zhongguancun Science City Innovation and Development Co., Ltd. (北京中關村科學城創新發展有限公司)[7]	H Shares	Beneficial owner	36,742,000 (L)	7.45% (L)	2.76% (L)
HU Daosheng (胡道生)[8]	H Shares	Interest of controlled corporation	32,894,000 (L)	6.67% (L)	2.47% (L)
Superior Far East International Holdings Limited [8]	H Shares	Interest of controlled corporation	32,894,000 (L)	6.67% (L)	2.47% (L)
Superior Far East (China) Holdings Limited (佳和控股有限公司)[8]	H Shares	Beneficial owner	32,894,000 (L)	6.67% (L)	2.47% (L)

Notes:

(1) As at the end of the Reporting Period, the Company has issued a total number of 1,333,334,000 Shares, comprising 840,000,000 Domestic Shares and 493,334,000 H Shares. (L) represents long position.

(2) ZGC Finance directly holds 640,000,000 Domestic Shares. ZGC International Holding Limited directly holds 25,476,000 H Shares. As ZGC Finance and ZGC International Holding Limited are wholly-owned subsidiaries of ZGC Group, ZGC Group is deemed to be interested in entire Domestic Shares held by ZGC Finance and H Shares held by ZGC International Holding Limited under the SFO. As ZGC Group is owned as to 50.41% by Beijing SCOMC, Beijing SCOMC is deemed to be interested in entire Domestic Shares held by ZGC Finance and H Shares held by ZGC International Holding Limited under the SFO.

(3) Chaoyang SCOMC directly holds 100,000,000 Domestic Shares. Wangjing Development is a wholly-owned subsidiary of Beijing Chaoyang International Technology Development Group Co., Ltd. which in turn is a wholly-owned subsidiary of Chaoyang SCOMC. Beijing Chaoyang International Technology Development Group Co., Ltd. and Chaoyang SCOMC are also deemed to be interested in 100,000,000 Domestic Shares held by Wangjing Development under the SFO.

(4) Under the SFO, Nanshan Group Co., Ltd. (南山集團有限公司) is deemed to be interested in the entire H Shares held by Nanshan Capital, its wholly-owned subsidiary. As Nanshan Group Co., Ltd. is owned as to 51% by Nanshan Villagers' Committee of Dongjiang County, Longkou City (龍口市東江鎮南山村村民委員會) and 49% by Mr. SONG Jianbo (宋建波), respectively, under the SFO, each of Nanshan Villagers' Committee of Dongjiang County, Longkou City and Mr. SONG Jianbo is deemed to be interested in the entire H Shares held by Nanshan Group Co., Ltd.

(5) Under the SFO, China Communications Construction Group Limited (中國交通建設集團有限公司) is deemed to be interested in the entire H Shares held by CCCG (HK) Holding Limited (中交集團(香港)控股有限公司), its wholly-owned subsidiary.

(6) United Crystal Limited is a wholly-owned subsidiary of Beijing Enterprises Water Group Limited (北控水務集團有限公司), which is owned as to 41.03% by Beijing Enterprises Environmental Construction Limited (北控環境建設有限公司), a wholly-owned subsidiary of Beijing Enterprises Holdings Limited. Beijing Enterprises Holdings Limited is held as to 7.94% by Modern Orient Limited, a wholly-owned subsidiary of Beijing Enterprises Investment Limited, which is held as to 72.72% by Beijing Enterprises Group (BVI) Company Limited. Beijing Enterprises Investment Limited also directly holds 12.09% of the equity interest of Beijing Enterprises Holdings Limited. As a wholly-owned subsidiary of Beijing Enterprises Group Company Limited, Beijing Enterprises Group (BVI) Company Limited directly and indirectly holds 62.16% of the equity interest of Beijing Enterprises Holdings Limited. Each of Beijing Enterprises Water Group Limited, Beijing Enterprises Environmental Construction Limited, Beijing Enterprises Investments Limited, Morden Orient Limited, Beijing Enterprises Holdings Limited, Beijing Enterprises Group (BVI) Company Limited and Beijing Enterprises Group Company Limited is therefore deemed to be interested in H Shares held by United Crystal Limited under the SFO.

(7) Under the SFO, Beijing Haidian State-owned Capital Operation Company Limited (北京市海淀區國有資本運營有限公司) is deemed to be interested in the entire H Shares held by Beijing Zhongguancun Science City Innovation and Development Co., Ltd. (北京中關村科學城創新發展有限公司), its wholly-owned subsidiary.

(8) Superior Far East (China) Holdings Limited (佳和控股有限公司) is wholly owned by Superior Far East International Holdings Limited, which is wholly owned by Mr. HU Daosheng. Under the SFO, each of Superior Far East International Holdings Limited and Mr. HU Daosheng is therefore deemed to be interested in H Shares held by Superior Far East (China) Holdings Limited.

Save as disclosed above and to the best knowledge of the Directors, as at the end of the Reporting Period, no person (excluding Directors, Supervisors, and chief executives of the Company) had an interest or a short position in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under section 336 of the SFO.

28. ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period was the Company or its holding company, a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

29. MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Company's largest customers accounted for approximately 1.34% of the Company's total revenue. The Company's five largest customers accounted for approximately 5.70% of the Company's total revenue.

During the Reporting Period, the Company's largest suppliers accounted for approximately 8.03% of the Company's total cost of sales. The Company's five largest suppliers accounted for 25.01% of the Company's total cost of sales.

Except for disclosure in section "Connected Transactions" of this annual report, during the Reporting Period, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital (excluding treasury shares)) has any beneficial interest in the Company's five largest suppliers or the Company's five largest customers.

30. EMPLOYEES AND REMUNERATION POLICY

The Company had 146 employees as at the end of the Reporting Period, as compared to approximately 141 employees as at December 31, 2023. The Company entered into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Company's employees, including Directors, includes basic salaries, allowances, bonus and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions.

31. RETIREMENT BENEFITS

The employees of the Company are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the Company are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Company with respect to this retirement benefits scheme is to make the required contributions under the scheme.

During the Reporting Period, the Company had no forfeited contributions under its retirement benefit scheme in the PRC which may be used to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

32. CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

CONTINUING CONNECTED TRANSACTION

The Company entered into continuing connected transaction with ZGC Group, which is subject to the disclosure requirements under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the continuing connected transaction.

The Company complied with the pricing policy of the Company in respect of the continuing connected transaction up to the end of the Reporting Period.

ZGC Group indirectly holds approximately 49.91% of the total issued Shares of the Company and is one of the Controlling Shareholders. Therefore, ZGC Group is a connected person of the Company.

The following table sets forth details of the continuing connected transaction:

Continuing connected transaction	Connected Person(s)	Annual cap for the year 2024 (RMB million)	Actual transaction amount for the year 2024 (RMB million)
Credit Services Framework Agreement			
Credit services (daily maximum outstanding balances including accrued interest) with security over assets of the Company	ZGC Group and/or its associates	4,609.0	0

Credit Services Framework Agreement

On November 9, 2021, the Company entered into 2022-2024 credit services framework agreement (the "**2022-2024 Credit Services Framework Agreement**"). The major terms of the 2022-2024 Credit Services Framework Agreement are as follows:

- pursuant to the 2022-2024 Credit Services Framework Agreement, the Company may request ZGC Group to provide credit services (including, without limitation, entrusted loan) with security over the assets of the Company (including, without limitation, pledge of trade receivables) acceptable to ZGC Group;

- for specific service, the Company and/or its subsidiaries shall enter into individual agreements with ZGC Group to stipulate specific terms and conditions, including loan interest, payment method and other terms; and

- the 2022-2024 Credit Services Framework Agreement shall commence from January 1, 2022 to December 31, 2024.

