中國金融發展(控股)有限公司

CHINA SUCCESS FINANCE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code：3623

2024

ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Tiewei *(Chairman)*
Mr. Li Bin *(Chief Executive Officer)*
Ms. Dai Jing
Mr. Xu Kaiying
Mr. Pang Haoquan

Independent non-executive Directors

Mr. Tsang Hung Kei
Mr. Au Tien Chee Arthur
Mr. Zhou Xiaojiang

BOARD COMMITTEES

Audit Committee

Mr. Tsang Hung Kei *(Chairman)*
Mr. Au Tien Chee Arthur
Mr. Zhou Xiaojiang

Remuneration Committee

Mr. Zhou Xiaojiang *(Chairman)*
Mr. Zhang Tiewei
Mr. Tsang Hung Kei

Nomination Committee

Mr. Zhang Tiewei *(Chairman)*
Mr. Tsang Hung Kei
Mr. Zhou Xiaojiang

COMPANY SECRETARY

Mr. Pang Chung Fai Benny

AUTHORISED REPRESENTATIVES

Mr. Li Bin
Mr. Pang Chung Fai Benny

REGISTERED OFFICE

Fourth Floor, One Capital Place
P.O. Box 847, Grand Cayman
KY1-1103
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

604
6th Floor
Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

STOCK CODE

3623

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

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

AUDITOR

Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)
Certified Public Accountant
42nd Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Foshan Rural Commercial Bank Co. Ltd.
Guangdong Heshan Rural Commercial Bank Co., Ltd.

COMPANY WEBSITE ADDRESS

http://www.chinasuccessfinance.com

Five-year Financial Summary

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Profitability data (RMB' 000)					
Revenue	**64,585**	19,846	88,479	102,616	171,955
Loss before taxation	**(52,640)**	(44,896)	(84,171)	(63,084)	(67,253)
Loss for the year	**(56,699)**	(45,690)	(82,467)	(82,618)	(84,556)
Basic loss per share (RMB per share)	**(0.07)**	(0.06)	(0.13)	(0.13)	(0.16)
Assets and liabilities data (RMB' 000)					
Total assets	**558,737**	644,936	739,547	922,182	1,198,874
Total liabilities	**321,013**	352,829	402,690	512,706	718,971
Net assets	**237,724**	292,107	336,857	409,476	479,903

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of China Success Finance Group Holdings Limited (the "**Company**" or "**China Success Finance**"), I am pleased to present the audited annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024.

In 2024, we were presented with complex and unstable global economic environment, escalating geopolitical conflicts such as Russia-Ukraine conflict and Israeli-Palestinian conflict, and the accelerated restructuring of global industry and supply chains. In addition, the rise of trade protectionism and extra tariffs imposed by some countries came as a heavy blow to the global trade pattern.

In the mainland, we saw the domestic economy maintained stable growth trend in 2024, with GDP year-on-year growth of 5.0% and the scale of economy reaching RMB130 trillion for the first time, representing its strong resilience. With the synergy of consumption, investment and export, new productive forces developed steadily and industrial upgrade advanced continuously, while exports were hit to some extent by sluggish global economic recovery, trade protectionism and other adverse factors in such complicated and changeable external environment. Domestically, due to the insufficient effective demand, especially the growth momentum for consumption and private investment remaining to be enhanced, combined with the on-going transition of economic growth drivers from old to new, the transformation of traditional industries was confronted with challenges and the supporting role of emerging industries was yet to be enhanced. In key areas, there were still multiple hidden risks, such as local debts and real estate market adjustments, etc., thereby the economy was under pressure to maintain its stable and smooth operation, but the continuous implementation of macro policies provided strong support for high-quality economic development. In Hong Kong, the overall economy presented a moderate growth trend in 2024, with GDP year-on-year growth of 2.6% for the first three quarters and an estimated growth of 2.5% for the year. However, the intensified geopolitical tension and global economic uncertainty posed certain challenges to the local economy in Hong Kong.

In 2024, the Group closely monitored the domestic and international economic situation and policy trends, adhering to the principle of stability first and seeking progress amid stability. The Group continuously enhanced its awareness of preparing for potential risks to improve its risk prevention and control capabilities and optimize business structures, thus achieving steady and healthy development for the Group.

Chairman's Statement

The Group developed its traditional businesses in a prudent and steady manner, so as to cope with challenges arising from intensifying macro economy fluctuation including rising business operation pressure, a downturn in financing demand and mounting credit risks. In respect of the guarantee business, the Group insisted on and constantly optimized its core business strategy of "risk first, business second", and actively adjusted its product structure. During the reporting period, the Group paid close attention to the payment process of product dealings in the market and provided customers with efficient and safe guarantee services to fully secure customers' interests. Meanwhile, the Group orderly carried out the collection of accounts receivable, striving to enhance the efficiency of funds return, so as to improve cash liquidity. In the financial leasing business, the Group actively followed up with the policy regarding financial leasing serving the real economy, providing customers with professional and efficient financial service solutions. In addition, the Group further strengthened its risk management and control capabilities to ensure sound business development and further lay a solid foundation for the long-term sustainable development of the Group.

During the reporting period, the Group advanced its supply chain finance business as planned, and meanwhile developed the hog supply chain business and the international energy storage supply chain business in an orderly manner. In the hog supply chain business, considering production capacity reduction trends, prices going up and down and improved breeding efficiency in the domestic hog market, the Group closely monitored the hog market trends, and resumed production with a more flexible small-batch self-raising mode during the reporting period and explored a new mode of breeding service in the second half of the year, so as to breed hogs for quality hog breeding enterprises to cope with the risks arising from frequent fluctuations in hog prices as well as the prevention and control of epidemics. In terms of the international energy storage supply chain business, despite the fact that the global energy storage industry ushered in a peak time of development against energy transition, the Group still suffered multiple challenges including but not limited to fierce market competition, technical barriers and policy uncertainties. In particular, for the industrial and commercial energy storage market in South Africa, due to the increasingly intense competition and the gradual saturation of the market as at the end of the year, the growth of the relevant business of the Group slowed down and there were uncertainties in its development. In the future, it may suffer from adjustment pressure.

Looking ahead to 2025, it is expected that the global economy will maintain slow growth, with a decline in inflation and a basically stable employment market, and economic growth will still be challenged due to the uncertainties posed by geopolitical tensions, trade frictions, high debt and climate change. Investors' interest in alternative safe haven assets has increased. In the mainland, the economy will be faced with both opportunities and challenges in 2025, the last year of the implementation of the "14th Five-Year Plan". Against the complex and severe external environment, domestic demands that need to be further stimulated and sustained business operation pressure, our economy, featuring strong resilience and great growth potentials, will be comprehensively boosted in terms of the domestic demand with the synergy of a proactive fiscal policy and a moderately accommodative monetary policy. In Hong Kong, despite the challenges of geopolitical tensions and international trade frictions, industries at all levels will usher in new opportunities thanks to the support of national policies and the coordinated development of the Greater Bay Area.

In the next stage, the Group will deepen the adjustment of business structure, develop its traditional business prudently and steadily, and adjust and optimize the supply chain finance business, with an aim to promote its steady growth and further achieve sustainable development amidst the complex business operation environment. In terms of the guarantee business, the Group will make consistent efforts to enhance its own capacity to manage and control risks and optimize the business layout under the policy guidance. We will focus on serving SMEs and agricultural industries and other major businesses and strive to provide them with accurate and efficient guarantee support. Meanwhile, the Group will actively tap the diversified needs of customers involved in the products dealings in the market and offer them personalized and specialized guarantee services to further satisfy wider market demand. For the financial leasing business, in spite of challenges posed by increasingly stringent regulation and fiercer competition, the Group will harbor a promising prospect for business expansion, leveraging on policy support and market demand growth. The Group will strengthen its risk management and control, optimize the business structure and tap into the demand to promote its business development.

In the hog supply chain business, it is expected that the hog market will experience a steady rebound in hog supply with increasing hog slaughter in 2025, compared with a relatively stable hog demand. Through in-depth assessment of the market outlook, the Group will keep on optimising its business mode, proposing to expand the scale of its breeding service mode in the next stage to fully tap the potential of breeding and effectively respond to the fluctuation risks in hog prices. At the same time, efforts will also be made to flexibly adjust its breeding strategy subject to the market environment and properly carry out the transition between the breeding mode and the self-raising mode, so as to further increase the overall income and reinforce sustainable business development. In respect of the international energy storage supply chain business, driven by huge market demand, the energy storage industry will see increasingly intense competition with both opportunities and challenges. In this regard, the Group will continuously follow the industrial development trends with a view to serving customers with better and more efficient energy storage solutions.

In the future, the Group will remain dedicated to exploring new business areas and market opportunities to achieve diversified development.

Finally, on behalf of the Board, I would like to express my utmost appreciation to all shareholders, customers, and business partners. Moving forward, we will remain steadfast in our commitment, forge ahead with determination, and strive to create long-term value and substantial returns for our shareholders and investors.

Zhang Tiewei
Chairman and Executive Director

28 March 2025

BUSINESS REVIEW

OVERVIEW

In 2024, the global economy showed a slow recovery trend. Inflationary pressures have been mitigated, the job market has generally remained stable, trade has gradually picked up, and the monetary policies of major central banks have turned to easing. However, geopolitical tensions have intensified, the restructuring of the global industrial chain and supply chain has deepened, and multiple crises such as food and energy crises have been superimposed. Economic uncertainty, instability and imbalance have intensified. Global economic factors such as changes in the Federal Reserve's interest rate cut expectations and the foreign policy of the new US government have also brought new variables to the global economy, and downward pressure remained strong.

On the Chinese side, 2024 was a crucial year for achieving the goals and tasks of the "14th Five-Year Plan". All regions and departments across the country conscientiously implemented the decisions and arrangements of the Party Central Committee and the State Council, adhered to the general principle of seeking progress while maintaining stability, fully and accurately implemented the new development concept, and accelerated the construction of a new development pattern. The overall operation of the national economy was stable and steady, and new progress has been made in high-quality development. The GDP reached RMB134.91 trillion in 2024, an increase of 5.0% over the previous year. The basic trend of China's long-term economic improvement has not changed. In terms of finance, in 2024, China implemented a moderately easy monetary policy, intensified counter-cyclical adjustment, and supported the recovery of the real economy and the stable operation of financial markets. At the end of 2024, the balance of RMB loans was RMB255.68 trillion, an increase of 7.6% year-on-year, and RMB loans increased by RMB18.09 trillion for the whole year; at the end of 2024, the stock of social financing scale was RMB408.34 trillion, an increase of 8% year-on-year. However, the adverse impact of the current changes in the external environment has deepened, and some structural contradictions accumulated in China for a long time have become more prominent, effective demand was insufficient, and the temporary pain of the transition from old to new growth drivers continued to release. Multiple risks and hidden dangers in critical areas posed additional challenges to the steady operation of the economy.

In Hong Kong, the economy in 2024 as a whole displayed a steady and progressive trend, with the local GDP expected to grow by 2.5% for the year. Overall exports of goods resumed growth on the back of improved external demand; inbound tourists continued to rise, and other cross-border economic activities improved, leading to continued growth in service exports; overall investment expenditure further increased along with economic expansion. However, the Hong Kong economy still faces some challenges, such as the continued weakness in the retail industry affected by changing consumption patterns and insufficient consumer confidence, compounded by global economic uncertainty, geopolitical risks and doubts about policy continuity, which also have a certain impact on investment confidence.

In 2024, as uncertainties and instability of global economic development increased, coupled with challenges such as slow recovery of domestic effective demand and pressure of market expectations, the Group still faced a complex and changing external environment. Under such circumstances, both consumer consumption and corporate investment intentions tended to be more cautious. The foundation for the recovery of financing demand in the real economy still needed to be consolidated. Business expansion faced multiple pressures, including decreased net revenue and increased difficulty in controlling asset quality. The Group adhered to prudent and steady operation principles, achieving steady development by steadily advancing traditional businesses, facilitating integrated services for the Greater Bay Area, adjusting comprehensive financial services for supply chains, and breaking new ground.

THE GROUP'S GUARANTEE BUSINESS

Business Model

The Group is engaged in the provision of financial and non-financial guarantee services in the PRC through its subsidiaries, primarily Guangdong Success Finance Guarantee Company Limited ("**Success Guarantee**"). The Group primarily targets small and medium enterprises (SMEs) and individual customers in the PRC, assisting them in obtaining working capital loans from banks or other financial institutions.

In a typical financial guarantee transaction, the Group provides a guarantee for the repayment of a loan issued by a lending institution to its customer and charges a guarantee fee for this service. To secure the guarantee, the Group requires customers and/or third parties to provide various forms of counter-guarantees or collateral, such as equities, real properties, and equipment. The financial guarantee fee charged to customers is proportionate to the guarantee amount agreed upon between the Group and the customer. The Group also offers non-financial guarantee services, including, among others, performance guarantees related to payment obligations under agreements between customers and their counterparties, and litigation guarantees, where the Group assures the court that it will compensate the opposing party for losses incurred due to the freezing of their property as a result of the customer's inappropriate application for property preservation. Additionally, the Group provides guarantee services to numerous customers involved in product transactions, based on the guarantee needs arising from the payment process in these transactions.

Concentration of Receivables from Guarantee Payments and Diversity of Customers

Receivables from guarantee payments primarily represent defaulted loan amounts repaid by the Group on behalf of its customers. When a customer defaults on a bank loan for a certain period, the Group, in accordance with the relevant guarantee agreement and the bank's compensation request, settles the outstanding current and non-current balance on behalf of the customer. The Group then seeks repayment from the customer or realizes the counter-guarantee assets provided by the customer to recover the compensation amount.

The Group holds certain collateral over receivables from guarantee payments. The net carrying amount of receivables from guarantee payments decreased from approximately RMB18.8 million as of 31 December 2023 to approximately RMB17.1 million as of 31 December 2024. The Group's receivables from guarantee payments due from the largest customer amounted to approximately RMB25.0 million, representing approximately 19.3% of the total receivables from guarantee payments. Revenue from financial and non-financial guarantee service businesses was approximately RMB15.4 million and RMB0.2 million, representing approximately 23.8% and 0.3% of the Group's revenue, respectively. The aging analysis of trade receivables is detailed in Note 12 to the audited consolidated financial statements of the Group. In 2024, the Group served 13 corporate customers and 15,684 individual customers for its financial and non-financial guarantee services, respectively.

The major terms of the traditional financial guarantee contracts entered into by the Group with its customers include: (a) guarantee terms ranging from approximately 1 year to up to 3 years; (b) a fee paid by the customer to the Group for the guarantee services, calculated based on between approximately 0.3% and 3.5% of the total sum guaranteed by the Group; and (c) in the event that the Group repays the lender the principal amount and/or interest (the "**Repaid Sum**") on behalf of the customer in accordance with the guarantee contract, the customer shall repay the Group the Repaid Sum together with daily interest of 0.05% on the Repaid Sum.