An ordinary resolution in relation to the continuing connected transactions under the 2022-2024 Credit Services Framework Agreement and the proposed annual caps was approved by the independent Shareholders of the Company at the extraordinary general meeting on January 14, 2022.

As ZGC Group, a Controlling Shareholder, has a more thorough understanding of the business development and capital needs of the Company and is able to provide financial services and capital support in a more convenient and efficient manner as compared to other third parties. The credit services will provide the Company with an alternative source of finance (in addition to the general banking facilities, and debt and equity securities) on normal commercial terms. The credit services are provided through cash management services by licensed commercial banks in China in accordance with the applicable PRC laws and regulations. The Company also has discretion in selecting other major and independent PRC commercial banks as its financial service provider as it thinks fit and appropriate for the benefits of the Company. As a result, the legitimate interests of the Company in selecting financial service providers will not be jeopardized and will be safeguarded by such condition and discretion.

The table below sets forth the annual caps under the 2022-2024 Credit Services Framework Agreement:

	Annual Caps (RMB million) For the year ended/ending December 31,		
	2022	2023	2024
Credit services (daily maximum outstanding balances including accrued interest) with security over assets of the Group	2,724.0	3,562.0	4,609.0

The Annual Caps are determined with reference to (i) the historical transaction amounts in relation to the credit services under the credit services framework agreement for the years ended December 31, 2019, 2020 and for the nine months ended September 30, 2021; (ii) the outstanding amount of the secured entrusted loans with ZGC Group; and (iii) the expected growth of the Group's business and the need for financing to support its business expansions.

The Board approved the 2022-2024 Credit Services Framework Agreement. Among the Directors, (i) Mr. DUAN Hongwei holds directorship in several subsidiaries of ZGC Group (other than the Company), (ii) Mr. LOU Yixiang is a director of the capital operation department of ZGC Group and also holds directorship in several subsidiaries of ZGC Group (other than the Company), (iii) Mr. ZHANG Shuqing is the executive deputy general manager of the technology finance department of ZGC Group and also holds directorship in several subsidiaries of ZGC Group (other than the Company), and (iv) Mr. HE Rongfeng holds directorship in one subsidiary of ZGC Group (other than the Company), and accordingly they are considered to have material interests in the transactions contemplated under the 2022-2024 Credit Services Framework Agreement. Mr. DUAN Hongwei, Mr. LOU Yixiang, Mr. ZHANG Shuqing and Mr. HE Rongfeng had abstained from voting on the resolution in respect of the 2022-2024 Credit Services Framework Agreement at the Board meeting. Save as disclosed above, no Director has interests in the transactions contemplated under the 2022-2024 Credit Services Framework Agreement.

Please refer to the Circular of the Company dated December 22, 2021 for further details of the 2022-2024 Credit Services Framework Agreement.

Confirmation of Independent Non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, the aforesaid continuing connected transactions have been reviewed by the independent non-executive Directors, who confirmed that the aforesaid continuing connected transactions have been entered into:

(a) in the ordinary and usual course of business of the Company;

(b) on normal commercial terms or better; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation of the Auditor

The auditor of the Company has been engaged to report on the connected transactions of the Company disclosed in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules containing the auditor's findings and conclusion on the aforesaid continuing connected transactions of the Company, stating that the auditor has not noticed anything that causes it to believe that any of these continuing connected transactions:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Company for the connected transactions involving the provision of goods or services by the Company;

(c) were not entered into, in all material aspects, in accordance with the relevant agreements governing such continuing connected transactions; and

(d) have exceeded the relevant annual caps as set by the Company.

Related Party Transactions

Details of the related party transactions of the Company during the Reporting Period are set out in Note 32 to the Financial Statements of this annual report.

Save for the transaction disclosed in the section headed "Continuing Connected Transactions", these related party transactions constituted non-exempt continuing connected transactions under Chapter 14A of the Listing Rules, which were subject to reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The relevant non-exempt continuing connected transactions had complied with the disclosure requirements of the Listing Rules.

33. DEBENTURES ISSUED

As approved by the Shareholders, the Company issued 2.43-year asset-backed notes with a principal amount of RMB700.0 million, carrying an interest rate of 2.7%, which is listed on the Interbank Market Dealers Association on April 16, 2024. The proceeds were mainly used to repay the loans of the Company's financial institutions.

As approved by the Shareholders, the Company issued 2.27-year asset-backed securities with a principal amount of RMB700.0 million, carrying an interest rate range from 2.33% to 2.34%, which is listed on the Interbank Market Dealers Association on November 19, 2024. The proceeds were mainly used to repay the loans of the Company's financial institutions.

As approved by the Shareholders, the Company issued 1.06-year intellectual property asset-backed securities with a principal amount of RMB114.0 million, carrying an interest rate of 2.3%, which is listed on the Shenzhen Stock Exchange on October 29, 2024. The proceeds were mainly used for the Company's general working capital.

As approved by the Shareholders, the Company issued 3-year medium-term notes with a principal amount of RMB500.0 million, carrying an interest rate of 2.56%, which is listed on the Interbank Market Dealers Association on October 21, 2024. The proceeds were mainly used to repay the Company's interest-bearing debts.

As approved by the Shareholders, the Company issued ultra-short-term financing bonds with a term of 171 days and a principal amount of RMB400.0 million, carrying an interest rate of 2.39%, which were listed on the Interbank Market Dealers Association on May 6, 2024. The proceeds were mainly used to repay interest-bearing debts.

As approved by the Shareholders, the Company issued ultra-short-term financing bonds with a term of 262 days and a principal amount of RMB500.0 million, carrying an interest rate of 2.04%, which is listed on the Interbank Market Dealers Association on August 5, 2024. The proceeds were mainly used to repay interest-bearing debts.

As approved by the Shareholders, the Company issued 2.35-year asset-backed securities with a principal amount of RMB1 billion, carrying an interest rate of 2.6%, which were listed on the Shanghai Stock Exchange on June 14, 2024. The proceeds were mainly used for the Company's general working capital.

As approved by the Shareholders, the Company issued 2.16-year asset-backed securities with a principal amount of RMB500.0 million, carrying an interest rate range from 2.2% to 2.25%, which were listed on the Shanghai Stock Exchange on September 24, 2024. The proceeds were mainly used for the Company's general working capital.

As approved by the Shareholders, the Company issued 2.02-year asset-backed securities with a principal amount of RMB500.0 million, carrying an interest rate of 2.8%, which were listed on the Shanghai Stock Exchange on March 12, 2024. The proceeds were mainly used for the Company's general working capital.

34. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, as at the latest practicable date prior to the issue of this report, the Company has maintained the public float as required under the Listing Rules.

35. AUDITOR

Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu will retire, and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

An ordinary resolution for re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP (issuance of audit report in accordance with the standards in the PRC) and Deloitte Touche Tohmatsu (issuance of audit report in accordance with the international standards) as the auditors of the Company for the year 2025 will be proposed at the forthcoming annual general meeting for Shareholders' approval.

KPMG Huazhen LLP and KPMG retired as the auditors of the Company at the annual general meeting held on May 10, 2024. Save as disclosed above, there were no other changes of auditor of the Company in the past three years.

36. COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company has complied with all applicable laws and regulations in material respects.

37. MATTERS LEGAL, LITIGATION AND ARBITRATION MATTERS

As at the end of the Reporting Period, the Company was not involved in any material litigation or arbitration. Nor were the Directors of the Company aware of any material litigation or claims that were pending or threatened against the Company.

On behalf of the Board
ZHANG Shuqing
Chairman
March 31, 2025

Report of the Board of Supervisors

In 2024, the Board of Supervisors has carried out its supervisory and other duties in accordance with the Company Law of the PRC, the Articles of Association and the Rules of Procedure of the Board of Supervisors of the Company to ensure the sound, stable and sustainable development of the Company as well as to safeguard the legal interests of all Shareholders. The Board of Supervisors has performed effective supervision, through the inspection of relevant documents and information of the Company, financial reports, and attending meetings of the Board of Directors and the Shareholders' general meetings, on the operation status, financial positions, connected transactions and internal control of the Company. The Board of Supervisors expressed the following independent opinion of such matters of the Company during the reporting period:

1. PARTICULARS OF MAJOR WORKS OF THE BOARD OF SUPERVISORS

1.1 Meetings of the Board of Supervisors

During the Reporting Period, the Board of Supervisors convened three meetings, details of which are as follows:

(1) On March 15, 2024, the Board of Supervisors convened the fourth meeting of the second session of the Board of Supervisors, and a total of 5 proposals were reviewed and approved, including the Financial Report for 2023, the 2024 Financial Budget Plan, the Report of the Board of Supervisors for 2023 the Annual Report for 2023 and the Annual Results Announcement for 2023 formed according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) On August 23, 2024, the Board of Supervisors convened the fifth meeting of the the second session of the Board of Supervisors. 3 resolutions were considered and approved at the meeting, including the Interim Financial Report for 2024 and the Interim Report for 2024, the Interim Results Announcement for 2024 formed according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and resignation of the Chairman of the Board of Supervisors.

(3) On December 20, 2024, the Board of Supervisors convened the sixth meeting of the second session of the Board of Supervisors, and approved one proposal to elect Mr. LUO Feifei as the shareholder representative supervisor of the second session of the Board of Supervisors.

1.2 The Board of Supervisors's Presence on Other Meetings of the Company

During the Reporting Period, the Supervisors attended eight Board meetings, the 2023 annual general meeting and the 2024 first extraordinary general meeting and had no objection against the contents of reports and proposals submitted by the Board to the general meetings of the Company for the Shareholders' consideration. The Board of Supervisors supervised the implementation of the resolutions approved at the general meetings of the Company and considered that the Board was able to execute the resolutions approved at the general meetings of the Company.

2. OPINION OF THE BOARD OF SUPERVISORS ON SUPERVISED MATTERS OF THE COMPANY DURING THE REPORTING PERIOD

2.1 Compliant Operation

During the Reporting Period, pursuant to the laws and regulations of the PRC and the Articles of Association, the Board of Supervisors duly supervised the convening procedures and resolutions of the general meetings of Shareholders and the meetings of the Board, the Board's execution of resolutions approved at general meetings of Shareholders, and the performance of duties by the senior management of the Company, etc. The Board of Supervisors was of the view that the Board and the senior management of the Company performed their duties with integrity and diligence, made decisions in a scientific approach, and maintained sound production and operation. The Board of Supervisors was not aware of any action which would result in a breach of laws or regulations or the Articles of Association or that would damage the interests of the Company and investors of the Company.

2.2 The Authenticity of the Financial Report

During the Reporting Period, the financial report of the Company has been prepared in accordance with the International Financial Reporting Standards and has been audited by Deloitte Touche Tohmatsu, which reflected the actual financial position and operation results of the Company.

2.3 Use of Proceeds from Initial Public Offering

During the Reporting Period, the use of proceeds from the Company's initial public offering was consistent with the purpose stated in the announcement of the Company dated October 20, 2023 and the circular of the Company dated November 10, 2023.

2.4 Connected Transactions

During the Reporting Period, the connected transactions of the Company were conducted under the principle of fairness and the procedures of the transactions were in compliance with laws and regulations. No circumstance that infringed upon the interests of the Company was found. The consideration, voting, disclosure and implementation of connected transactions complied with the applicable laws and regulations and the Articles of Association.

2.5 Information Disclosure

During the Reporting Period, the Company fulfilled its information disclosure obligation in compliance with the regulatory requirements and disclosed information in a timely and fair manner. Information disclosed was authentic, accurate and complete.

Save as disclosed above, the Board of Supervisors had no objection to any other matters during the Reporting Period.

Board of Supervisors

March 31, 2025

Environmental, Social and Governance Report

ABOUT THE REPORT

This is the fifth environmental, social, and governance ("**ESG**") report ("**ESG Report**") of Zhongguancun Science-Tech Leasing Co., Ltd. (the "**Company**", or "**we**"). The purpose of this report is to report the social responsibility and the sustainability practices of the Company and its subsidiaries in 2024, as well as to respond to the material issues concerned by our key stakeholders. For more information on corporate governance of the Company, please refer to the "Corporate Governance Report" section in this annual report.

Basis Of Preparation

This report is prepared by the Company in accordance with the materiality, quantitative, balance and consistency principles of Appendix C2 Environmental, Social and Governance Reporting Guides (the "**ESG Guide**") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This report complies with the "comply or explain" provisions of the ESG Guide, and correspondingly describes the environmental and social impacts of the Company's business and operational activities.

Reporting Scope

The principal activities of the Company are offering efficient finance lease solutions and a variety of advisory services to satisfy technology and new economy companies' needs for financial services at different stages of their growth. This report covers the Company's overall environmental and social performances and selected key performance indicators for the period from January 1, 2024 to December 31, 2024 (the "**Reporting Period**"), unless otherwise stated.

Data Explanation

The relevant information of this report is extracted from statistics in the internal system of our Group.

Review of the Report

The report has been reviewed and approved by the Board on March 31, 2025.

Environmental, Social and Governance Report

Publication of the Report

This ESG report should be published in printed form and electronic form.

Reporting Principles

The ESG Report discloses information in accordance with the reporting principles in the ESG Reporting Guide of the Hong Kong Stock Exchange including:

- ***Materiality***

  Based on the principle of materiality, the ESG Report determines the major issues to be responded herein via stakeholders investigation and materiality analysis and provides key disclosures of environmental, social and governance matters with potential significant impacts on the investors and other stakeholders.

- ***Quantitative***

  Based on the principle of quantitative, the ESG Report discloses the quantitative key performance indicators ("**KPIs**"), gives the description of such KPIs, and provides the calculation basis and assumptions.

- ***Balance***

  Based on the principle of balance, the ESG Report reflects the objective facts and discloses indicators involving both positive information and negative information.

- ***Consistency***

  Based on the principle of consistency, the ESG Report gives the description of the ESG quantitative KPIs, provides the calculation basis and assumptions, and maximizes the consistency of indicators used for different reporting periods to reflect the tendency of performance level.

Readers Feedback

We attach great importance to your views on this report. If you have any inquiries or valuable comments on this report, welcome to contact us via email at ir@zgclease.com.