Credit Risk Assessment Policy

The Group exercises prudence in its assessment and approval of guarantees and adopts a stringent credit risk assessment policy to mitigate credit risk. The credit risk assessment procedure begins with the project manager collecting identification and relevant corporate and financial documents from the customer. The project manager conducts due diligence on the customer and prepares an initial assessment report and due diligence report for the risk management department. The risk management department reviews these reports along with the information collected from the customer and may request further information for credit risk assessment. Members of the risk management department may also verify the information by conducting additional due diligence on the customer. Once approval from the risk management department is obtained, a recommendation from the project manager is made to the guarantee assessment committee for further approval. Members of the guarantee assessment committee may conduct further due diligence on the customer as necessary.

The Group: (a) identifies and assesses the background, credit status, and reputation of the customer and the counter-guarantor, including their financial status, shareholder background, and business reputation; (b) ascertains and investigates the purpose of the guarantee and the source of repayment; (c) conducts due diligence on the business of the customer and the counter-guarantor, including their operating history and business operations; and (d) conducts due diligence on the financial status of the customer and counter-guarantor and the collateral offered.

In performing credit risk assessments, the Group typically reviews: (a) background and credit search reports on the customer and the counter-guarantor; (b) corporate information on the customer and counter-guarantor; (c) an investigation report on the purpose for which the guarantee was sought from the Group (if applicable); (d) a due diligence report on the business of the customer and the counter-guarantor; (e) financial information of the customer and the counter-guarantor; and (f) public search results on the customer, the counter-guarantor, and the collateral offered.

The Group considers the following factors during its credit risk assessment before entering into guarantee contracts: (a) the background, credit status, reputation, and business operations of the guarantee applicant and the counter-guarantor (if applicable); (b) the source of repayment and repayment abilities of the guarantee applicant and the counter-guarantor (if applicable); (c) the value and nature of the collateral offered and the underlying purpose of the guarantee; (d) the cost of making guarantee payments; (e) credit and other business risks of a guarantee; (f) the expected rate of return; and (g) the loan-to-value ratio.

In considering a guarantee application, the Group primarily focuses on the loan repayment capability and creditworthiness of the customer. The value of collateral provided for a guarantee application serves as supplementary assurance. The Group's customers are first required to pass the lender's credit and risk assessments before engaging the Group's guarantee services. The Group provides guarantee services based on its assessment of the customers' loan repayment capability, derived from the Group's analysis of their operational and financial information gathered during the due diligence process. As such, the Group does not adopt a prescribed loan-to-value ratio to assess guarantee applications.

Credit Limit Internal Control

The project manager, in conducting due diligence on the customer and preparing the initial assessment report, provides the risk management department with an initial suggested credit limit for the guarantee. The risk management department, upon reviewing the initial assessment report and due diligence report prepared by the project manager, determines the credit limit for the customer before granting approval and submitting it to the guarantee assessment committee for further approval. Professional judgment is exercised by the management of the Group's guarantee business on the customer's credit limit based on the information gathered from due diligence and the results of the customer's credit risk assessment.

Credit Approval Internal Control

Upon confirming the principal terms of the guarantee with the customer, the business and operations department of the Group's guarantee business submits a project report to the risk management department for approval. If approval is obtained, a recommendation is made to the guarantee assessment committee for further approval. Upon securing the approvals of the guarantee assessment committee and the executive director, the guarantee agreement and relevant documents are prepared based on the negotiated and approved terms.

Monitoring of Collection of Receivables from Guarantee Payments

The Group closely monitors the collection of receivables from guarantee payments. The project managers assigned to each guarantee monitor the post-guarantee status of the customers. Information collected from due diligence and credit risk assessments on the customer is reviewed, updated, and documented regularly to monitor their ability to make payments to the Group. The frequency of the review depends on the industry in which the customer operates, the seasonality of the customer's business (if applicable), and the purpose for which the guarantee was sought. The Group generally conducts reviews on its customers on a monthly or quarterly basis. Steps taken by the Group to monitor the collection of receivables from guarantee payments include: (a) conducting public domain searches on the customer and counter-guarantor to obtain updated public information; (b) obtaining and reviewing updated asset proofs and financial information on the customer and counter-guarantor; and (c) understanding the customer's operations and financials through site visits, reviewing sales contracts, sales invoices, value-added tax filing documents, utility bills, bank statements, and other relevant documents.

The Group implements appropriate measures promptly if there is a material deterioration in the customer's or counter-guarantor's financial conditions that affects their repayment abilities. In such cases, the project manager and members of the risk assessment and guarantee assessment committees will discuss with the customer or counter-guarantor and conduct site visits to understand the reasons behind the deterioration. If the customer is determined to be facing significant financial difficulties, the Group may demand additional collateral or counter-guarantees in accordance with the terms of the guarantee contract and will conduct frequent reviews as part of its monitoring of receivables from guarantee payments.

Actions Taken to Safeguard the Company's Interest in Receivables from Guarantee Payments

The Group closely monitors the customer's financial condition, business operations, counter-guarantee condition, and performance of obligations under the guarantee contract. Regular assessments of the customer's business operations and/or assets and liabilities are conducted. To safeguard the Company's interest in receivables from guarantee payments, if a customer faces difficulty in making payments, discussions are held with the customer to understand their financial circumstances and to formulate a repayment plan and debt restructuring plan for the outstanding payment. As a last resort, the Group will initiate legal action against all relevant counterparties (the customers and their counter-guarantors) and apply for enforcement and auction sales through the relevant court to recover receivables from guarantee payments and/or realize the collateral to satisfy the debt.

INDUSTRY AND BUSINESS REVIEW

Steadily Developing Traditional Businesses

In 2024, the Chinese government continued to introduce policies for stabilizing growth to support the stable operation of the macro economy, financial support for the real economy continued to increase, and credit scale expanded. However, in the context of intensified macroeconomic fluctuations, the operation of small, medium and micro enterprises faced significant increases in pressure, overall slow-down of financing demand, and lack of investment confidence.

In its guarantee business, the Group maintained prudent expansion strategies, adhering to the principle of "risk first, business second". The Group optimised its risk control mechanisms, selectively carried out traditional businesses through strict risk control, and developed prudently and steadily. In response to changes in the external environment, national policies, industry trends, and market demand, the Group flexibly adjusted its business strategies and product structure to provide customers with efficient and personalized financial services. The Group strengthened communication with cooperative institutions to explore new business models and continued to deploy fintech strategies, seeking more diversified ways of cooperation with financial institutions and technology companies to explore new paths and enhance the Group's core competitiveness.

During the reporting period, the Group continued to optimise its business strategy, adjust its product structure, and actively expand financial services products with higher returns. Based on the guarantee demand for payment in the trading market, the Group tailored efficient and safe guarantee services for the payment of many products in the market, enhancing market participants' confidence and promoting smooth transactions. This service model benefited approximately 15,000 individual customers during the reporting period, and the Group achieved good financial results from this service.

In terms of settling security payments and collecting receivables, during the reporting period , the collateral coverage rate and default rate (i.e., the default payment during the year over the guarantee amount released) of the Group's guarantee business were approximately 89.94% and 0%, respectively. As there were no defaults on loans or payment obligations, no security payments was made to institutions on behalf of its customers. The Group actively followed up on the collection of receivables from previous years and recovered guarantee receivables of RMB0.09 million.

In the financial leasing business, the nation and government published a series of policies aimed at guiding the financial leasing industry to better serve the real economy, support the high-quality development of the manufacturing industry, and promote equipment upgrades and technical innovation. Meanwhile, industry supervision has been enhanced to promote the healthy and orderly development of the financial leasing industry. The Group promptly adjusted its business strategies based on policy guidance and market trends, exploring opportunities to provide financial leasing services to enterprises settled in industrial parks, with an aim of offering professional, efficient, and convenient financial service solutions. The Group further solidified its risk control foundation, enhanced risk management and control capabilities, and optimised its organizational structure to ensure the Company's stable operation. During the reporting period, the comprehensive package of services conducted by the Group operated normally.

The Group expects to use its operating capital as security and provide capital through its financial leasing business. However, the Board does not exclude the possibility of implementing indebtedness and/or equity fund-raising activities to meet operating needs or support the Group's future development when appropriate fund-raising opportunities arise.

Promoting Integrated Services for the Greater Bay Area

In recent years, the Guangdong-Hong Kong-Macao Greater Bay Area, as one of the most open and economically vibrant regions in China and a pioneer in financial reform, innovation, and development, has continuously deepened financial reform and opening-up, strived to build an international financial hub, promoted financial market interconnectivity in the Greater Bay Area, and accelerated the development of a world-class bay area. In June 2024, the financial industry, as a leading sector with international competitiveness in the Greater Bay Area, was re-emphasized at the 6th Guangdong-Hong Kong-Macao Greater Bay Area Financial Development Forum. On the new journey of constructing a financially powerful country, targeting the positioning of "one point, two places", the Greater Bay Area will focus on the construction of five major areas: technology finance, green finance, inclusive finance, pension finance, and digital finance, to accelerate the construction of an international financial hub. Having tapped into the Greater Bay Area market for years, the Group fully seizes development opportunities in the region, utilizes its resources in Guangdong and Hong Kong, provides comprehensive and diversified financial service support to enterprises in the Greater Bay Area, and actively participates in promoting the development and construction of the Greater Bay Area.

Adjusting the Hog Supply Chain Business

In 2024, the Agriculture and Rural Bureau optimised the control mechanism for hog production capacity to promote the coordination of production with sales. The domestic hog market exhibited characteristics of modest adjustments in production capacity, a slight decrease in the number of hogs slaughtered, and prices that fell before rising overall. In terms of production capacity, the stock of brood sows rebounded in April, with an accumulated annual growth of 2.3%. The number of hogs slaughtered decreased by 3.3% year-on-year to 702.56 million hogs. In terms of hog prices, prices increased in the first half of the year due to a supply shortage and a rebound in demand, but decreased in the second half due to increased supply and consumption under expectations. However, the average price of hogs slaughtered in the country increased by 10.9% as compared to the same period of last year.

The Group closely monitored the hog market situation and completed biosecurity assessments and facility upgrades for its farms by the end of 2023 to reduce epidemic prevention risks caused by disease variations and increase the quality and efficiency of breeding. During the year, the Group resumed production in small batches using the Self-raising Model (raising piglets to standard fattening hogs for sales) and sold a total of approximately 2,800 hogs, generating revenue of approximately RMB4.4 million. In order to maximise the benefit, the Group promoted a new model of surrogate breeding for hog breeding enterprises (breeding service model), which breeds hogs for premium hog breeding enterprises. By introducing advanced and effective breeding methods and scientific techniques for disease prevention and control, this model can increase the breeding survival rate of hogs and lower breeding risks, thereby mitigating the impact of market price fluctuations and easing cash flow pressure. Under this model, the Group does not have the hog's ownership. During the year, the Group bred a total of approximately 13,100 hogs under the breeding service model, and recognised revenue of approximately RMB2.4 million from breeding services on an accrual basis. As agreed during cooperation, it is expected that revenue of approximately RMB3.9 million may be obtained under the breeding service model. During the year, to reduce the risks associated with breeding methods and cycles, the Group has not yet resumed the self-breeding model (i.e. breeding brood sows to raise fattening hogs for sales).

Exploring the International Energy Storage Supply Chain Business

Driven by global energy transformation and "dual carbon" goals, the energy storage industry has entered a golden period of rapid development in recent years. Many countries have published various supporting policies to promote the development of the energy storage industry. Energy storage system users also have significant potential demand for financial services. However, while rapidly developing, the energy storage industry faces challenges such as technical bottlenecks, policy uncertainties, and intensive market competition, leading to a slowdown in the growth rate of market demand for energy storage.

South Africa's energy storage market is developing rapidly. Government policy support, abundant renewable energy resources, and unstable electricity supply have collectively driven the prosperity of the energy storage market. However, the rapid growth of the market has also attracted numerous enterprises, intensifying competition.

The Group partnered with a professional energy storage research and development company to jointly conduct energy storage system sales business in 2023. During the reporting period, the Group established good cooperation relations with premium domestic large manufacturers and local franchisors with well-established sales networks and favorable brand images in Africa. The Group's industrial and commercial energy storage systems performed outstandingly in terms of safety, durability, and convenience, making qualitative progress in modularised structure safety. Through design optimisation, some products were certified as IP67 or IP56. The energy storage control system also kept upgrading in response to customer demand. Additionally, the Group made deployments in the energy storage markets in Australia and Europe. During the reporting period, the Group recorded revenue of approximately RMB41 million in energy storage system sales business.

FINANCIAL REVIEW

Revenue

The revenue of the Group was mainly generated from the revenue related to the principal businesses of the Group. For the year ended 31 December 2024, the Group's revenue was approximately RMB64.6 million (2023: approximately RMB19.8 million), representing an increase of approximately 225.4%. Detailed analysis of the Group's revenue is as follows:

Financial Guarantee Services

Revenue from the Group's financial guarantee services was mainly generated from the service fees charged for our financial guarantee services. For the year ended 31 December 2024, the Group's net revenue generated from financial guarantee services was approximately RMB15.1 million (2023: approximately RMB13.3 million), representing an increase of approximately 13.5%.

As a result of the complex external economic environment and the combined effects of the significant increase in pressure on the operations of micro, small and medium-sized enterprises, the overall slowdown in demand for financing and the lack of investment confidence, the Group continued to adopt prudent and steady business strategies in the expansion of its guarantee business, optimised the risk control mechanism, and selectively conducted the traditional guarantee business. At the same time, the Group adjusted its product structure and actively expanded financial services products with higher returns. The net revenue from financing guarantees increased during the reporting period compared to last year.

Non-financial Guarantee Services

Revenue from the Group's non-financial guarantee services was mainly generated from the service fees charged for providing customers with performance guarantees concerning the performance of payment obligations and litigation guarantees. For the year ended 31 December 2024, the Group's revenue generated from non-financial guarantee services amounted to approximately RMB0.2 million (2023: approximately RMB0.2 million).

The Group continued to monitor its low-risk non-financing guarantee services and was prudent in its non-financial guarantee services due to the changes in the market condition and the industry's fierce competition.

Financial Consultancy Business

Revenue from the Group's financial consultancy services was mainly generated from the service fees charged for providing customers with financial consultancy services by the Group. For the year ended 31 December 2024, the Group's revenue generated from financial consultancy services was approximately RMB0.2 million (2023: approximately RMB0.2 million).

During the reporting period, the Group closely monitored market development and cautiously operated its financial consultancy business.

Financial Leasing Business

Revenue from the Group's financial leasing services was mainly generated from the rental fees charged by the Group in its provision of financial leasing services to customers. For the year ended 31 December 2024, the Group's revenue from financial leasing services was approximately RMB0.9 million (2023: Nil).