Environmental, Social and Governance Report

ESG GOVERNANCE

Board Statement

The Group believes that well-established ESG governance principles, strategies and practices are crucial to the long term development of its business, especially in increasing investment values and returns. In order to ensure the establishment of appropriate and effective ESG risk management measures and internal control systems, the Board has taken up the responsibility to govern and oversee the Group's ESG issues and its development. The Board is responsible for monitoring the Group's ESG strategies and reporting, ensuring that the requirements from the Board are met. Furthermore, the Board monitors and reviews the Group's compliance status of ESG-related laws and regulations by external regulatory bodies. The Board also review ESG-related information annually, assessing ESG work progress and the content and quality of ESG Report.

The Board continuously monitors ESG work, pays attention to the latest regulations on ESG disclosure by the Stock Exchange, and ensures close cooperation among departments to jointly achieve the goals of compliant operation and social responsibility. The Board will also regularly review the plans and implementation of related work based on the goals set by the Company, and monitor the coordination and management of ESG matters.

ESG Governance Structure

We continue to strengthen our ESG management and incorporate that into our business management to promote our Group's sustainable development, as well as realize and protect the most important interests of our investors, employees and other stakeholders. The Board proactively participates in relevant processes of ESG reporting, in which they are responsible for assessing and determining the ESG-related risk, ensuring the development of a suitable and effective ESG risk management and internal control system and finally approving the ESG policies and ESG report.

The Company established the Environmental, Social and Governance Committee (the "**ESG Committee**") in June, 2023 to continuously improve the top-down ESG management system.

The major duties and authorities of the ESG Committee are as follows:

(1) to guide and review the Company's ESG management policies, strategies, principles and vision to ensure that they keep pace with the times, meet the needs, and comply with applicable laws and regulatory requirements;

(2) to supervise the establishment the Company's ESG management performance objectives, review the progress of realisation of the objectives and provide suggestions on the actions needed to achieve the objectives;

(3) to review the Company's Annual Environmental, Social and Governance Report and other ESG-related disclosures, and to make recommendations to the Board for approval.

(4) to identify and assess ESG risks and opportunities related to the Company;

(5) to guide and review the identification and prioritisation of important ESG issues of the Company;

(6) to perform other duties assigned by the Board.

The Company convened the first meeting of the Environmental, Social and Governance (ESG) Committee of the Board of Directors on March 31, 2025, to review the Company's ESG report for the year 2024.

The Company established an ESG affair management team headed by the strategic development department to govern the performance of ESG responsibilities of the relevant functional and operation departments. Duties of the ESG affair management team include:

(1) to supervise and review the formulation of ESG management direction and strategy;

(2) to supervise and review the formulation and implementation of ESG objectives;

(3) to supervise and examine the identification and priority of ESG topics;

(4) to coordinate the preparation of annual ESG report for review and approval by the Board before publication;

(5) to identify ESG risks related to the Company annually, evaluate the impact of such risks to the Company and give advices to the Board accordingly;

(6) to fulfill other responsibilities authorized by the Board.

Stakeholder Engagement

Understanding stakeholders' concerns and expectations and and taking actions is essential to our sustainable development. Therefore, we actively engage with stakeholders to help us recognize our sustainability performance and understand the impacts by our sustainability policies and measures. We have established various communication channels so that comments and feedback from major stakeholders are effectively and timely addressed.

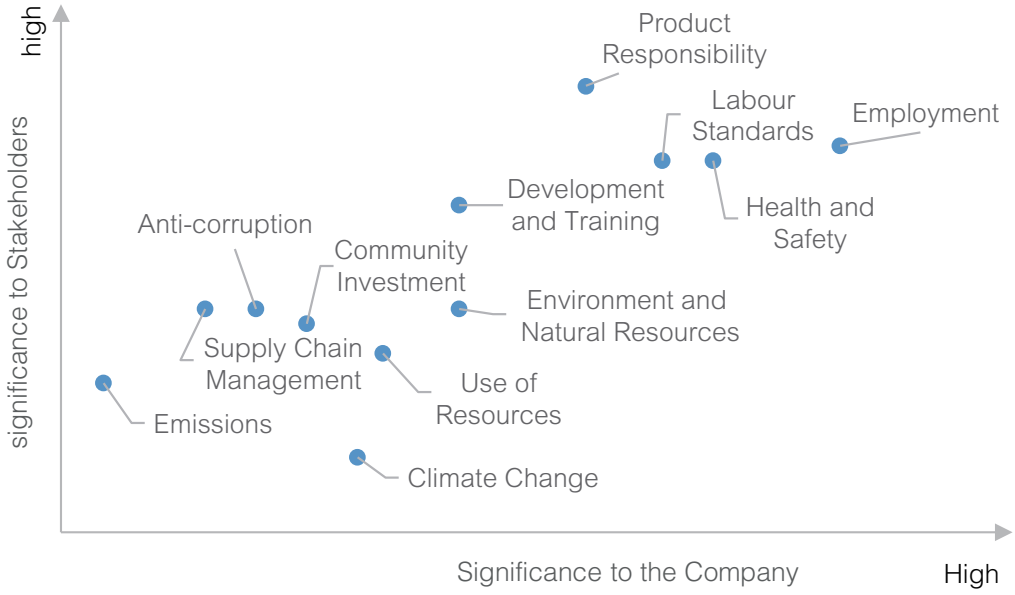
The following table summarizes the main expectations and concerns of the key stakeholders as identified by the Group, and the corresponding management responses.

Stakeholder	Requirement and Expectation	Communication and Response
Governments and Regulatory Bodies	• Compliance with national policies, laws and regulations • Real economy service • Pay taxes according to law • Anti-corruption • Risk management	• Regular reporting • Policy implementation • Examinations and inspections • Education and learning • Establish and improve the risk management system
Shareholders	• Business performance and corporate strategy • Corporate governance and compliant operations • Rise in company value • Risk management	• Financial reports and announcements • General meetings and road-shows • Investor relations management • Dedicated reports
Suppliers and partners	• Supply chain management • Business ethics	• Formulating purchasing management rules • Strategic cooperation agreements
Customers	• Outstanding products and services • Client information security • Long-term and stable cooperative relationship	• Customers meetings • Regular visits • Customer feedback

Stakeholder	Requirement and Expectation	Communication and Response
Employees	• Employees' rights and benefits • Employee health and safety • Employee development and training	• Trade union activities • Employee physical examination • Online learning platform
Community and the public	• Community services • Environmental protection	• Charity activities • Company website

Materiality Assessment

In view of the relevance and validity of the ESG Report with the Group's environmental and social performance, the Group has conducted a materiality assessment to identify ESG issues that are material to the business of the Group and its stakeholders. The assessment is based on stakeholder surveys, and professional opinions from the ESG professional. The material ESG issues as identified are shown as follows:



Through the above survey, we have identified, in order of importance, five key issues, namely Employment, Health and Safety, Product Responsibility, Labour Standards, Development and Training,. We will use these as important internal references to continuously improve our sustainability management and performance and effectively respond to the key concerns of stakeholders on sustainability issues.

ENVIRONMENTAL PROTECTION

A1. Emissions

With the nature of the business, the Company's operations were office based, all business and management were in compliance with the requirements of the Environmental Protection Law of the People's Republic of China ("**PRC**") (《中華人民共和國環境保護法》) and its related environmental impact was very minimal. Since the Company's daily operation rarely affect the environment, the Company has not established any policy and did not notice any incident of material non-compliance relating to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste as required by the applicable laws and regulations.