During the reporting period, the Group promptly adjusted its operation strategy. It actively explored business growth points based on policy guidance for the financial leasing industry and market development trends. Professional, efficient and convenient financial leasing financial services and solutions have been developed and are available to our customers.

Revenue from Sales of Market Hogs

For the year ended 31 December 2024, the Group's revenue from sales of market hogs was approximately RMB4.4 million (2023: approximately RMB1.2 million).

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
Sales of market hogs	**4,362**	1,151
Cost of market hogs sold	**(4,777)**	(4,574)
Gross loss	**(415)**	(3,423)

The Group' hog farm has completed biosafety assessment and facility upgrading and renovation at the end of 2023 and resumed production smoothly. The increase in hog sales revenue this year compared to the same period last year is due to a rebound in the volume and the revenue of market hogs. The Group sold hogs during a period concentrated in April to May 2024. The hog prices fluctuated at a lower price level before May Day Holiday. As breeding costs remained high during the reporting period due to declining survival rates and rising epidemic prevention costs and other factors, the hog selling businesses failed to achieve profitability.

Hog Breeding Services

For the year ended 31 December 2024, the Group's revenue from hog breeding services was approximately RMB2.4 million (2023: Nil), and the cost of hog breeding services was approximately RMB2.2 million (2023: Nil). The Group commenced hog breeding services in the second half of 2024, and cooperated with quality hog breeding enterprises to breed hogs. By introducing its advanced and effective breeding methods and scientific techniques for disease prevention and control, the Group improved breeding survival rate of hogs, reduced breeding risks, and effectively utilised the breeding space of the farms, while avoiding the impact of fluctuations in hog market prices and reducing cash flow pressure.

Revenue from Sales of Energy Storage System

For the year ended 31 December 2024, the Group's revenue from sales of energy storage system was approximately RMB41.4 million (2023: approximately RMB5.0 million).

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
Revenue from sales of energy storage system	**41,440**	4,966
Cost of sales of energy storage system	**(38,963)**	(4,606)
Gross profit	**2,477**	360

Driven by the global energy transition and government support policies, the energy storage industry is developing rapidly, while market competition is becoming increasingly fierce. During the reporting period, the Group established strong cooperative relationships with high-quality large manufacturers in the mainland China and local distributors in Africa, who possess well-established sales networks and a positive brand image. After a full year of operation in 2024, revenue generated from the energy storage system selling business of the Group increased significantly compared with the same period last year.

Other Revenue

The Group's other revenue comprised fair value gain on modification of the terms of convertible bonds, interest income from bank deposits, government grants, compensation income from insurance claims on loss of market hogs, recovery of bad debt and others. For the years ended 31 December 2023 and 2024, the Group's other revenue was approximately RMB8.3 million and RMB2.7 million, respectively, representing a decrease of approximately 67.4%.

The significant decrease in other revenue compared to last year was mainly due to the significant decrease in gains on modification of the terms of convertible bonds.

Impairment and Provision Charged/(Credited)

Impairment and provision charged/(credited) for the year ended 31 December 2024 included the provision written back for guarantees issued and the provision charged/(credited) for receivables, where it is likely that the customers or other parties are in financial difficulties and recovery was considered to be remote. If any impairment and provision was made in the previous years but subsequently recovered, the impairment and provision previously made will be written back in the year in which the relevant amount is recovered.

The provisions the Group made for impairment or reversal over guarantee receivable, factoring receivable, finance lease receivable and deposit and other receivables for the year ended 31 December 2024 are as follows:

Types of receivable	Gross Balance as at 31 December 2024 (Approximately RMB million) (A)	For the year ended 31 December 2024 Charged/ (credited) (Approximately RMB million)	Accumulated Impairment as at 31 December 2024 (Approximately RMB million) (B)	Net carrying amount (Approximately RMB million) (A-B)
Receivables from guarantee payments	129.52	1.58	112.43	17.09
Factoring receivables	51.99	0.61	40.22	11.77
Finance lease receivables	176.93	(2.22)	146.07	30.86
Deposit and other receivables	122.13	(4.14)	81.48	40.65
Total	480.57	(4.17)	380.20	100.37

Impairment Loss on Property, Plant and Equipment

Provision for impairment loss of approximately RMB18.2 million (2023: Nil) for the property, plant and equipment was recognised for the year ended 31 December 2024. The reasons for the provision include: (i) in terms of the Group's market hog breeding business still in the transitional period for implementation of breeding service model and small-scale production to reduce breeding risks which affect profit forecasts, resulting in provisions for impairment losses of approximately RMB15.8 million on the Group's non-current assets due to the expected recoverable amount of the market hog business being lower than the carrying amount of relevant non-current assets; and (ii) the decline in market prices for the real estate in mainland China during the reporting period, resulting in a decrease in the market price of the properties held by Group, for which an impairment loss of approximately RMB2.4 million was provided.

Operating Expenses

For the year ended 31 December 2024, the operating expenses (including research and development costs) of the Group were approximately RMB40.9 million (2023: approximately RMB52.6 million). The Group upheld the cost-efficient principle, and the operating expenses were analysed as follows:

	2024 RMB'000	2023 RMB'000
Salaries	**15,738**	18,516
Audit fee	**2,200**	2,648
Depreciation charges	**10,095**	9,211
Rentals	**96**	148
Intermediary consulting expenses	**3,386**	951
Office, travel and entertainment expenses	**5,229**	8,480
Exchange loss	**357**	3,159
Others	**3,843**	9,487
Total	**40,944**	52,600

The decrease in salaries compared with last year was mainly due to the salary adjustment for some of the Group's employees due to development needs.

The increase in intermediary consulting expenses compared with last year was mainly due to an increase in consulting expenses incurred from the business of sales of energy storage system conducted by GNW Capital Limited, a subsidiary of the Group.

The decrease in office, travel and entertainment expenses compared with the last year was mainly due to more strict cost control management applied by the Group during the reporting period.

The significant decrease in others compared with last year was mainly due to loss of market hogs decreased to approximately RMB0.6 million (2023: approximately RMB4.2 million) from Yangmianshan Company Limited ("**Yangmianshan**").

Changes in Fair Value of the Financial Assets

The Group's equity investment in a company is designated as a financial asset measured at fair value through profit or loss. Changes in the fair value of the Group's financial assets refer to the fair value changes of the financial asset. The fair value of financial assets was evaluated using the market method and assessed by the external valuer following the accepted industry standards. During the reporting period, the carrying amount after the equity investment valuation of the company decreased significantly compared with last year as a result of the decline in market prices for the real estate in mainland China, and the loss from changes in the fair value of financial assets for the reporting period amounted to approximately RMB9.6 million.

Loss Before Taxation

The Group's loss before taxation increased by approximately RMB7.7 million, or approximately 17.3%, from a loss of approximately RMB44.9 million for the year ended 31 December 2023 to a loss of approximately RMB52.6 million for the year ended 31 December 2024.

During the reporting period, the increase in the Group's loss before tax compared to last year is primarily due to the combined effect of the following factors: (i) the Group kept tight control of its operating costs during the reporting period and its operating expenses decreased compared to last year; (ii) signifcant provision for impairment losses on property, plant and equipment of Yangmianshan was made during the reporting period due to the challenges in the industry environment; and (iii) a significant decrease in the fair value of the financial asset measured at fair value through profit or loss held by the Group.

Income Tax

For the year ended 31 December 2024, the Group's income tax expense amounted to approximately RMB4.1 million, representing an increase of approximately 412.5% from approximately RMB0.8 million of income tax expense in the corresponding period of 2023.

The income tax expense for both periods was mainly due to the reversal of the deferred income tax assets during both periods.

LIQUIDITY AND CAPITAL RESOURCES

Treasury Management and Investment Policy

In order to utilise the Group's financial resources to effectively obtain a better return for the shareholders, the Group's general approach is to seek alternative investment opportunities that could provide a better return with limited risk exposure.

Pledged Bank Deposits and Cash and Bank Deposits

As at 31 December 2024, the current pledged bank deposits amounted to approximately RMB33.0 million (2023: approximately RMB72.7 million), representing a decrease of approximately RMB39.7 million as compared to last year. Cash and bank deposits amounted to approximately RMB185.6 million (2023: approximately RMB134.1 million), representing an increase of approximately RMB51.5 million compared to last year. The decrease in pledged bank deposits was mainly due to a reduction in pledged deposits held in the bank's time deposits. The increase in cash and bank deposits was mainly due to the increase in pledged deposits due to the Group's business requirements.

Trade and Other Receivables

As at 31 December 2024, the Group's trade and other receivables was approximately RMB87.6 million (2023: approximately RMB135.9 million). The decrease in trade and other receivables was mainly due to the collection of several trade and other receivables by the Group during the reporting period.

Factoring Receivables

As at 31 December 2024, the Group's factoring receivables was approximately RMB11.8 million (2023: approximately RMB25.3 million). The decrease in factoring receivables was mainly due to the collection of several factoring receivables by the Group during the reporting period.

Interest Rate Risk and Foreign Exchange Risk

As at 31 December 2024, the Group's interest rate is primarily related to interest-bearing bank deposits and pledged bank deposits.

The Group's businesses for the year ended 31 December 2024 were principally conducted in RMB, while most of the Group's monetary assets and liabilities were denominated in HKD and RMB. As RMB is not a freely convertible currency, any fluctuation in the exchange rate of HKD against RMB may impact the Group's result. Although foreign currency exposure does not pose a significant risk to the Group and currently, the Group does not have hedging measures against such exchange risks, the Group will continue to take proactive measures and closely monitor the risk arising from such currency movement.

Adjusted Net Debt-to-capital Ratio

The Group monitors its capital structure based on an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, and lease liabilities but excludes convertible bonds) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all equity components and redeemable preference shares, other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends. The Group's adjusted net debt-to-capital ratio increased from approximately 46% as at 31 December 2023 to approximately 62% as at 31 December 2024, mainly due to the Group's loss resulting in a decrease in total equity during the reporting period.

Contingent Liabilities

As at 31 December 2024, the Group has no material contingent liabilities (2023: Nil).

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group recruits personnel from the open market and enters into employment contracts with them. The Group offers competitive remuneration packages to employees, including salaries and bonuses to qualified employees. The Group also provides training to the staff on a regular basis to enhance their knowledge of the financial products in the market and the applicable laws and regulations in relation to the industry in which the Group operates.

The Group maintained stable relationship with its employees. As at 31 December 2024, the Group had 66 full-time employees. Compensation of the employees primarily includes salaries, discretionary bonuses, contributions to social insurance and retirement benefit scheme. The Group incurred staff costs (including Directors' remuneration) of approximately RMB15.7 million for the year ended 31 December 2024.

The Company has adopted the Post-IPO Share Option Scheme and the 2024 Share Option Scheme as an incentive to the Directors and eligible employees.

SOCIAL ENTERPRISE

While serving the local economic development and assisting small and medium-sized enterprises, the Group was also engaged in charitable activities to fulfil social responsibilities, whereby establishing a sound social image. For details, please see the sub-section headed "Social Enterprise" in the section headed "Report of the Directors" of this annual report.

PROSPECTS AND OUTLOOK

Macro Outlook

Looking ahead to 2025, the global economy is expected to maintain relatively stable but low growth. The inflation rate is expected to keep decreasing, and the employment market would be relatively stable. However, sustained challenges such as intensive geopolitics, trade conflicts, high indebtedness and climate change may result in increased commodity prices, interrupted supply chains and lower economic growth. The global economy remains high uncertainties. Investors' interest in alternative safe haven assets has increased.

2025 is the last year of China's "14th Five-Year Plan". Adverse impacts brought by changes in external environment may be deepened. Domestic demand is insufficient, and some enterprises face difficulties in production and operation. The economic operation still faces many difficulties and challenges. However, there are no changes in the supporting conditions or basic trends of China's long-term economic growth. The Central Economic Working Conference required that in 2025, China shall insist on pursuing progress while maintaining stability, promoting stability through progress, innovating while upholding integrity, standing before breaking, integrating systems, and cooperating with collaborations. More active macro policies shall be implemented, to comprehensively expand domestic demand, promote the integrated development of technological innovation and industrial development, stabilize expectations and motivate vigor, thus promoting sustained economic recovery. In Hong Kong, driven by national support and the synergistic development of the Guangdong-Hong Kong-Macao Greater Bay Area, the financial market is poised for recovery, while the tourism and service sectors continue to rebound. The Hong Kong economy shows signs of moderate growth in general. However, challenges persist due to the global economic slowdown, trade protectionism, geopolitical tensions, and sluggish local demand.

In 2025, given the complicated and variable external environment, the Group will adhere to the principle of prudent and steady operation. On the one hand, the Group will continue to tap into the traditional business area to ensure stable development. On the other hand, the Group will actively expand integrated services in the Greater Bay Area to foster regional economic synergy and development. Meanwhile, the Group will optimise comprehensive supply chain financial services to enhance service efficiency, and consider to tap into overseas financial technology field to inject new momentum into the Group's development, thus driving the Group to move steadily forward in a complicated environment and realising sustainable development.

Steadily Developing Traditional Businesses

Regarding guarantee business, in February 2025, six ministries including the Ministry of Finance issued the "Administrative Measures for the Development of Government Financing Guarantee" (《政府性融資擔保發展管理辦法》), to reshape the ecology of the industry through policy guidance, promote the high-quality development of the government financing guarantee system, standardize the behavior of government financing guarantee institutions, and better serve small and micro enterprises, "agriculture, rural areas and farmers" and other business entities. Facing the new policy environment and market competition, the Group will strengthen its risk management and control, improve its risk prevention and control capabilities, and operate in a compliant and steady manner; adjust the business structure in according to policy guidance, focus on serving small and micro enterprises, "agriculture, rural areas and farmers" and other business entities, and combine its own advantages to find new business growth points through differentiated competitive strategies; continue to explore trading market projects, explore the diverse needs of customers, provide customers with personalized and professional guarantee services, and enhance customer satisfaction and loyalty; cultivate in the field of fintech strategies, and seek more diversified ways of cooperation with financial institutions and technology companies, in a bid to explore new paths and enhance the Group's core competitiveness.

For the financial leasing business, the Group is expected to expand its business due to opportunities such as policy support and growing market demand. However, it also faces challenges such as tightening regulation and intensifying market competition. The Group will strengthen risk prevention and control to respond to market changes, while actively utilising policy support to promote business development. The Group will optimise the organisational structure and fully identify customers' demand while the risk is in control, thus supporting the inclusive finance development.

In the opinion of the Board of the Company, China's macro-economy will further recover, and the Company's guarantee business and financial leasing business will gradually improve along with the recovery of the macro-economy of the PRC.