A1.1. Emissions

Greenhouse gas emissions are also generated from electricity consumption from the Company's office operation. The Company aims to reduce electricity consumption in daily operation as the amount of indirect greenhouse gas emissions depend on the units of electricity consumed.

During the Reporting Period, employees of the Company attended business trips by plane, which generated an aggregate of 187.95 tons of carbon dioxide emissions.

A1.2. Greenhouse Gas Emissions

The greenhouse gas emissions in various scopes of the Company mainly come from fuel oil used by office vehicles (Scope 1), indirect emissions caused by purchased electricity (Scope 2) and employee business trips by plane (Scope 3).

Greenhouse gas	**Emission amount in 2024**	Emission amount in 2023	**Emission density in 2024**	Emission density in 2023
Carbon dioxide (CO_2) emission (Scope 1)	**3.05 tons**	5.94 tons	**0.02 tons per person**	0.04 tons per person
Carbon dioxide (CO_2) emission (Scope 2)	**103.72 tons**	85.76 tons	**0.71 tons per person**	0.60 tons per person
Carbon dioxide (CO_2) emission (Scope 3)	**190.67 tons**	117.17 tons	**1.31 tons per person**	0.83 tons per person
Total carbon dioxide (CO_2) emission equivalent	**297.43 tons**	208.86 tons	**2.04 tons per person**	1.47 tons per person

Note: Emission factors were made with reference to Appendix 27 of the Listing Rules and their referred documentation as set out therein, unless stated otherwise.

During the Reporting Period, air pollutants mainly came from exhaust emissions of office vehicles by the Company.

Air pollutants	**The amount generated in 2024**	The amount generated in 2023	**The density generated in 2024**	The density generated in 2023
Nitrogen oxide (NO_x)	**18,988.56 grams**	25,574.73 grams	**130.06 grams per person**	180.10 grams per person
Sulfur oxide (SO_x)	**19.01 grams**	36.97 grams	**0.13 grams per person**	0.26 grams per person
Particulates (PM)	**1,819.47 grams**	2,450.55 grams	**12.46 grams per person**	17.26 grams per person

A1.3. Hazardous Waste

The major hazardous waste mainly includes waste ink cartridges and waste batteries, which are regularly recycled and properly disposed by third parties.

Hazardous waste	**The amount generated in 2024**	The amount generated in 2023	**The density generated in 2024**	The density generated in 2023
Waste batteries	**30.74 kilograms**	38.45 kilograms	**0.21 kilograms per person**	0.27 kilograms per person
Waste ink cartridges	**90 pieces**	111 pieces	**0.62 pieces per person**	0.78 pieces per person

A1.4. Non-hazardous Waste

The main non-hazardous waste generated during our daily operation is paper waste. In order to protect the privacy and safety of our customers, the Company added many shredders, and waste paper are recycled after crushing. Employees are reminded to practice save paper.

Non-hazardous waste	**The amount generated in 2024**	The amount generated in 2023	**The density generated in 2024**	The density generated in 2023
Waste paper	**566.67 kilograms**	555.12 kilograms	**3.88 kilograms per person**	3.91 kilograms per person

The amount of waste paper is estimated at 20% of paper consumption.

A1.5. Measures to Mitigate Emissions

The Company's operations resulted in insignificant emissions.

We complied with the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染物防治法》), strictly requiring our drivers to comply with our business vehicle policy, controlled the vehicle purchase and standard for rational use of business vehicles, and reduced individual use of vehicles.

As a measure to mitigate emission and to increase productivity, business phone calls are encouraged for internal and external communications to reduce the need of business air trips.

During the Reporting Period, we were not subject to any punishments and legal proceedings resulting from violating environmental issues.

A1.6. Waste Handling and Reduction Initiatives

Non-hazardous waste from office is mainly paper being used for daily office operations such as documents printing and deliverables packaging. In order to protect the privacy of customers, the waste paper must be shredded before recycling.

Waste reduction initiatives are encouraged among employees, such as adopting double-sided paper printing, and reusing single-side used printed paper. The Company shall review existing waste management at the work environment to promote better waste sorting and reduction practices.

A2. Use of Resources

During the Reporting Period, our resources usage mainly included water, electricity, gasoline for office vehicles and office paper. According to the Policy on the Efficient Use of Resources formulated by office building property management office, the Company reminds the employees to utilize resources responsibly and promote the awareness of energy conservation in the office.

A2.1. Energy Consumption

Resources usage	**Consumption in 2024**	Consumption in 2023	**Per capita consumption in 2024**	Per capita consumption in 2023
Total electricity consumption	**107,144.00 kWh**	88,590.00 kWh	**733.86 kWhs per person**	623.87 kWhs per person
Gasoline consumption	**1293.40 liters**	2,514.90 liters	**8.86 Liters per person**	17.71 Liters per person
Office paper	**2.83 tons**	2.78 tons	**0.02 tons per person**	0.02 tons per person

A2.2. Water Consumption

The Company's business is operated in commercial buildings where water supply is solely controlled by the property management company. In this case, it is not feasible for the Company to provide water consumption data as there is no sub-meter to record the data.

A2.3. Energy Use Efficiency Initiatives

We have made corresponding regulations on office electricity consumption and other aspects, including:

1. Reasonably plan electricity usage. Under conditions of sufficient sunlight during the day, the lighting of offices and meeting rooms should make full use of natural light and reduce the use of indoor lighting.

2. Reasonably use air conditioning. The indoor air conditioning temperature should be set as low as 26 ℃ in summer and as low as 24 ℃ in winter. In the spring and autumn seasons, try to make full use of natural wind to open windows for ventilation and reduce the use of air conditioning.

3. Reduce device brightness. Moderately reduce the brightness of the display screen on computers, monitors, and conference room projection equipment. During short breaks, please activate standby mode and try to turn off the monitor as much as possible. After work, turn off the monitor and unplug it at will.

4. Reduce the long standby time of power consuming devices. Power consuming devices in public areas such as copiers, shredders, water dispensers, and conference room equipment should be turned off after use.

The Company promotes to implement a paperless office. Drafting, revising and circulating documents and materials should be done through office software, e-mail and other electronic means, in order to prevent printing out papers and using faxes as much as possible. In terms of issuing hard-copy documents and materials, we strictly limit the number of copies issued to avoid overprinting and encourage double-sided printing.

A2.4. Water Use Efficiency Initiatives

Water was supplied by the office's building management company and there was no issue in sourcing water that is fit for purpose. Employees are reminded to save water.

A2.5. Packaging Materials

As the principal activities of the Company are offering efficient finance lease solutions and a variety of advisory services, the Company did not generate any packaging materials during its principal activities.

A3. The Environment and Natural Resources

The Company is committed to conducting its business responsibly, ensuring that its business does not contribute significant adverse impact to the environment and society while bringing sustainable growth and profit. As the Company's business does not generate significant adverse impact on the environment and natural resources, no policy on minimizing the Company's significant impact on the environment and natural resources have been established. Nevertheless, employees are reminded to include potential environmental impacts as one of considerations for approving the projects.

A3.1. Significant Impacts of Activities on the Environment and Natural Resources

Although the Company's business does not generate significant adverse impact on the environment and natural resources as compared with businesses in other sectors, the Company is committed to reduce greenhouse gas emissions and preserve natural resources by promoting a culture of save energy where paper waste and non-crucial business travel are not encouraged.

During the Reporting Period, the Company earnestly implemented various policies and requirements of green finance, took carbon peaking and carbon neutrality as a key business field, increased resource allocation and pricing support, enriched product lines, upgraded service mode of carbon peaking and carbon neutrality business, strengthened the concept of green development, and promoted green finance. In 2023, the Company' finance leasing principles recognized over RMB1.2 billion in the fields of energy conservation, environmental protection, clean energy, ecological protection and environmental governance, hazardous waste disposal, recycling and other fields, effectively supporting the cause of environmental protection through financial leasing.

B. SOCIAL

1. Employment and Labor Practices

B1. Employment

The Company follows the principle of equality, voluntariness and consensus, strictly complies with the Labor Law of the PRC (《中華人民共和國勞動法》) (hereinafter referred to as the "**Labor Law**"), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and other relevant laws and regulations, concludes legal and effective labor contracts with employees. The Company has formulated the Management Measures for Employee Recruitment (《員工招聘錄用管理辦法》) and the Management Measures for Probation Period (《試用期管理辦法》) to carry out recruitment work. We have strict control in the formulation of the recruitment plan, the determination of recruitment standards, written examination, interview, employment, probation management and assessment, to ensure fair procedures and precise operation.

In accordance with the Labor Law and the Labor Dispute Mediation and Arbitration Law of the PRC (《中華人民共和國勞動爭議調解仲裁法》), the Company has formulated the Regulations on Management of Resignation (《離職管理規定》), which standardized the response process of various types of resignation and the interest protection measures of relevant parties.

The Company did not notice any incident of material non-compliance in relation to employment, relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal, opportunity, diversity, anti-discrimination, and other benefits and welfare, during the Reporting Period.

The Company had a total number of 146 employees as at December 31, 2024 (141 employees in 2023), all of which were from the PRC and located in Beijing.

Workforce	Unit	2024	2023
By Employment Type			
Full-time	Person	**146**	141
Part-time	Person	**0**	0
By Gender			
Female	Person	**66**	67
Male	Person	**80**	74
By Employee Category			
Senior Management	Person	**6**	7
Middle Management	Person	**25**	20
Frontline and Other Employees	Person	**115**	114
By Age Group			
35 or under	Person	**74**	76
36-54	Person	**71**	62
55 or above	Person	**1**	3
By Academic Qualification			
Master or above	Person	**98**	93
Bachelor	Person	**48**	48
Junior college graduate or below	Person	**0**	0

A total of 11 employees left the Company during the Reporting Period (turnover rate:7.5%) who were all full-time employees in the PRC. (A total of 8 employees left the Company in 2023, turnover rate is 5.7%)

Turnover	Unit	2024	2023
By Gender			
Female	Percentage	**8.3**	4.5
Male	Percentage	**5.7**	6.8
By Employee Category			
Senior Management	Percentage	**0**	0
Middle Management	Percentage	**0**	0
Frontline and Other Employees	Percentage	**7.01**	7.0
By Age Group			
35 or under	Percentage	**9.9**	7.9
36-54	Percentage	**3.9**	3.2
55 or above	Percentage	**0**	0
By Academic Qualification			
Master or above	Percentage	**6.7**	6.5
Bachelor	Percentage	**7.4**	4.2
Junior college graduate or below	Percentage	**0**	0

We place great emphasis on and protect the legitimate rights of employees, and strictly comply with the Labor Law and relevant laws and regulations in determining wages of employees. During the Reporting Period, the salaries payment and other operations of the Company complied with the requirements of systems and procedures. The Company has formulated the Administrative Measures for Employees Attendance (《考勤與休假管理辦法》) in compliance with the Labor Law and relevant local requirements and taking into account practical situation, to make sure employees' lawful rights of rest and annual leave are safeguarded, employees are also entitled to statutory leave, annual leave, maternity leave and marriage leave.

In addition, the Company pays social insurances and housing provident fund for all types of employees in strict compliance with the Payment of Wages Tentative Provisions (《工資支付暫行規定》), the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) and relevant laws and regulations. Apart from statutory benefits, the Company continues to implement middle– and long-term plans for talent incentive mechanism, and improves supplementary pension insurance scheme for the employees, and additional medical insurance scheme for the employees. The Company values employees' wellbeing by offering team building activities, annual medical check, daily meal and birthday allowances.

The Company strictly complies with the Labor Law and provides equal opportunities for employees in terms of recruitment, training and development, career progression, compensation, benefits and termination of contract. Employees are not discriminated against or deprived of opportunities on the basis of gender, ethnic, background, religion, colour, age, marital status, family status, retirement, physical conditions, pregnancy, political connection, sexual orientation or any other discrimination prohibited by applicable laws of the PRC.

B2. Health and Safety

The Company attaches great importance to humanistic care by caring for our employees' physical and mental health and striving to provide employees with comprehensive welfare benefit programs. Based on the statutory welfare benefits and according to Social Security Law of the PRC (《中華人民共和國社會保障法》), the Company established a welfare benefit system with multiple dimensions and levels, covering supplementary medical insurance, supplementary pension, personal accident insurance, diversified group insurance, health checks and health lectures, to ease the physical and mental pressure of employees, alleviate their concerns, and enhance their sense of belongings and happiness. During the Reporting Period, there was no case of work-related injury or fatalities occurred.

The Company takes the work of helping and delivering warmth to employees in sudden difficulties as the focus of caring for employees, and carries out specific work around helping employees in difficulty, workers' home, employee reading corner, maternal and child care room, trade union benefits, birthday greetings, etc.

Environmental, Social and Governance Report

The Company has been strengthening corporate culture development, actively organized a rich variety of cultural and sports events, cultivating a favorable corporate culture atmosphere.The Company organized a series of themed activities such as Spring Festival Gala-like Activities, the “Care for Women’s Health and Build a Wonderful Life” Goddess Festival (關愛女性健康,構建美好人生), the “Parent-Child Time: ‘Baked’ with Happiness” Cake DIY Handmade Activity(“親子時光‘焙’感幸福”蛋糕DIY手作).The Company fully responds to employees’ needs, actively support employees’ participation in club activities like table tennis, badminton, basketball, and football. By enriching employees’ after – work lives, the Company create a harmonious working environment and promote a healthy work ethic.Moreover, the Company actively conducts assistance programs for employees facing difficulties, and extends greetings to sick employees, their immediate family members who are ill, and retirees. This demonstrates the Company’s people – oriented development philosophy, highlighting our commitment to caring for employees.

B3. Development and Training

The Company has established a training system providing equal opportunities for all employees in terms of training and career development. In order to strengthen the management of employee education and training, the Company has formulated the Measures for Employee Training (《員工培訓管理辦法》) and the Implementation Rules for Measures for Employee Training (《員工培訓管理辦法實施細則》). The Company adheres to the principle of "People-oriented and Talents Come First", and always pays attention to the career development and personal growth of our employees.

The Company provided face-to-face lectures, corporate retreat, and online training platform for employees from different levels and types, thereby boosting employees' growth and assisting them in working out short, medium and long-term targets and directions by focusing on the job career planning and talent pool management of employees.

In order to enhance the talent pool for the Company, and to cultivate advanced talents for the development of finance lease service, the Company has developed a various levels of employee training on, among others, business capability and management skills. At the same time, we invited industrial experts to give dedicated trainings on various topics.