Promoting Integrated Services for the Greater Bay Area

Since the release of the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area", the Greater Bay Area, under the guidance of the national strategy, has gradually moved towards a global resource allocation hub through the coordinated development of finance, technology and institutions, providing important support for China's participation in international competition. In terms of finance, the Greater Bay Area has implemented policies such as promoting cross-border trade, investment and financing facilitation, expanding the opening of the financial industry, promoting the diversification of financial channels, and supporting the development of financial technology. With the continuous advancement and innovation of these policies, new opportunities and challenges have been brought to the financial development of the Greater Bay Area. The Group will grasp the financial development opportunities in the Greater Bay Area, deeply explore the Greater Bay Area market, actively promote and facilitate the construction of the financial hub of Guangdong-Hong Kong-Macao Greater Bay Area, and contribute to the economic development of the Greater Bay Area.

Optimising Hog Supply Chain Business

On 23 February 2025, the No.1 Document, “Opinions of the Central Committee of the Communist Party of China and the State Council on Further Deepening Rural Reform and Solidly Promoting Comprehensive Revitalization of Rural Areas”(《中共中央國務院關於進一步深化農村改革扎實推進鄉村全面振興的意見》) was officially released. The document clearly stated that it is necessary to “support the stable development of the animal husbandry industry”. In particular, it is necessary to monitor and regulate pig production capacity to promote the stable development of the hog industry; strengthen disease prevention and control, safeguard pig health and market stability, and provide strong policy support for the healthy development of the pig breeding industry.

Looking ahead to 2025, the Group will continue to optimise the pig breeding business. On the one hand, the Group will strengthen the cooperation with quality hog breeding enterprises. Under the breeding service model, the Group will steadily increase the scale of breeding to approximately 29,000 hogs, further utilise the breeding space in the farms, cultivate and expand a professional breeding team, tap the potential of the breeding service model, and achieve revenue growth while avoiding the impact of market price fluctuations. On the other hand, the Group will pay close attention to the market trends, and adjust the breeding model to the self-raising mode in a timely manner based on changes in market demand and price fluctuation trends, so as to keep up with the market, further increase revenue and improve the overall income level. During the year, considering breeding technique, breeding cycle and other factors, the management thinks it is appropriate not to carry out the self-breeding mode for the time being. In addition, the Group will steadily promote integrated financial services for the supply chain, further enhancing its core competitiveness.

The Company will use internal resources and cash flow generated from the hog sales and breeding service business to fund its hog business. The Company may consider debt or equity financing in the future, depending on the needs of the hog farm’s business.

The Company believes that its hog breeding business is financially viable and sustainable. The breeding service model and the hog selling model in the next few years will enable the Company to generate sustainable cash flow, which is conducive to the daily operations of the Group’s hog business. The Group will continue to pay close attention to industry trends and policy guidance, and adjust breeding plans promptly according to the domestic market conditions and comprehensive analysis by the Company’s management.

Adjusting the International Energy Storage Supply Chain Business

The global energy storage market is ushering in rapid development, and several governments have introduced policies to support the development of the energy storage industry. With an ever-growing market, the energy storage industry faces multiple challenges in technology, economy, policy and ecological competition. Fierce competition in the international energy storage business, increased product costs resulted from differentiated product requirements across various countries, and continually rising customer demands for product quality and safety collectively pose significant challenges to the Group’s business development.

Looking forward to 2025, the Group will concentrate on further deepening its presence in the South African market, and strategically expand into other African markets, as well as markets in Australia, Europe, and other regions based on current business operations. The Group will continuously improve and upgrade the energy storage system, and provide customers with more efficient, safer and more cost-effective energy storage solutions, while also introducing new products to meet segmented local market demands. In the future, the Group will pay close attention to the global energy storage industry trends and market demand, and adjust its strategic planning in a timely manner based on market changes. In addition, the Group will actively seek new development opportunities and explore new business growth points and profit models.

USE OF PROCEEDS OF CONVERTIBLE BONDS

On 1 February 2018, the Company issued convertible bonds in an aggregate principal amount of HK$154 million under general mandate. The net proceeds, after deducting the administration fee of HK$1,540,010, were HK$152,459,990, and had been fully utilized as at 31 August 2019. An analysis of the planned utilization and actual utilization of the proceeds up to 31 December 2019 is set out below:

Intended use of convertible bond proceeds	**Planned allocation (HK$ in million)**	**Actual utilization (HK$ in million)**	**Actual utilization up to 31 December 2018 (HK$ in million)**	**Actual utilization up to 31 December 2019 (HK$ in million)**
Pursuing suitable acquisition and partnership opportunities	7.6	5.5 (note 1)	5.5	5.5
Utilized as additional net assets, register capital and/or paid-in capital	68.6	73.2 (note 2)	73.2	73.2
Repayment of principal and interest of convertible bonds and handling charges	15.1	25.1 (notes 3 and 4)	15.0	25.1
General working capital of the Group	61.2	48.7	31.6	48.7
Total	152.5	152.5	125.3	152.5

Notes:

1. HK$5.5 million utilized for the acquisition of T. M. Management Limited ("**TM Management**"), a licensed financial institution holding license for Type 9 regulated activities issued by the Securities & Futures Commission of Hong Kong. The Group acquired all ordinary shares of TM Management to further extend the existing business scope of the Group.

2. HK$73.2 million utilized for increasing the registered capital of Success Guarantee, a wholly owned subsidiary of the Group. The purpose of this use of proceeds is to enrich the Company's capital strength base to facilitate the active exploration of new business in the market with the use of new financial technologies in the favourable environment of increased financial compliance requirements in the PRC. Success Guarantee can undertake a larger scale of guarantee business through this capital increase.

3. HK$25.1 million utilized, comprised of HK$15.1 million for repayment of interest payment of convertible bonds and handling charges and HK$10.0 million for repayment of principal of convertible bonds.

4. The 66.2 percent increase of the actual utilization in comparison with the initial planned allocation is the decision of the management of the Company to repay the principal of the convertible bonds. The management of the Company has confidence that repayment of principal in advance would improve the fund use efficiency of the Group.

As at 31 December 2024, the Group has redeemed all convertible bonds and has no other convertible bonds outstanding.

Considering the situation of existing businesses comprehensively, the Group will advance financing plan during the year, to keep promoting the development of the business of the Group.

BUSINESS REVIEW

The Company and its subsidiaries are collectively referred to as the "Group". A fair review of the business of our Group as well as a discussion and analysis of our Group's performance during the year ended 31 December 2024 and the material factors underlying its financial performance are set out in the "Chairman Statement" and the "Management Discussion and Analysis" sections of this annual report.

Principal Risks and Uncertainties

The Group's performance is affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not currently known to the Group or which may not be material now but could turn out to be material in the future.

Business concentration

The Group's operation and major assets are concentrated in the People's Republic of China (the "**PRC**"). Accordingly, the Group's business performance, financial position and future prospects are largely dependent on the performance of the economy in the PRC which may be adversely affected by unfavourable changes in the political, social, economic and legal environment. Control measures taken of to mitigate such risks are as follows:

- continual monitoring of the operating and political environment in the PRC so that the Group can anticipate any forthcoming issues that may affect its business activities and can be address them promptly; and

- ongoing focus to strengthen the Group's brand values and, within the fast-changing business environment in the PRC, make prompt adjustment to the Group's business strategies when necessary.

Risks pertaining to the financing guarantee business

Governmental policy changes, relevant regulations and guidelines established by the regulatory authorities will impact our business. Failure to comply with the rules and requirements may lead to penalties, modification or suspension of the business operation by the authorities. The Company closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Also, our business is subject to credit risk and concentration risk. In view of these, the Group is trying to develop and maintain a diversified customer base to reduce the risks of any downturn in any of the customers' industries causing a material adverse effect on the business. In addition, the Group has a rigorous risk management system to monitor risks at each key stage of the business operations, from pre-approval assessment, customer due diligence, approval processes, counter-guarantee arrangement to post-transaction monitoring.

Risks pertaining to the hog selling business

Risk of epidemics: Epidemics that occur in hog breeding mainly include African swine fever, blue ear disease, epidemic diarrhoea, etc. The spread of an epidemic poses significant business risks to the Group. On the one hand, epidemics will lead to an increase in the mortality rate of hogs, which will directly lead to a decrease in the production capacity of hogs; on the other hand, if there is a large-scale epidemic of epidemics, it will affect consumer confidence and lead to a shrinking of market demand and a decrease in the price of products. The Group's hog breeding farms have finished its biosecurity and equipment upgrades and renovations project, introducing advanced and effective breeding technology and scientific disease prevention and control technology, and have equipped a series of hardware facilities to strengthen disease prevention and control, so as to minimise the risk of epidemics in the production process.

Risk of price fluctuations: Cyclical fluctuations in the market price of hogs will affect the Group's sales. When the market enters the trough of the 'pig cycle' and the market price of hogs declines, the Group will be exposed to the risk of a decrease in sales revenue and the results of operations may be loss-making. In addition, hog breeding requires the purchase of feed raw materials in large quantities and the fluctuation in feed raw material prices has a direct impact on the cost of breeding, and any significant fluctuation in raw material prices will increase the Group's breeding costs, which in turn will affect the profitability of the hog breeding business. To effectively handle price fluctuating risks with fully taking into account the principle of maximizing benefits, the Group launched a hog breeding model to breed hogs for the excellent hog breeding enterprises, so as to cope with the impact brought by market price fluctuations and reduce cash flow pressure.

Risks pertaining to the energy storage system sales business

International economic environment and political risk: In recent years, the international economic situation has been complex and volatile, with frequent occurrences of trade frictions, inflation, economic sanctions and local protectionism.The Group's energy storage system sales business will face operational risks arising from various factors such as the political situation, legal differences, market entry standards and policy adjustments in the countries in which it operates. The Group will strengthen its analysis of the international market environment, gradually increase the proportion of international suppliers to cope with the threat of trade barriers, dynamically adjust its business direction and expansion strategy, and strengthen the risk prevention and control mechanism for its international business to ensure the safe and sound development of its business.

Risk of increased market competition: With the acceleration of the global energy transition, the international energy storage industry is expanding, the supply of energy storage batteries is increasing rapidly, and the market competition situation is becoming more intense. The Group will intensify its market development efforts and further enhance the core competitiveness of its products through cost reduction, quality improvement, and scientific and technological innovation in order to consolidate and expand its market share.

Financial Risk

The Group is exposed to financial risks relating to currency risk, interest rate risk, credit risk and liquidity risk in its ordinary course of business. Further details of such risks and relevant management policies are set out in note 31 to the consolidated financial statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are i) provision of guarantee, financial leasing, factoring service and consulting service in the PRC, ii) sales of market hogs and provision of breeding service in the PRC, and iii) trading of energy storage system in overseas.

FINANCIAL RESULTS

The results of our Group for the year ended 31 December 2024 and the state of our Group's affairs as at that date are set out in the consolidated financial statements on pages 82 to 192 of this annual report.

CASH FLOW POSITION

The cash flow position of our Group for the year ended 31 December 2024 is set out and analysed in the consolidated cash flow statements set out on page 86 of this annual report.

DIVIDENDS

The Board has resolved not to declare a final dividend by the Company for the year ended 31 December 2024. The Company has adopted a dividend policy. Considering the development and operation of the Group, the management is of the opinion that any undistributed profit will not be distributed in the foreseeable future.

SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

There was no significant investment and material acquisition and disposal during the year ended 31 December 2024.

CHARGE ON ASSETS OF THE GROUP

Details of the charge on assets of the group are set out in note 25 to the consolidated financial statements.

PROFESSIONAL TAX ADVICE RECOMMENDED

For any taxation implications of purchasing, holding, disposing of, dealing in the shares of our Company, shareholders should consult an expert.

SUBSIDIARIES

Details of our Company's principal subsidiaries as at 31 December 2024 are set out in note 15 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed during a period to be announced by the Company , during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by a time and date to be announced by the Company.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the aggregate amount of the distributable reserves of our Company was approximately RMB228.5 million. Movements in the distributable reserves of our Group during the year are set out in note 30 to the consolidated financial statements.

RESERVES

Movements in the reserves of our Group during the year are set out in the consolidated statement of changes in equity on page 85 of this annual report.

EQUIPMENT

Details of the movements of equipment of our Group for the year ended 31 December 2024 are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in Company's share capital for the year ended 31 December 2024 are set out in note 30 to the consolidated financial statements.

SHARE OPTION SCHEME

Our Company maintains two share option schemes. The Post-IPO Share Option Scheme was adopted by a written resolution of shareholders on 18 October 2013, and the 2024 Share Option Scheme was adopted by an ordinary resolution at the extraordinary general meeting on 28 June 2024.

The Post-IPO Share Option Scheme

(a) *Purpose and participants of the Post-IPO Share Option Scheme*

The purpose of the Post-IPO Share Option Scheme is to attract and retain the best available personnel and to provide additional incentive to employees, directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

The Post-IPO Share Option Scheme, with its broader basis of participation, will enable our Group to reward our directors, employees and other selected participants for their contributions to our Group.

Our Board may, at its absolute discretion and on such terms as it may think fit, grant any employee, director, consultant, advisor, distributor, contractor, supplier, agent, customer, business partner or service provider of our Group or any substantial shareholder of our Company, share options under the Post-IPO Share Option Scheme.

The basis of eligibility of any participant to the grant of any share option shall be determined by the Board from time to time on the basis of their contribution or potential contribution to the development and growth of our Group.

(b) *Maximum number of Shares available for issue*

The maximum number of shares issuable upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the Post-IPO Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the shares in issue upon the Listing Date.

The limit of 10% may be refreshed at any time by approval of the shareholders of our Company in general meeting provided that the total number of the shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the shares in issue as at the date of approval of the refreshed limit. The limit on the grant of share options under the Post-IPO Share Option Scheme was refreshed from 41,404,400 shares to 54,301,362 shares with the approval of the shareholders of the Company at the general meeting held on 27 May 2021, which represent approximately 9.83% of the Company's issued shares (exculded treasury shares) of 552,437,336 as at the date of this annual report. The Post-IPO Share Option Scheme expired on 17 October 2023 and none of the options are available for grant under the Post-IPO Share Option Scheme during the year end 31 December 2024.

(c) *Maximum entitlement of each Participant under the Post-IPO Share Option Scheme*

The total number of the shares issued and to be issued upon exercise of the options granted and to be granted to each Participant, under the Post-IPO Share Option Scheme and under any other share option scheme(s) of our Company, within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the shares in issue as at the proposed date of grant. Any further grant of options to a Participant in excess of the 1% limit shall be subject to Shareholders' approval in general meeting.

(d) *Exercising and vesting period of options granted under the Post-IPO Share Option Scheme*

In relation to the Post-IPO Share Options granted on 18 May 2020, the share options granted to the Directors and core employees are vested in a lump sum from the date of grant and may be exercised at any time during the Share Option Exercise Period. The share options granted to them on 17 October 2023 may be vested on the date falling the first anniversary of the date of grant and may be exercised within 10 years from the date of grant once vested.

The Post-IPO Share Options granted to employees with performance assessment on 18 May 2020 may be exercised only after they have achieved specific performance targets relating to the Group. The performance targets have been determined by the Board and set out in the respective grant letter of each grantee. Unless the performance targets are met, the share options granted to them will lapse.