During the Reporting Period, a total of 31,260 training hours was completed by 146 employees. (a total of 26,050 training hours was completed in 2023)

Development and Training	Unit	2024	2023
Percentage of Employees Trained by Employee Category			
Senior Management	Percentage	**100**	100
Middle Management	Percentage	**100**	100
Frontline and Other Employees	Percentage	**100**	100
Percentage of Employees Trained by Gender			
Female	Percentage	**100**	100
Male	Percentage	**100**	100
Average Training Hours Completed per Employee by Employee Category			
Senior Management	Hour	**260**	216
Middle Management	Hour	**233**	194
Frontline and Other Employees	Hour	**210**	177
Average Training Hours Completed per Employee by Gender			
Female	Hour	**221**	184
Male	Hour	**221**	184

B4. Labor Standards

The Company strictly complies with the Labour Laws. There was no employment of child labor or forced labor in the Company's operation during the Reporting Period. Personal identification documents, relevant certificates and past working experience of job candidates must be checked and reviewed by the Company during recruitment process to avoid recruitment of child labor.

2. Operating Practices

B5. Supply Chain Management

Suppliers related to financial services were engaged during the Reporting Period and they are mainly based in Beijing. The Company has always adhered to the supply chain management policy of "laying equal stress on quality and efficiency" and standardized the management of supplier selection to ensure that the purchased materials meet quality standards. We has formulated the Procurement Management Measures of Zhongguancun Science-Tech Leasing Co., Ltd. (《中關村科技租賃股份有限公司採購管理辦法》), which stipulates open and transparent procurement process, equal treatment to all suppliers and strict confidentiality of sensitive and classified information involved in the procurement process. Following the selection of suppliers, we will oversee the performance of suppliers on an ongoing basis. If there are issues concerning the quality, environment and social responsibility, we will consider to terminate cooperation with them. There were no major changes in practices in relation to supply chain management during the Reporting Period.

B6. Product Responsibility

During the Reporting Period, the Company did not notice any incident of material non-compliance regarding health and safety, advertising, labeling and privacy matters relating to products and services provided as required by related laws and regulations. There were no recalls or complaints received related to products and service provided.

The Company has formulated policies for finance leasing business to standardize operation procedures. In 2022, the Company prepare and release business operation guidelines such as product standardization manual, process standardization manual and project lifecycle standardization management manual to improve the quality and consistency of products and services, and identify the responsibilities, rights and interests involved in the business to reduce business risks.

The Company attaches great importance to the protection of intellectual property, such as registered trademarks and company website. There was no infringement of intellectual property rights during the Reporting Period. Only licensed software is allowed to be used at work.

Moreover, the Company handles significant amount of personal data and credit information of customers. The Company has established an independent information system department to take responsibility for the network security and information maintenance of daily business operations. During the Reporting Period, the Company did not receive any complaints on the violation of customer privacy from external or regulatory institutions.

B7. Anti-corruption

In terms of the integrity related risk, the Company strictly abides by the Company Law of the PRC (《中華人民共和國公司法》), the Anti-money laundering Law of the PRC (《中華人民共和國公司法》), the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and other laws and regulations on anti-bribery, blackmail and money-laundering.

We have internally formulated the Management Rules on Anti-bribery (《反賄賂管理制度》), the Management Rules on Anti-Fraud (《反舞弊制度》), the Management Rules on Anti-money Laundering (《反洗錢管理制度》) and the Management Rules on Internal Supervision and Reporting (《內部監督舉報管理辦法》), etc., embedded the anti-corruption concept into the Company's internal policies and focused on crucial areas and stages, so as to promote the strengthening the integrity related risk prevention and control mechanism of the Company and constantly strengthened and improved the anti-corruption and bribery work.

We have set up a special mailbox and e-mail for complaints and reporting to provide the public with various reporting channels. There was no concluded legal case regarding corruption practices brought against the Group or its employees during the Reporting Period.

B8. Community Investment

Practicing the responsibility of state-owned enterprises and fulfilling social responsibilities, during the reporting period, the Company carried out the 2024 Communist Party Member Love Donation Activity, mainly used for medical assistance, charity education, charity assistance for the elderly, assistance to party members in difficult living conditions, emergency assistance, and charity system construction.

Independent Auditor's Report

TO THE SHAREHOLDERS OF
ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.
*(incorporated in the People's Republic of China (the "**PRC**") with limited liability)*

OPINION

We have audited the consolidated financial statements of Zhongguancun Science-Tech Leasing Co., Ltd. (the "**Company**") and its consolidated structured entities (collectively the "**Group**") set out on pages 150 to 250, which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Allowances for impairment losses of loans and receivables	
The Key Audit Matter	**How our audit addressed the key audit matter**
The Group uses the expected credit loss ("**ECL**") model to calculate the loss allowance in accordance with IFRS 9, Financial instruments ("**IFRS 9**"). The Group classifies loans and receivables into three stages and recognises an impairment allowance based on the expected credit loss for the next 12 months or the entire lifetime of the loans and receivables, depending on whether credit risk on the loans and receivables has increased significantly since initial recognition and whether the loans and receivables are considered to be credit-impaired respectively. The determination of allowances for impairment losses using the ECL model is subject to a number of key parameters and assumptions, including the identification of staging of loans and receivables, estimation of probability of default, loss given default, exposures at default, forward-looking information and other factors, and using the discounted cash flow method to estimate allowances for impairment for stage three. Management judgement is involved in the determination of those parameters and the application of the assumptions.	Our audit procedures in respect of allowances for impairment losses of loans and receivables included the following: (1) The effectiveness of the design and operation of key internal controls: • understood and assessed the design and implementation of key internal controls over the identification of the input of basic data and related parameters, staging of loans and receivables, and the prediction of cash flow in the discounted cash flow method and testing the operating effectiveness. (2) Substantive procedures: • assessed the reliability of the ECL model used by management in determining allowances for impairment losses, and the appropriateness of the key parameters and assumptions in the ECL model, which includes the identification of staging of loans and receivables, probability of default, loss given default, exposure at default, adjustments for forward-looking information; • verified, on a sample basis, the accuracy of ECL model data input such as loan and accounts receivable contract amounts, due dates, and guarantee methods;

KEY AUDIT MATTERS (continued)

Allowances for impairment losses of loans and receivables	
The Key Audit Matter	**How our audit addressed the key audit matter**
We identified the allowances for impairment losses of loans and receivables as a key audit matter because of the inherent uncertainty and management judgement involved and its significance to the financial results and capital of the Group. As at December 31, 2024, the Group's loans and receivables was RMB11,947.0 million, and the related impairment allowance was RMB441.9 million. Refer to Note 4(14), Note 11 and Note 19 to the consolidated financial statements for relevant disclosures.	• assessed the reasonableness of multiple macro-economic scenarios, and other inputs and assumptions used by management in the forward-looking adjustments; • verified, on a sample basis, the calculation of ECL model, and tested whether the model reasonably reflected management's modelling methodology; • analysed the borrower's financial and non-financial information, and other available information, and evaluated the reasonableness of management's judgement on staging, including whether credit risk has increased significantly since initial recognition and whether credit impairment events have occurred by reviewing the credit files, interviewing management, independently searching for publicly available information and exercising professional judgement; • performed credit assessments on lessee's and guarantor's financial information, collateral valuation and other sources of repayment for the selected stage 3 credit-impaired loans and accounts receivable, tested the recalculation of impairment provision based on the recoverable cash flows and discount rates, and evaluated whether there was any material misstateme.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

OTHER MATTER

The consolidated financial statements of the Group for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on March 15, 2024.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in the independent auditor's report is Shi Chung Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 31, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024
(Expressed in Renminbi ("**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

The notes on pages 150 to 250 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

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

Consolidated Statement of Financial Position

At December 31, 2024
(Expressed in RMB)

	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

The consolidated financial statements on pages 150 to 250 were approved and authorised for issue by the board of directors on March 31, 2025.