The share options may be exercised by employees with performance assessment during the Share Option Validity Period based on the following manner:

1. firstly exercising up to 25% of the share options at any time from 31 March 2021 till the expiration of the Share Option Validity Period;

2. further exercising up to 35% of the share options at any time from 31 March 2022 till the expiration of the Share Option Validity Period; and

3. in respect of the remaining 40% of the share options, which, for the avoidance of doubt, comprise those share options which have not been exercised (and not lapsed) since 31 March 2021, at any time from 31 March 2023 till the end of the Share Option Validity Period.

The employees with performance assessment did not meet the assessment targets. Accordingly, all share options issued to the employees with performance assessment lapsed immediately.

(e) *The amount payable on acceptance of options granted under the Post-IPO Share Option Scheme*

A nominal consideration of HK$1.00 is payable on acceptance of the grant of options under the Post-IPO Share Option Scheme. The nominal consideration shall be paid by the grantee to the Company within 7 days from and including the date of offer.

(f) The basis of determining the exercise price

The exercise prices for the options granted on 18 May 2020 and 17 October 2023 are HK$0.84 and HK$0.74, respectively.

The exercise price for the shares on the exercise of options under the Post-IPO Share Option Scheme shall be a price determined by the Board and notified to the relevant Participant at the time the grant of the options is made to the Participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the share on the date on which the option is granted.

(g) Remaining life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years from its adoption date on 18 October 2013. The scheme expired on 17 October 2023 and no further options can be granted under the Post-IPO Share Option Scheme. The options granted before the expiry of the Post-IPO Share Option Scheme remain outstanding and can be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the grant letters.

Movements in Post-IPO Share Options

The Company granted a total of 32,155,400 share options on 18 May 2020, of which 400,000 share options granted had been rejected by a grantee, leaving a balance of 31,755,400 share options. Of 31,755,400 share options, 3,600,000 share options have been granted to the directors of the Board, 3,155,400 share options have been granted to the core employees of the Group, and 25,000,000 share options have been granted to the employees of the Group who have been set specific performance targets as an incentive. On 17 October 2023, the Company granted an aggregate of 5,703,000 share options to eligible participants. Of 5,703,000 share options, 1,900,000 share options have been granted to the directors of the Board, 3,803,000 share options have been granted to the core employees of the Group. As at the date of this annual report, the Post-IPO Share Options to subscribe for 11,349,000 shares remained outstanding.

The validity period of the options granted shall be 10 years from the grant date (the "**Share Option Validity Period**"). the options shall lapse at the expiry of the Share Option Validity Period or earlier if the service relationship between the Company and the respective grantee of the options has terminated prior to the expiry of the validity period.

During the year ended December 31 2024, 129,400 Post-IPO Share Options were exercised, resulting in the subscription of 129,400 shares at an exercise price of HKD 0.84, with the five-day weighted average closing price prior to the exercise date being HK$ 1.03. Additionally, 30,000 Post-IPO Share Options were lapsed, none of the Post-IPO Options were cancelled. As of December 31, 2024, 11,349,000 Post-IPO Share Options remained outstanding.

During the year ended 31 December 2024, the movements of the options which have been granted under the Post-IPO Share Option Scheme are set out below:

Category and name of participants	Date of Grant	Vesting period	Exercise period	Exercise price per share option	Outstanding as at 1 January 2024	Addition during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 31 December 2024
Category 1 – Director										
Zhang Tiewei	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK$0.84	400,000	–	–	–	–	400,000
Li Bin	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK$0.84	400,000	–	–	–	–	400,000
	17 October 2023	17 October 2023 – 16 October 2024	17 October 2024 – 16 October 2033	HK$0.74	1,000,000	–	–	–	–	1,000,000
Dai Jing	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK$0.84	400,000		–	–	–	400,000
	17 October 2023	17 October 2023 – 16 October 2024	17 October 2024 – 16 October 2033	HK$0.74	900,000	–	–	–	–	900,000
Xu Kaiying	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK$0.84	400,000	–	–	–	–	400,000
Pang Haoquan	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK$0.84	400,000	–	–	–	–	400,000
Tsang Hung Kei	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK$0.84	400,000	–	–	–	–	400,000
Au Tien Chee Arthur	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK$0.84	400,000	–	–	–	–	400,000
Zhou Xiaojiang	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK$0.84	400,000	–	–	–	–	400,000
Sub-Total					5,100,000	–	–	–	–	5,100,000
Category 2 – Employees under continuous employment contract										
	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK$0.84	2,605,400	–	(129,400)	(30,000)	–	2,446,000
	17 October 2023	17 October 2023 – 16 October 2024	17 October 2024 – 16 October 2033	HK$0.74	3,803,000	–	–	–	–	3,803,000
Sub-Total					6,408,400	–	(129,400)	(30,000)	–	6,249,000
Total					11,508,400	–	(129,400)	(30,000)	–	11,349,000

Notes:

The closing prices of the shares immediately before the date of granting the Post-IPO Share Options on 18 May 2020 and 17 October 2023 (i.e on 15 May 2020 and 16 October 2023) were HK$ 0.84 and HK$0.67, respectively.

The 2024 Share Option Scheme

(a) Purpose and participants of the 2024 Share Option Scheme

The purpose of the 2024 Share Option Scheme is to enable the Board to grant options to the eligible participants as incentives or rewards for their contribution or potential contribution to the Group. Eligible participants include Employee Participants, Related Entity Participants and Service Providers.

(b) Maximum number of Shares available for issue

The maximum number of shares which may be allotted and issued in respect of all options to be granted under the 2024 Share Option Scheme, and all share options and all share awards to be granted under any other schemes (the "**Scheme Mandate Limit**") must not in aggregate exceed 10% of the total number of shares (i.e. 552,307,936 shares) in issue as at the Adoption Date, and the maximum number of Shares which may be allotted and issued in respect of all options, all share options and all share awards to be granted to service providers ("**Service Providers**") under the 2024 Share Option Scheme and any other schemes (the "**Service Provider Sublimit**") must not in aggregate exceed 1% of the total number of shares in issue as at the Adoption Date, unless the Company has obtained separate approval by shareholders in general meeting.

(c) Maximum entitlement of each Participant under the 2024 Share Option Scheme

The total number of Shares issued and to be issued in respect of all Options granted under the 2024 Share Option Scheme and all share options and all share awards granted under any Other Schemes (including both exercised or outstanding Options and share options and vested or outstanding share awards but excluding any Options, share options and share awards lapsed in accordance with the terms of the 2024 Share Option Scheme or such Other Scheme(s)) to each Participant within the 12-month period immediately preceding the proposed date of grant up to and including the relevant Offer Date shall not exceed 1% of the total number of Shares in issue ("**Individual Limit**"). Any further grant of options to a Participant in excess of the 1% limit shall be subject to Shareholders' approval in general meeting.

(d) Exercising and vesting period of options granted under the 2024 Share Option Scheme

The share options granted to eligible participants have a vesting period of not be less than 12 months and are exercisable before the expiry of a period of 10 years from the date of grant and in accordance with the terms of the 2024 Share Option Scheme.

(e) The amount payable on acceptance of options granted under the 2024 Share Option Scheme

A nominal consideration of HK$1.00 is payable on acceptance of the grant of options under the Post-IPO Share Option Scheme. The nominal consideration shall be paid by the grantee to the Company within 7 days from and including the date of offer.

(f) ***The basis of determining the exercise price***

The exercise price for the shares on the exercise of options under the 2024 Share Option Scheme shall be a price determined by the Board and notified to the relevant Participant at the time the grant of the options is made to the Participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the share on the date on which the option is granted.

(g) ***Remaining life of the 2024 Share Option Scheme***

The 2024 Share Option Scheme remain in force for a period of 10 years commencing on the date on which the 2024 Share Option Scheme is adopted.

Movements in 2024 Share Options

During the year ended 31 December 2024, no options had been granted or agreed to be granted under the 2024 Share Option Scheme.

The number of options available for grant under the scheme mandate and the Service Provider Sublimit at 1 January 2024 were N/A and N/A, and at 31 December 2024 were 43,722,393 and 5,523,079 respectively.

The number of shares that may be issued in respect of options granted under all share option schemes during the year ended 31 December 2024 (i.e. 11,349,000 shares) divided by the weighted average number of shares of the relevant class in issue for the period (i.e. 552,337,634 shares) was 2.05%.

DIRECTORS

The directors who held office during the year ended 31 December 2024 and up to the date of this annual report are:

Executive Directors

Mr. ZHANG Tiewei (re-elected on 25 May 2023)
Mr. LI Bin (re-elected on 28 June 2024)
Ms. DAI Jing (re-elected on 26 May 2022)
Mr. XU Kaiying (re-elected on 25 May 2023)
Mr. PANG Haoquan (re-elected on 28 June 2024)

Independent Non-executive Directors

Mr. TSANG Hung Kei (re-elected on 28 June 2024)
Mr. AU Tien Chee Arthur (re-elected on 26 May 2022)
Mr. ZHOU Xiaojiang (re-elected on 25 May 2023)

Pursuant to Article 108 of the articles of association of our Company (the "**Articles of Association**") and code provision B.2.2 of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), one-third of our directors will retire by rotation at the annual general meeting of our Company and will be eligible for re-election at that meeting.

Accordingly, Mr. Zhang Tiewei, Ms. Dai Jing, and Mr. Au Tien Chee Arthur will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

Biographical details of the directors and senior management of our Company are set out at pages 71 to 75 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Except for (i) Ms. Dai Jing, whose service agreement commenced on 1 January 2024; (ii) Mr. Xu Kaiying, whose service agreement commenced on 4 July 2022; and (iii) Mr. Pang Haoquan, whose service agreement commenced on 6 January 2023, each of the executive directors has entered into a service agreement with our Company for a term of three years commencing on 13 November 2022, and such service agreements may be terminated in accordance with the terms of the service agreements.

Except for Mr. Zhou Xiaojiang, whose service agreement commenced on 4 July 2022, each of the independent non-executive directors was appointed to our Board pursuant to their respective letters of appointment, for an initial term of three years commencing on 13 November 2022, and such appointment may be terminated in accordance with the terms of the letters of appointment.

As at 31 December 2024, none of our directors proposed for re-election at the forthcoming AGM of our Company has a service contract with members of our Group that is not determinable by our Group within one year without payment of compensation, other than statutory compensation.

Pursuant to the newest amended Director's service agreement entered into between the Company and the Directors, the period emolument entitled to the directors is as follows:

Name of Director	Period	Period Emolument HK$
Mr. Zhang Tiewei	From 1 May 2024 to 30 April 2025	360,000
Mr. Li Bin	From 1 January 2024 to 31 December 2024	960,000
Ms. Dai Jing	From 1 January 2024 to 31 December 2024	768,000
Mr. Xu Kaiying	From 1 May 2024 to 30 April 2025	360,000
Mr. Pang Haoquan	From 1 May 2024 to 30 April 2025	360,000
Mr. Tsang Hung Kei	From 1 May 2024 to 30 April 2025	120,000
Mr. Au Tien Chee Arthur	From 1 May 2024 to 30 April 2025	120,000
Mr. Zhou Xiaojiang	From 1 May 2024 to 30 April 2025	120,000

The Director's emolument was determined by the Board as recommended by the Remuneration Committee with reference to the prevailing market conditions and the performance of the Group as a whole.

EMOLUMENT POLICY

The emoluments of our directors are recommended by the remuneration committee, and decided by our Board, having regard to our Company's operating results, duty, responsibility, performance and workload of individuals and the prevailing market practices. No director is involved in deciding their own remuneration.

The emolument of the senior management of the Group are recommended by the remuneration committee, and decided by our Board, with reference of the Company's objectives, the Board's objectives, the qualifications, experience, duties and responsibilities of individuals, the Group's performance and the prevailing market conditions.

The salaries of the company's employees are determined by the Chief Executive Officer, based on the company's performance, individual qualifications, and achievements.

Our Company has adopted the Post-IPO Share Option Scheme and the 2024 Share Option Scheme as an incentive to our directors and eligible employees. Details of the schemes are set out under the section headed "Share Option Schemes" of this annual report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of our directors and the five highest paid individuals of our Group during the year under review are set out in notes 7 and 8 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the financial year. Our Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, so far as is known to the Directors or chief executives of the Company, the following persons other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**") and as recorded in the register required to be kept by our Company under section 336 of the SFO:

Long Position in shares

Name of Shareholder	Nature of interests	Notes	Number of Shares	Total Equity (Long Position)	Approximate Percentage of Shareholding *(Note 7)*
Expert Depot Limited	Beneficial interest	1, 5	123,514,000	123,514,000	22.36%
Bliss Success Investments Limited	Beneficial interest	2, 5	74,110,000	74,110,000	13.42%
Novel Heritage Limited	Beneficial interest	3, 5	63,294,000	63,294,000	11.46%
New Maestro Investments Limited	Beneficial interest	4	44,998,000	44,998,000	8.15%

Notes:

1. Expert Depot Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Zhang Tiewei, our Chairman and an executive Director.

2. Bliss Success Investments Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Xu Kaiying, an executive Director.

3. Novel Heritage Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. Pang Haoquan, an executive Director.

4. New Maestro Investments Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is held by Mr. He Darong.

5. Pursuant to an acting in concert confirmation dated 17 February 2023, Mr. Zhang Tiewei, Mr. Xu Kaiying, and Mr. Pang Haoquan confirmed they have been acting in concert, in exercising and implementing the management and operation of the Group with each other and reached consensus before making any commercial decisions (including financial decisions and business operation decisions) on an unanimous basis. Hence, they are deemed to be interested in 263,756,000 shares, representing approximately 47.74% of the total issued share capital of the Company as at 31 December 2024 by virtue of the SFO.

6. Calculated with reference to the number of issued Shares (552,437,336 shares) as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who has the interests or short positions in any Shares or underlying Shares of the Company which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions of each director and chief executive of our Company and their respective associates in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") to be notified to our Company and the Stock Exchange, are set out below:

Long Position in shares

Name of Director	Nature of interests	Notes	Number of shares held	Number of underlying shares	Total interests (long position)	Approximate percentage of shareholding *(Note 8)*
Mr. Zhang Tiewei	Beneficial interest, interests held jointly with other persons and interest in a controlled corporation	1, 2, 9	263,356,000	400,000	263,756,000	47.74%
Mr. Xu Kaiying	Interests held jointly with other persons and interest in a controlled corporation	3, 4, 9	263,356,000	400,000	263,756,000	47.74%
Mr. Pang Haoquan	Interests held jointly with other persons and interest in a controlled corporation	5, 6, 9	263,356,000	400,000	263,756,000	47.74%
Mr. Li Bin	Beneficial Interest	7	–	1,400,000	1,400,000	0.25%
Ms. Dai Jing	Beneficial Interest	7	–	1,300,000	1,300,000	0.23%
Mr. Tsang Hung Kei	Beneficial Interest	7	–	400,000	400,000	0.07%
Mr. Au Tien Chee Arthur	Beneficial Interest	7	–	400,000	400,000	0.07%
Mr. Zhou Xiaojiang	Beneficial Interest	7	–	400,000	400,000	0.07%

Notes:

1. Mr. Zhang Tiewei, Chairman and executive Director, personally held 1,638,000 shares and held 123,514,000 shares via Expert Depot Limited, an investment holding company wholly owned by him. By virtue of the SFO, he is also deemed to be interested in 138,204,000 Shares through an acting in concert confirmation dated 17 February 2023.

2. Mr. Zhang Tiewei's interest under equity derivatives was the 400,000 Post-IPO Share Options.

3. Mr. Xu Kaiying, an executive Director, indirectly held 74,110,000 shares through Bliss Success Investments Limited, an investment holding company wholly owned by him. He is also deemed to be interested in 189,246,000 Shares through an acting in concert confirmation dated 17 February 2023 by virtue of the SFO.

4. Mr. Xu Kaiying's interest under equity derivatives was 400,000 Post-IPO Share Options.

5. Mr. Pang Haoquan, an executive Director, indirectly held 63,294,000 Shares through Novel Heritage Limited, an investment holding company wholly owned by him. He is also deemed to be interested in 200,062,000 Shares through an acting in concert confirmation dated 17 February 2023 by virtue of the SFO.

6. Mr. Pang Haoquan's interest under equity derivatives was 400,000 Post-IPO Share Options.

7. On 18 May 2020, the Company granted 400,000 share options under the Post-IPO Share Option Scheme to each of the directors of the Board. Except for Mr. He Darong, the then nonexecutive director, the remaining directors all accepted the share options granted by the Company. On 17 October 2023, the Company granted 1,000,000 and 900,000 Post-IPO Share Options to Mr. Li Bin and Ms. Dai Jing.

8. Calculated with reference to the number of issued Shares (552,437,336 shares) as at 31 December 2024.

9. Pursuant to an acting in concert confirmation dated 17 February 2023, Mr. Zhang Tiewei, Mr. Xu Kaiying, and Mr. Pang Haoquan confirmed they have been acting in concert, in exercising and implementing the management and operation of the Group with each other and reached consensus before making any commercial decisions (including financial decisions and business operation decisions) on an unanimous basis. Hence, they are deemed to be interested in 263,756,000 shares, representing approximately 47.74% of the total issued share capital of the Company as at 31 December 2024 by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company or their respective associates had any interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (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 and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Name of director	Date of grant	Exercise Period (subject to vesting period)	Exercise price per share HK$	Exercised during the period	Number of shares subject to outstanding options as at 31 December 2024	Approximate percentage of our Company's issued capital
Zhang Tiewei	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Li Bin	17 October 2023	17 October 2024 –16 October 2033	0.74	Nil	1,000,000	0.18%
	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Dai Jing	17 October 2023	17 October 2024 –16 October 2033	0.74	Nil	900,000	0.16%
	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Xu Kaiying	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Pang Haoquan	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Tsang Hung Kei	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Au Tien Chee Arthur	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Zhou Xiaojiang	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%

Further details of the Post-IPO Share Option Scheme are set out in the section headed "Share Option Schemes" in this annual report.

Save as disclosed above, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the reporting period.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any director or any person engaged in the full-time employment of our Company, concerning the management and administration of the whole or any substantial part of the business of our Company were entered into or existed during the year.

DIRECTORS' INTERESTS IN CONTRACTS AND PLEDGING OF SHARES BY CONTROLLING SHAREHOLDER

On 10 June 2022, the Company, Chance Talent Management Limited (the "**Purchaser**") and the Obligors entered into a Third Supplemental Deed of Amendment to further amend certain terms and conditions of the Convertible Bond. Pursuant to the Third Supplemental Deed of Amendment, Expert Depot Limited pledged 110,000,000 ordinary shares in the Company in favour of the Purchaser to secure the then outstanding principal amount of HK$58,500,000 due and payable under the Convertible Bonds by the Company to the Purchaser. Expert Depot is directly wholly owned by Mr. Zhang Tiewei, the Company's controlling shareholder. The Company completed the Fourth Supplemental Amendment in relation to the terms and conditions of the Convertible Bond on 18 July 2023. The ordinary shares held by Expert Depot remain being pledged in favour of the Purchaser to secure all sums that remained payable. For details, please refer to the announcements of Company dated 16 May 2022, 10 June 2022, 30 June 2023 and 18 July 2023.

Following the full redemption of the Convertible Bonds in July 2024, the Convertible Bonds were cancelled in whole and the Company is discharged from all the obligations under and in respect of the Convertible Bonds. The Subscription Agreement and the Bond Instrument have been terminated. The Company has no other Convertible Bond in issue after the full redemption. The Purchaser has released the 110,000,000 shares of the Company charged by Expert Depot Limited.

Save as disclosed above, no transaction, arrangement or contract of significance in relation to our Group's business to which our Company or any of its subsidiaries or associated company was a party and in which any director of our Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, nor had there been any transaction, arrangement or contract of significance entered into between our Group and a controlling shareholder of our Company in the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2024, no directors had interest in any business which directly or indirectly competes, or is likely to compete, with the business of our Group.

CONVERTIBLE BONDS OF THE COMPANY ISSUED ON 1 FEBRUARY 2018

As at 1 January 2024, the outstanding principal amount of the Convertible Bonds of the Company was HK$28,000,000. The Group repaid the principal amount of HK$14,000,000 Convertible Bonds at the in January 2024 and redeemed the outstanding principal amount of HK$14,000,000 Convertible Bonds in July 2024. At 31 December 2024, the Group has redeemed all Convertible Bonds and no other Convertible Bonds is outstanding.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES AND TREASURY SHARE

On 18 May 2020, our Company granted options to subscribe for an aggregate of 31,755,400 shares (the "**2020 Share Options**") pursuant to the Post-IPO Share Option Scheme adopted on 18 October 2013. During the year ended 31 December 2024, 129,400 share options of the 2020 Share Options have been exercised, 30,000 share options have been lapsed, and none of the share options have been cancelled. As at 31 December 2024, the 2020 Share Options to subscribe for 5,646,000 shares remained outstanding.

On 17 October 2023, our Company granted options to subscribe for an aggregate of 5,703,000 shares (the "**2023 Share Options**") pursuant to the Post-IPO Share Option Scheme. During the year ended 31 December 2024, 5,703,000 shares options of the 2023 Share Options have been vested. As at 31 December 2024, the 2023 Share Options to subscribe for 5,703,000 shares remained outstanding.

On 28 June 2024, our Company adopted 2024 Share Option Scheme by an ordinary resolution at the extraordinary general meeting. During the year ended 31 December 2024, no options had been granted or agreed to be granted under the 2024 Share Option Scheme.

Save as disclosed above, during the year ended 31 December 2024, neither our Company nor any of its subsidiaries has purchased, sold or redeemed any of our Company's listed securities (including treasury shares, if any). As at 31 December 2024, the Company did not hold any treasury shares The Company did not sell treasury shares prior to fiscal year 2024.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Listing Rules 13.20 and 13.22.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under our Company's Articles of Association or the laws of Cayman Islands which oblige our Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The relationship between our Group and our customers has been stable. For the year ended 31 December 2024, our Group's five largest customers accounted for 74.52% (2023: 19.10%) of our Group's revenue and our single largest customer accounted for 63.16% (2023: 13.86%) of our Group's revenue.

Our Group did not have regular or significant suppliers in view of its business nature.

None of the Directors or any of their close associates or any Shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares, had any interest in our Group's five largest suppliers and customers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to our Company and within the knowledge of the directors, as at the date of this annual report, our Company maintains the prescribed percentage of public float under the Listing Rules.

NON-COMPETITION UNDERTAKING

Mr. Zhang Tiewei, Mr. Xu Kaiying, Mr. Pang Haoquan, Expert Depot Limited, Bliss Success Investments Limited and Novel Heritage Limited, each a controlling shareholder (as defined under the Listing Rules), entered into a deed of non-competition (the "**Deed of Non-competition**") in favour of our Company on 18 October 2013 pursuant to which they have undertaken to our Company (for itself and for the benefit of its subsidiaries) that it or he would not, and would procure that its or his associates (other than any member of our Group) would not, directly or indirectly, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) any business which is or may be in competition with the current businesses of our Group during the restricted period.

An annual confirmation has been received from each of the above mentioned controlling shareholders on compliance with each of their respective undertaking under the Deed of Non-competition.

The independent non-executive directors have reviewed the compliance with the Deed of Non-competition by the above mentioned controlling shareholders and confirmed that the Deed of Non-competition is fully complied with and duly enforced in the year ended 31 December 2024.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibilities, promoting the development of employees and deepening care for employees, protecting the environment and giving back to society, and practicing the concept of sustainable development.

The Group strictly abides by the laws and regulations related to environmental protection promulgated by the state and local governments, such as the Environmental Protection Law and the Energy Conservation Law of the PRC. It efficiently makes use of fuel, water and other natural resources. Having come into the knowledge that low-carbon transformation will be a process of continuous improvement, the Group will spared no efforts in conducting management and monitoring of the data collected during the course of operations. During the reporting period, we identified the risks and opportunities arising from climate change, set out carbon reduction goal and formulated relevant action plan for energy saving and emission reduction. We will continue to increase the use of renewable energies and strictly control waste discharge, striking a balance between promoting the development of enterprises and carrying out low-carbon and environmentally-friendly operations by adhering to the concepts of "green, scientific and environmental protection".

There was no non-compliance case noted in relation to environmental laws and regulations for the year ended 31 December 2024.

The Group has established an environmental, social and governance group, which is responsible for regularly assessing the impact posted by business operations on the environment and report to the senior managements. The senior managements of our Group regularly assess the environmental performance of our business and analyze relevant risks. The Board of the Group regularly studies the potential impact of environmental risks on the Group adopt preventive measures as necessary to reduce the risks and ensure compliance of the relevant laws and regulations.

For further details of environmental, social and governance policies and performance of the Group, please refer to the Environmental, Social and Governance Report for the year ended 31 December 2024, which will be published on the websites of the Stock Exchange and the Company on or before 30 April 2025.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2024, the Company had complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company such as the "the Regulations on the Supervision and Administration of Financing Guarantee Companies" (《融資擔保公司監督管理條例》),"Provisional Measures for the Supervision and Administration of Financial Leasing Companies" (《融資租賃公司監督管理暫行辦法》), the "Interim Measures for the Administration of Internet Loans issued by Commercial Banks" (《商業銀行互聯網貸款管理暫行辦法》), the "Civil Code of the People's Republic of China" (《中華人民共和國民法典》) and the "Environmental Protection Law of the People's Republic of China" (《中華人民共和國環境保護法》).

The Group and its activities are subject to requirements under an array of laws, including the Civil Code of the People's Republic of China, the Company Law of the People's Republic of China, the Partnership Enterprise Law of the People's Republic of China, the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》), the Regulations on the Supervision and Administration of Financing Guarantee Companies, Provisional Measures for the Supervision and Administration of Financial Leasing Companies, the Interim Measures for Supervision and Administration of Private Investment Funds, the Administration Measures for Micro-credit Companies of Guangdong Province, the Labour Law of the People's Republic of China, the Law of the PRC on the Prevention of Environmental Pollution Caused by Solid Waste, the Law of the PRC on Animal Pandemic Prevention as well as other applicable regulations, guidelines and policies issued or promulgated pursuant to these laws and regulations. In addition, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Securities and Futures Ordinance, the Companies Ordinance and the Employment Ordinance are also applicable to the Group. The Group ensures compliance with such requirements by taking various measures such as establishing internal control and approval procedures at all levels, improving the training mechanism and conducting post-event random inspections. The Group attaches great importance to the compliance of its businesses and operations, despite the fact that such measures will incur additional operating costs.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders by reason of their holdings of the shares. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the shares, they are advised to consult their professional advisers.

EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events undertaken by the Company or by the Group after 31 December 2024 and up to the date of this report.

CONNECTED TRANSACTIONS

During the year ended 31 December 2024, save as set out in note 33 to the consolidated financial statements and elsewhere in this report, the Company had not entered into any connected transaction or continuing connected transaction which is required to be disclosed under the Chapter 14 and 14A of the Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by our Company are set out in the Corporate Governance Report on pages 53 to 70 on this annual report.

SOCIAL ENTERPRISE

While serving the local economic development and supporting micro, small and medium sized enterprises, the Group was also actively participated in charitable activities to fulfil social responsibilities, thereby establishing a good social image. Every year, Success Charity Foundation (集成愛心基金), which was voluntarily initiated by shareholders and employees of the Group, gives help and support to employees in need. It provides timely support and assistance to families of employees who suffer from serious illnesses or accidental injuries, and goes through difficult times with the employees and their families. During the Reporting Period, we proactively carried forward the corporate spirit of "Great Cause of Success, Serving the Society" by participating in various environmental and public welfare activities, such as the "Foshan Haixinsha Ecological Restoration Project" and the "Green Guangdong, NPC Representatives in Action" tree-planting event. We were also willingly made some donations. Additionally, we organized employees to actively participate in the "For Love, For the Gift of Life" blood donation campaign, contributing over 23,000 milliliters of blood. During the year, the Group donated a total of RMB50,000 to the whole society. In addition, Mr. Zhang Tiewei, the Chairman and Executive Director of the Group, was elected as the 4th Chairman of Foshan Overseas Chinese Investment Enterprises Association during the year, and is committed to take an active role in uniting, connecting and serving overseas Chinese investment enterprises. Mr. Zhang Tiewei has also been teaching as an off-campus tutor of the master's degree of finance of Guangdong University of Finance and Economics to nurture brilliant students in joint efforts with higher institutions, assist students in developing the habit and thinking which integrate both theories and practices in learning, encourage students to tap into professional knowledge, train up their leadership skills and foster innovation and high moral standards. Furthermore, Mr. Zhang Tiewei also served as a supervising member of the Narcotics Association of Chancheng District in Foshan, contributed to drug prohibition efforts of Foshan by participating in anti-drug promotional events that enhanced the level of public knowledge on drugs.

AUDITORS

Forvis Mazars CPA Limited, the auditors of our Company, will retire at the conclusion of the forthcoming annual general meeting of our Company and be eligible to offer themselves for re-appointment. A resolution will be submitted to the AGM to be held at a time and date to be announced by the Company to seek shareholders' approval on the appointment of Forvis Mazars CPA Limited as our Company's auditors until the conclusion of the next annual general meeting and to authorise our Board to fix their remuneration.

The Company's previous auditor, KPMG, resigned on 16 November 2023. The board, with the recommendation from the Audit Committee, resolved to appoint Forvis Mazars CPA Limited as the new auditor of the Company with effect from 20 November 2023. Save as disclosed above, there were no other changes in the auditor of the Company during the past three years.