CHAIRMAN-ZHANG SHUQING

GENERAL MANAGER-HE RONGFENG

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

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, 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

The notes on pages 150 to 250 form part of these consolidated financial statements.

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)

Consolidated Statement of Cash Flows

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

	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 Consolidated Financial Statements

For the year ended December 31, 2024
(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]

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (continued)

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

- 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(1) Basis of consolidation (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(2) Investments in associates (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(2) Investments in associates (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Leases (continued)

The Group as a lessee (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Leases (continued)

Lease liabilities (continued)

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 liabilites”.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Leases (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Leases (continued)

The Group as a lessor (continued)

Classification and measurement of leases (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Leases (continued)

The Group as a lessor (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Leases (continued)

The Group as a lessor (continued)

Lease modification (continued)

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Leases (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Employee benefits (continued)

Short-term and other long-term employee benefits (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(8) Taxation (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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”.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Financial instruments (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Financial instruments (continued)

Financial assets (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Financial instruments (continued)

Financial assets (continued)

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

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Financial instruments (continued)

Financial assets (continued)

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

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Financial instruments (continued)

Derecognition of financial assets (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(16) Fair value measurement (continued)

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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 RMB'000	2023 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 RMB'000	2023 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 RMB'000	2023 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

12. INCOME TAX EXPENSE (continued)

(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

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

(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.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

	2023			
	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)	–	1,899	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

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

(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	Electronic equipment	Office equipment	Machinery leased out under operating leases	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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

17. PROPERTY AND EQUIPMENT (continued)

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.

19. LOANS AND RECEIVABLES (continued)

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).

19. LOANS AND RECEIVABLES (continued)

(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**

19. LOANS AND RECEIVABLES (continued)

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

	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**

19. LOANS AND RECEIVABLES (continued)

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

	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		Proportion of voting rights and ownership interest at 2024 and 2023	Principal activities
					at 2024 (RMB' million)	at 2023 (RMB' million)		
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.

21. INTEREST IN ASSOCIATES (continued)

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 RMB'000	2023 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 RMB'000**	December 31, 2023 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 RMB'000	Revaluation of FVTPL RMB'000	Revenue with EIT paid in prior years RMB'000	Revaluation of equity investments RMB'000	Allowance for impairment losses RMB'000	Accrued staff costs RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Depreciation RMB'000	Total 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**

23. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(b) Income tax payable

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

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	December 31, 2024 RMB'000	December 31, 2023 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 RMB'000	Lease liabilities RMB'000	Total 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**

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Borrowings RMB'000	Lease liabilities RMB'000	Total 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.

27. BORROWINGS (continued)

Notes: (continued)

(ii) (continued)

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.

27. BORROWINGS (continued)

Notes: (continued)

(ii) (continued)

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.

27. BORROWINGS (continued)

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

	2024 RMB'000	2023 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

28. TRADE AND OTHER LIABILITIES (continued)

(a) Accounts payable

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

	2024 RMB'000	2023 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.

28. TRADE AND OTHER LIABILITIES (continued)

(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 RMB'000	**Total minimum lease payments RMB'000**	Present value of the minimum lease payments RMB'000	Total minimum lease payments 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

28. TRADE AND OTHER LIABILITIES (continued)

(c) Lease liabilities (continued)

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

	2024 RMB'000	2023 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.

29. CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves (continued)

(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).

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(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.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(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.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(ii) Risk limits management and mitigation measures (continued)

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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(ii) Risk limits management and mitigation measures (continued)

Concentration risk of credit exposure (continued)

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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(ii) Risk limits management and mitigation measures (continued)

Concentration risk of credit exposure (continued)

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 RMB'000	December 31, 2023 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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(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.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

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)

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk (continued)

	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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair values (continued)

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.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair values (continued)

Information about Level 3 fair value measurements (continued)

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.

32. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Transaction amounts with related parties:

	2024 RMB'000	2023 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

32. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) The balances of transactions with related parties:

	Note	December 31, 2024 RMB'000	December 31, 2023 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 RMB'000	2023 RMB'000
Key management personnel remuneration	**8,410**	8,899

33. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	December 31, 2024 RMB'000	December 31, 2023 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

33. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

	December 31, 2024 RMB'000	December 31, 2023 RMB'000
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.

CHAIRMAN-ZHANG SHUQING | **GENERAL MANAGER-HE RONGFENG**

33. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

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)

34. CONSOLIDATED STRUCTURED ENTITIES (continued)

(a) Name of consolidated structured entities (continued)

Name of the entities (continued)

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期資產支持專項計劃

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期資產支持專項計劃

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.

Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

"2024 AGM"	the AGM to be held on June 27, 2025
"ABS"	assets-backed securities
"AGM"	annual general meeting of the Company
"Articles" or "Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Beijing SCOMC"	Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司), a company incorporated under the laws of the PRC with limited liability on December 30, 2008 and also one of the Controlling Shareholders
"Board"	the board of Directors
"Board Committees"	collectively, Audit Committee, Remuneration Committee, Nomination Committee, Risk Control Committee and Environmental, Social and Governance Committee
"Board of Supervisors"	the board of supervisors of the Company
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Chaoyang SCOMC"	Beijing Chaoyang State Owned Capital Operation and Management Company Limited (北京朝陽國有資本運營管理有限公司), a state-owned enterprise established under the laws of the PRC on May 27, 2009 and also a substantial shareholder of the Company
"China" or "PRC"	the People's Republic of China, which for the purpose of this annual report and for geographical reference only, excludes Hong Kong, Macau and Taiwan

Definitions

"close associate"	has the meaning ascribed to it in the Listing Rules
"Company", "Group" or "we"	Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability on August 16, 2019, or its predecessor
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Beijing SCOMC, ZGC Group and ZGC Finance
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares issued by the Company, with a nominal value of RMB1.00, which are subscribed for or credited as paid in RMB
"Environmental, Social and Governance Committee"	the environmental, social and governance committee of the Company
"H Share(s)"	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Stock Exchange
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	January 21, 2020, on which the H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules

Definitions

"Nanshan Capital"	Nanshan Group Capital Investment Co., Ltd. (南山集團資本投資有限公司), a company incorporated under the laws of the PRC with limited liability on November 18, 2011 and also a shareholder of H Shares
"Nomination Committee"	the nomination committee of the Company
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended December 31, 2024
"Risk Control Committee"	the risk control committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of RMB1.00 each in capital of the Company, comprising the Domestic Shares and the H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"treasury share(s)"	has the meaning ascribed to it under the Listing Rules
"Wangjing Development"	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), a company incorporated under the laws of the PRC with limited liability on July 11, 1994, which is wholly owned by Chaoyang SCOMC and also a shareholder of Domestic Shares

Definitions

"ZGC Finance"	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), a company incorporated under the laws of the PRC with limited liability on February 24, 2009 and also one of the Controlling Shareholders
"ZGC Group"	Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司), a company incorporated under the laws of the PRC with limited liability on March 31, 2010 and also one of the Controlling Shareholders
"%"	per cent