By order of our Board

Zhang Tiewei
Chairman and Executive Director

Foshan City, Guangdong Province, the PRC
28 March 2025

CORPORATE GOVERNANCE PRACTICES

Our Company is committed to achieving and maintaining high standards of corporate governance consistent with the needs and requirements of its business and the shareholders. Our Board is responsible for, amongst other things, the development and review of the policies and practices on corporate governance of our Group and monitoring the compliance with legal and regulatory requirements, reviewing and monitoring the training and continuous professional development of directors and senior management, and reviewing the corporate governance compliance with the Code Provisions and disclosure in the annual report. Our Company has adopted and complied with the code provisions (the "**Code Provisions**") as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules for the year ended 31 December 2024. The corporate governance principles of our Company emphasize a quality board, sound internal controls, and transparency and accountability to all shareholders. This corporate governance report has been reviewed by our Board in discharge of its corporate governance function.

Our Directors will review our Company's corporate governance policies and compliance with the Code Provisions from time to time.

VALUE, STRATEGY AND CULTURE

The Board strives to foster corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

Integrity and code of conduct

The Group endeavors to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee manual, the anti-corruption policy and the whistleblowing policy of the Group. The said policies had been available and sent to all staff for their reference. Regular updates and training are provided to reinforce the standard.

Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is important to nurture commitment with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

THE BOARD

Our Board, led by the Chairman of our Company, is responsible for leadership and control of our Company and overseeing our Group's businesses, strategic decisions and performance. The Board has delegated to the senior management of the Company the authority and responsibility for the execution of the Group's strategies and the day-to-day management and operation of the Group. In addition, our Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. Any Director may, in furtherance of their duties, take independent professional advice, where necessary, at the expense of the Company.

Our Board reserves its decision for all major matters of our Company, including: approving and monitoring all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters. Decisions relating to such matters shall be subject to formal decisions of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to management under the oversight of the Board.

Daily management and administration functions are delegated to the management. Our Board delegates various responsibilities to the senior management of our Company. These responsibilities include implementing decisions of our Board, directing and coordinating day-to-day operation and management of our Company in accordance with the management strategies and plans approved by our Board, formulating and monitoring the operation and production plans and budgets, and supervising and monitoring the control systems.

In the year ended 31 December 2024, our Board held 3 formal meetings. Attendance of individual directors at our Board meetings and our general meeting for the year ended 31 December 2024 is as follows:

Name of Director	Attendance/ Number of board meeting held	Attendance by alternate director/ Number of board meeting held	Attendance/ Number of general meeting held	Attendance by alternate director/ Number of general meeting held
Executive Directors:				
Mr. ZHANG Tiewei *(Chairman)*	3/3	–	2/2	–
Mr. LI Bin *(Chief Executive Officer)*	3/3	–	2/2	–
Ms. DAI Jing	3/3	–	2/2	–
Mr. XU Kaiying	3/3	–	2/2	–
Mr. PANG Haoquan	3/3	–	2/2	–
Independent Non-Executive Directors:				
Mr. TSANG Hung Kei	3/3	–	2/2	–
Mr. AU Tien Chee Arthur	3/3	–	2/2	–
Mr. ZHOU Xiaojiang	3/3	–	2/2	–

In the year ended 31 December 2024, apart from the meetings of our Board, consent/approval from our Board was also obtained by written resolutions on a number of matters.

Chairman and executive directors

The Chairman and executive director, Mr. Zhang Tiewei, provides leadership for our Board and ensures that our Board works effectively and all important issues are discussed in a timely manner. Mr. Li Bin, the Chief Executive Officer ("**CEO**"), takes the lead in our Group's operations and business development. The positions of the Chairman and the CEO are held by separate individuals to maintain an effective segregation of duties.

Board composition

Currently, our Board comprises eight directors, including five executive directors and three independent non-executive directors. The current composition of our Board is as follows:

Name of Director	Membership of board committee(s)
Executive Directors:	
Mr. ZHANG Tiewei *(Chairman)*	Chairman of nomination committee Member of remuneration committee
Mr. LI Bin *(Chief Executive Officer)*	
Ms. DAI Jing	
Mr. XU Kaiying	
Mr. PANG Haoquan	
Independent Non-Executive Directors:	
Mr. TSANG Hung Kei	Chairman of audit committee Member of nomination committee Member of remuneration committee
Mr. AU Tien Chee Arthur	Member of audit committee
Mr. ZHOU Xiaojiang	Chairman of remuneration committee Member of nomination committee Member of audit committee

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. In addition, pursuant to Rules 3.10A and 3.10(2) of the Listing Rules, every listed issuer is required to have such number of independent non-executive directors representing at least one-third of the board and at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Mr. Tsang Hung Kei is admitted as a fellow member of the Association of Chartered Certified Accountants, a fellow member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Institute of Chartered Accountants in England and Wales.

Our Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. To the best of the knowledge of our Company, having made all reasonable enquiries, none of the independent non-executive directors failed to meet any of the independence guidelines set out in Rule 3.13 of the Listing Rules. Our Board has assessed the independence of all the independent non-executive directors and considered that all the independent non-executive directors are independent.

The biographies of our directors are set out on pages 71 to 74 of this annual report. Save as disclosed in the biographies of the directors, our Board members do not have any family, financial or business relationship with each other. The list of directors has been published on the website of our Company and the website of the Stock Exchange, and is disclosed in all corporate communications issued by our Company pursuant to the Listing Rules from time to time.

Appointment, re-election and removal of directors

Each of the executive directors has entered into a service contract with our Company. Except for (i) Ms. Dai Jing, whose service agreement commenced on 1 January 2024; (ii) Mr. Xu Kaiying and Mr. Zhou Xiaojiang, whose service agreement commenced on 4 July 2022; and (iii) Mr. Pang Haoquan, whose service agreement commenced on 6 January 2023, the terms of other directors' service contracts are for an initial term of three years commencing on 13 November 2022 and is subject to the re-appointment of each of our directors by our Company at an annual general meeting upon retirement by rotation.

The Articles of Association provide that any director appointed by our Board (i) to fill a casual vacancy in our Board shall hold office only until the next following general meeting of our Company and shall be subject to re-election at such meeting; and (ii) as an addition to our Board shall hold office until the next annual general meeting of our Company and shall then be eligible for re-election.

In addition, every director should be subject to retirement by rotation at least once every three years. At every annual general meeting, one-third of our directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation according to Article 108(a) of the Articles of Association of the Company.

Non-executive directors

Each of the non-executive directors and independent non-executive directors has signed a letter of appointment with our Company. Pursuant to the letters of appointment of our non-executive directors (including our independent non-executive directors), the term of appointment of each of such directors is three years commencing on 13 November 2022, or 4 July 2022 in the case of Mr. Zhou Xiaojiang, which may be terminated by either party by giving one month's written notice.

Board Independence

The Company recognises that Board independence is crucial in good corporate governance and effectiveness of the Board. The Board has established mechanisms to ensure independent views and input from any Director of the Company are delivered to the Board for building an objective and effective decision.

The following mechanism is reviewed annually by the Board, in order to ensure the effectiveness:

1. Three out of the eight Directors are independent non-executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three independent non-executive Directors and must appoint independent non-executive Directors representing at least one-third of the Board.

2. The Nomination and Remuneration Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new independent non-executive director before appointment and also the continued independence of existing independent non-executive Directors and their time commitments annually. On an annual basis, all independent non-executive Directors are required to confirm in writing their compliance of independence requirements pursuant to the Listing Rules, and to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments.

3. The Nomination and Remuneration Committee will conduct the performance evaluation of the independent non-executive Directors annually to assess their contributions.

4. External independent professional advice is available as and when required by individual Directors.

5. No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

6. A Director (including independent non-executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.

7. The Chairman of the Board meets with independent non-executive Director annually without the presence of the executive Directors and non-executive Directors.

Directors' securities transactions

Our Company has adopted the standard set out in the Model Code, in relation to the dealings in securities of our Company by our directors. Having made specific enquiry of all directors, each director has confirmed that he/she has complied with the standard set out in the Model Code since the date of listing of the Company (or on the date of his/her appointment) and up to the date of this annual report.

BOARD DIVERSITY

Our Company adopted a board diversity policy (the "**Board Diversity Policy**") on 15 March 2019. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below:

Vision of our Board Diversity Policy

The Company acknowledge its Board of Directors should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor. The Company believes that board diversity enhances decision-making capability and a diverse board is more effective in dealing with organizational changes and less likely to suffer from group thinking. Board diversity is recognised as an essential element contributing to the sustainable development of the Company by enabling it to attract, retain and motivate employees from the widest possible pool of available talent.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Progress in achieving gender diversity

The Company has appointed a female director to the Board and has achieved the level of gender diversity at the Board level as required by the Listing Rules.

Implementing and monitoring

The nomination committee is responsible for (i) identifying suitably qualified candidates to become members of our Board; (ii) reviewing the Board Diversity Policy on an annual basis to ensure its effectiveness; and (iii) discussing any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The nominating committee takes into account the objective of gender diversity in selecting potential directors' successors. The Board has considered the recommendation of the Nomination Committee and reviewed the implementation and effectiveness of the Board Diversity Policy for the year under review.

Employee diversity

Among all employees of the Group (including senior management), male employees account for 57% and female employees account for 43%. The Group believes that the gender ratio of employees is within the reasonable range.

CONTINUING PROFESSIONAL DEVELOPMENT

Our Company is responsible for arranging and funding suitable training for our directors relating to the roles, functions and duties of a listed company director. Our Company Secretary from time to time updates and provides training to our directors, and organises seminars on the latest development of the Listing Rules, applicable laws, rules and regulations relating to directors' duties and responsibilities. Our directors participated in courses relating to the roles, functions and duties of a listed company directors by training. Our directors may request our Company, pursuant to the policy for directors to seek independent professional advice, to provide independent professional advice at the expense of our Company to discharge their duties to our Company.

BOARD COMMITTEES

Nomination Committee

The nomination committee of our Company was established on 18 October 2013 and adopted written terms of reference on 18 October 2013 and amended on 15 March 2019 in compliance with the Listing Rules. The duties of our nomination committee include (but without limitation) (a) to review the structure, size, composition and diversity (including the skills, knowledge, gender, age, cultural and educational background or professional experience of the Directors and the time devoted by the Directors in fulfilling their responsibilities) of the Board at least annually; (b) to identify individuals suitably qualified to become members of the Board and may select individuals nominated for directorship; (c) to assess the independence of our independent non-executive directors; (d) to make recommendations to our Board on matters such as Board structure, the roles, responsibilities, capabilities, skills, knowledge and experience required from members of the Board, selection and the re-selection of the Directors etc., and (e) to review the Board Diversity Policy adopted by the Board on a regular basis.

Current members of the nomination committee are Mr. Tsang Hung Kei and Mr. Zhou Xiaojiang, both of whom are independent non-executive directors, and Mr. Zhang Tiewei, the Chairman of the Board and an executive director. Mr. Zhang Tiewei is the chairman of the nomination committee.

The Company continuously seeks to enhance the effectiveness of the Board and to maintain a high standard of corporate governance and recognises and embraces the benefits of diversity in the composition of the Board.

After considering the characteristics of the Group's business model and other relevant factors, such as skills, knowledge, gender or age, the nomination committee considered that the current composition of the Board reflects the balance of skills, educational background, experience and diversity of perspectives desirable for effective management of the Company. The nomination committee will continue to review the diversity policy of the Board from time to time to ensure its continued effectiveness and to identify qualified candidates on a merit basis and candidates will be considered against objective criteria, with due regard to the benefits of diversity on the Board.

For the year ended 31 December 2024, the nomination committee held 1 meetings. Attendance of individual members of the nomination committee for the year ended 31 December 2024 is as follows:

Name of Director	Attendance/Number of meetings held
Mr. Zhang Tiewei	1/1
Mr. Tsang Hung Kei	1/1
Mr. Zhou Xiaojiang	1/1

Note: The meetings were attended by the Directors themselves, not an alternate.

The terms of reference of the nomination committee are available on the website of our Company and the website of the Stock Exchange.

The work performed by the nomination committee during the year ended 31 December 2024 is summarised as follows:

1. reviewed structure, size and diversity of the Board;

2. reviewed the independence of the independent non-executive directors; and

3. made recommendations to the Board on the appointment and redesignation of directors and the nomination of directors for re-election at the annual general meeting.

4. make recommendations to the Board on the appointment of senior management personnel of the subsidiary companies.

Remuneration Committee

The remuneration committee of our Company was established on 18 October 2013 with written terms of reference in compliance with the Listing Rules. The duties of our remuneration committee include (but without limitation) (a) making recommendations to our Board on our policy and structure for all remuneration of our directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (b) determining the specific remuneration packages of all our executive directors and senior management, including benefits in kind, pension rights and compensation payments; (c) making recommendations to our Board of the remuneration of our directors; and (d) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time. The existing members of the remuneration committee include Mr. Zhang Tiewei, Mr. Zhou Xiaojiang and Mr. Tsang Hung Kei. Both Mr. Zhou Xiaojiang and Mr. Tsang Hung Kei are independent non-executive directors and Mr. Zhang Tiewei is an executive director. Mr. Zhou Xiaojiang is the chairman of the remuneration committee.

For the year ended 31 December 2024, the remuneration committee held 1 meeting. Attendance of individual members of the remuneration committee for the year ended 31 December 2024 is as follows:

Name of Director	Attendance/Number of meetings held
Mr. Zhou Xiaojiang	1/1
Mr. Zhang Tiewei	1/1
Mr. Tsang Hung Kei	1/1

Note: The meetings were attended by the Directors themselves, not an alternate.

The terms of reference of the remuneratin committee are available on the website of our Company and the website of the Stock Exchange.

The work performed by the remuneration committee during the year ended 31 December 2024 is summarised as follows:

1. made recommendations to the Board on the remuneration packages and policy of directors, senior management and employees; and

2. evaluated the performance of all directors and senior management.

Remuneration of senior management

The remuneration of the members of the senior management of the Company by band for the year ended 31 December 2024 is set out below:

Remuneration Bands	Number of Individuals
Nil to HK$1,000,000	3

Remuneration policy

The remuneration policy of the Group for the Directors and senior management members of the Company was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors and senior management members of the Company.

Share option scheme

During the year ended 31 December 2024, the Company has not granted any options or awards to the directors or senior management.

During the year ended 31 December 2024, the remuneration committee has not reviewed and/or approved any terms, movement, scheme mandate limit and material matters related to share option schemes and share schemes.

Audit committee

The audit committee of our Company was established on 18 October 2013 and adopted written terms of reference on 18 October 2013 and amended on 31 December 2015 and 15 March 2019 in compliance with the Listing Rules. The duties of our audit committee include (but without limitation) (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor; (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services; (d) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; and (e) to review the Company's financial controls, the Company's internal control and risk management systems.

The existing members of the audit committee include Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Zhou Xiaojiang, all of whom are independent non-executive directors. Mr. Tsang Hung Kei is the chairman of the audit committee.

The Audit Committee has reviewed this annual report and the consolidated financial statements of our Company for the year ended 31 December 2024. The Audit Committee is of the view that the consolidated financial statements of our Company for the year ended 31 December 2024 have been prepared in accordance with the applicable accounting standards, the Listing Rules and statutory provisions, and sufficient disclosures have already been made.

For the year ended 31 December 2024, the audit committee held 2 meetings. Attendance of individual members of the audit committee for the year ended 31 December 2024 is as follows:

Name of Director	Attendance/Number of meetings held
Mr. Tsang Hung Kei	2/2
Mr. Au Tien Chee Arthur	2/2
Mr. Zhou Xiaojiang	2/2

Note: The meetings were attended by the Directors themselves, not an alternate.

The terms of reference of the audit committee are available on the website of our Company and the website of the Stock Exchange.

The work performed by the audit committee during the year ended 31 December 2024 is summarised below:

1. reviewed the Group's annual and interim results statements and the related result announcements, documents and other matters or issues raised by external auditors;
2. reviewed the findings from external auditors;
3. reviewed the independence of the external auditors and engagement of external auditors for annual audit;
4. reviewed the audit plans, internal control plan, the development in accounting standards and its effects on the Group, financial reporting matters and risk management;
5. reviewed the adequacy of resources, qualifications, experience of staff of the Group's accounting and financial reporting function;
6. approved the current year external audit plan, reviewed and monitored internal control performance as well as the effectiveness of the internal control system;
7. reviewed the corporate governance compliance; and
8. making recommendation to the Board of Directors on the appointment of the external auditor, to approve the remuneration and terms of engagement of the external auditor.

Accountability and audit financial reporting

Financial results of our Group are announced in a timely manner in accordance with all statutory requirements, particularly the timeframe stipulated in Rule 13.49(1) and (6) of the Listing Rules.

All directors acknowledge their responsibility for preparing the consolidated financial statements of our Group for the year ended 31 December 2024. Currently, our Company's external auditor is Forvis Mazars CPA Limited (the "**Auditor**").

During the year ended 31 December 2024, the remuneration paid or payable to the Auditors comprise service charges for the following:

Service Category	2024 RMB'000
Audit service	1,670
Non-audit service	530

The statement of the Auditor about their reporting responsibilities on the consolidated financial statements of our Group is set out in the Independent Auditor's Report on pages 76 to 81 of this annual report.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Risk management and internal controls

The Board oversees the overall risk management of our Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. Our Board recognises that sound and effective risk management and internal control systems are important to safeguard our shareholders' investment and our Company's assets, and recognises that its responsibility to ensure that our Company maintains a sound and effective risk management and internal control system and the review thereof. Our Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks.

For the year ended 31 December 2024, review of our Group's internal controls covered major financial, operational and compliance controls, as well as risk management functions. The internal control review of the Group was conducted semiannually. The controls that were built into the risk management system are intended to manage significant risks in our Group's business environment.

Process used to Identify, Evaluate and Manage Significant Risks

The processes used to identify, evaluate and manage significant risks by our Group are summarised as follows:

Risk Identification	• Identifies risks that may potentially affect our Group's business and operations.
Risk Assessment	• Assesses the risks identified by using the assessment criteria developed by the management; and • Considers the impact and consequence on the business and the likelihood of their occurrence.
Risk Response	• Prioritises the risks by comparing the results of the risk assessment; and • Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.
Risk Monitoring and Reporting	• Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place; • Revises the risk management strategies and internal control processes in case of any significant change of situation; and • Reports the results of risk monitoring to the management and the Board regularly.

The implementation of risk management framework of our Group was assisted by our Group's risk management department, so that our Group could ensure new and emerging risks relevant to our Group's operation are promptly identified by management, assess the adequacy of action plans to manage these risks and monitor and evaluate the effectiveness of the action plans. The Company has established internal control function for risk management through the Internal Control and Compliance Management Department and the Risk Management Department. The internal control department audit the effectiveness of the Company's risk management and internal monitoring system and evaluate whether the Company's risk management mechanism is implemented effectively and efficiently. The scope, work and findings of the internal control carried out are reported to the Audit Committee of the Company. These are on-going processes and our Audit Committee reviews periodically our Group's risk management systems. Our Audit committee reported to our Board the implementation of our Group's risk management and internal control policy which, among other things, included the determination of risk factors, evaluation of risk level our Group could take and effectiveness of risk management measures.

Based on the reports from our Group's risk management department and our Audit Committee, our Board considers that our Group's risk management and internal control system is adequate and effective and our Group has complied with the provisions on risk management and internal controls as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules. However, the Company's risk management and internal monitoring framework can only manage rather than completely eliminate risks that may affect the Company's ability to accomplish its business objectives. Therefore, the board can provide a reasonable but not an absolute assurance for the avoidance of material misstatement or loss.

INSIDE INFORMATION

With a view to handling and disseminating inside information in compliance with the SFO, procedures, including notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, identification of projects by code name, and dissemination of information to stated purpose and on a need-to-know basis, have been implemented by the Group to guard against possible mishandling of inside information within the Group.

COMPANY SECRETARY

The company secretary is Mr. Pang Chung Fai Benny ("**Company Secretary**"). Please refer to his biographical details set out on page 75 of this annual report. All Directors have access to our Company Secretary to ensure that board procedures and all applicable law, rules and regulations, are followed. During the year, our Company Secretary has taken no less than 15 hours relevant professional training as required under rule 3.29 of the Listing Rules.

EFFECTIVE COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Our Board recognises the importance of maintaining a clear, timely and effective communication with our shareholders. Our Board also recognises that effective communication with our Company's investors is critical in establishing investor confidence and to attract new investors. Therefore, our Group is committed to maintaining a high degree of transparency to ensure our shareholders and the investors of our Company will receive accurate, clear, comprehensive and timely information of our Group through the publication of annual reports, interim reports, announcements and circulars. A summary of the Company's shareholders' communication policy is as follows:

The annual general meetings and other general meetings of the Company are the primary forum for communication by the Company with its shareholders and provide an opportunity for the Shareholders to meet with and question the directors and management of the Company and for the Company to solicit and understand the views of shareholders and stakeholders. Chairmen of the Audit Committee, remuneration committee, nomination committee and any other committees (if any), or in the absence of the chairmen of such committees, another member of such committees or failing this the duly appointed delegates, are invited to attend and answer questions at the annual general meetings. The Company will inform the public all notices of general meetings and the relevant explanatory materials by placing the same on the Stock Exchange's website and the Company's website, and sent electronically or printed copies to Shareholders as per their requests.

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend such meetings. Shareholders may deposit proxy forms according to the instruction as specified therein for general meetings of the Company to the share registrar. The forthcoming AGM of the Company will be held at a time and date to be announced by the Company.

A dedicated investor relations section is available on the Company's corporate website (http://www.chinasuccessfinance.com/). Corporate information, news releases and other information on the Company's corporate website is updated on a regular basis. The Company will place on its corporate website all announcements, circulars, financial reports published pursuant to the Listing Rules as its official release of material information to the market as soon as reasonably practicable after such information is released to the Stock Exchange.

The Company's shareholder communication policy is subject to regular review by the Audit Committee of the Company and will be amended, as appropriate, in response to changes in internal structure, legislative, regulatory and market developments to reflect current best practice in communications with the Shareholders and the investment community.

The Board has reviewed the implementation and effectiveness of the communication policy with Shareholders including steps taken at general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Communication Policy with Shareholders has been properly implemented during the year under review and is effective.

Moreover, the Company's AGM encourages face-to-face communication with shareholders. Members of the Board and chairmen of various board committees will attend the forthcoming AGM. The directors will answer questions on the performance of the Group raised by shareholders.

Following the implementation of the Stock Exchange's consultation conclusion on electronic dissemination of corporate communications by listed issuers on 31 December 2023 and the Company's Third amended and Restated Memorandum and Articles of Association as amended on 28 June 2024, the Company will disseminate corporate communications, including but not limited to, annual and interim reports, circulars and notices to general meeting electronically on the websites of the Company and the Stock Exchange. The Company has informed Shareholders that such arrangement is in place and has asked Shareholders to provide their email address for dissemination of actionable corporate communications, which includes but not limited to election forms in connection with a dividend payment, provisional allotment letters in connection with a rights issue and acceptance forms in connection with takeovers, mergers and share buy-backs. Shareholders may request the Company to provide hard copies of corporate communications and actionable corporate communications. Further details of the electronic dissemination arrangement and hardcopy requests was be set out in the one time notification letter dated 12 July 2024.

Anti-corruption and whistle blowing

The Group sets up a high business integrity and ethics in its corporate culture through communication with employees on the provisions of amongst other things, anti-corruption policy. Employees are encouraged to take part in the promotion of high ethical standards. The Company has also adopted whistle blowing policy and employees are encouraged to raise awareness of identification of possible improprieties, and to voice out without fear of reprisals. The Group provides clear guidance on the whistleblowing policy and procedures by defining the activities which constitute misconduct or malpractice, formulating the reporting procedures of allegation by the whistleblowers and the investigation procedures, and specifying the protection and support provided to the whistle blowers. Audit Committee has overall responsibility to ensure investigation procedures of suspect improprieties are properly conducted, and to protect the whistleblowers from being unfairly dismissed, victimised or punished.

SHAREHOLDERS' RIGHTS

1. Procedures for Shareholders to convene an Extraordinary General Meeting

Pursuant to Article 64 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of our Company having the right of voting at general meetings. Such requisition shall be made in writing to our Board or our Company Secretary for the purpose of requiring an extraordinary general meeting to be called by our Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If, within 21 days of such deposit, our Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our Board shall be reimbursed to the requisitionist(s) by our Company.

2. Procedures for raising enquiries

Shareholders may direct their queries about their shareholdings, share transfer, registration and payment of dividend to our Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited:

Address	:	17M Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Online Feedback Platform	:	https://www.computershare.com/hk/en/online_feedback
Tel	:	(852) 2862 8555
Fax	:	(852) 2865 0990/2529 6087

Shareholders may raise enquiries in respect of our Company at the following designated contact, correspondence address, email address and enquiry hotlines of our Company:

Attention	:	Mr. Li Bin
Address	:	604, 6th Floor Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
Email	:	hkinfo@chinasuccessfinance.com
Tel	:	(852) 2180 7189

3. Procedures for putting forward proposals at Shareholders' Meetings

a) Proposal for election of a person other than a director as a director:

Pursuant to Article 113 of the Articles of Association, a shareholder who wishes to propose a person other than a retiring director for election to the office of director at any general meeting should lodge (i) notice in writing of the intention to propose that person for election as a director; and (ii) notice in writing by that person of his willingness to be elected, at either (a) our Company's Hong Kong office 604, 6/Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, or (b) the registration office of our Company in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The period for lodgment of the notices mentioned above will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to our Company may be given will be at least seven days.

b) Other proposals:

If a Shareholder wishes to make other proposals (the "**Proposal(s)**") at a general meeting, he may lodge a written request, duly signed, at our Company's Hong Kong office 604, 6/Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The identity of the Shareholder and his/her request will be verified with our Company's Hong Kong share registrar and upon confirmation by the share registrar that the request is proper and in order, and is made by a Shareholder, our Board will in its sole discretion decide whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

The notice period to be given to all the shareholders for consideration of the Proposal raised by the shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

i. Notice of not less than 21 days in writing if the Proposal requires approval in an annual general meeting of our Company.

ii. Notice of not less than 21 days in writing if the Proposal requires approval by way of a special resolution in an extraordinary general meeting of our Company.

iii. Notice of not less than 14 days in writing if the Proposal requires approval by way of an ordinary resolution in an extraordinary general meeting of our Company.

Constitutional documents

Pursuant to a special resolution of the shareholders passed on 18 October 2013, the Amended and Restated Memorandum and Articles of Association were adopted with effect from the Listing Date. The Second Company's Amended Memorandum and Articles of Association was adopted, with shareholders' approval in 2023 AGM on 26 May 2023, to comply with the set of 14 core shareholder protection standards set out in the amended Listing Rules. the Company's Third Amended Memorandum and Articles of Association was adopted, with shareholders' approval in 2024 AGM on 28 June 2024, to comply with the expand the paperless listing regime set out in the amended Listing Rules. During the year ended 31 December 2024, the Third Amended and Restated Memorandum and Articles of Association of our Company are available on the website of our Company and the website of the Stock Exchange.

EXECUTIVE DIRECTORS

Mr. ZHANG Tiewei, aged 62, is one of the founders of our Group. He was appointed as our director on16 January 2012 and redesignated as the Chairman of our Board and executive director on 18 October2013. Mr. Zhang is responsible for our Group's strategic planning and overall business management.

Mr. Zhang has more than 27 years of experience in the financial industry in the PRC during which Mr. Zhang has been acting as (i) the director of Great Wall Futures Co., Ltd. from 1997 to September 2020 which engages in commodity futures brokerages and financial futures brokerages; (ii) the chairman of Foshan Chancheng Success Micro Credit Co., Ltd. ("**Success Credit**") since its establishment in 2009 which engages in the provision of small loans lending; (ii) the director of Guangdong Success Venture Capital Company Limited since 2008 which engages in venture capital; (iv) the Chairman of Success Investment Holdings Group Company Limited ("**Success Investment Holdings**") since its establishment in 2005 which engages in the investment in real estate, public utilities, medical and industrial project; (v) the director of Foshan Success Finance Group Company Limited ("**Foshan Success Finance**") which engages in the investment in the modern financial industry, investment in the financial services industry, capital management, asset management, etc; and (vi) the chairman of Xinjiang Jianashi Motorcycle Co., Ltd. (新疆嘉納仕摩托車有限公司)("**Xinjiang Jianashi**"). Mr. Zhang accumulated business and financial experiences which are relevant to the business of our Group when acting as the director or chairman of the above named companies. Mr. Zhang has also been acting as the legal representative and chairman of Success Guarantee, a subsidiary of the Group, since its establishment in 1996. Mr. Zhang is also a director of each of Double Chance Developments Limited, China Success Capital Limited, China Success Finance Holdings Limited, GNW Capital Limited, Guangdong Success Asset Management Company Limited ("**Success Asset**"), Foshan Success Financial Leasing Company Limited ("**Success Financial Leasing**"), Shenzhen Qianhai Success Kaiyue Holdings Co., Ltd. (深圳前海集成凱粵控股有限公司) ("**Qianhai Success Kaiyue**") and Yangmianshan Company Limited ("**Yangmianshan**"), all being subsidiaries of the Group.

Mr. Zhang is currently the vice chairman of the 15th executive committee of Foshan General Chamber of Commerce, the honorary president of the 5th General Chamber of Commerce of Chancheng District and the 4th chairman of Foshan Overseas Chinese Enterprises Association. Mr. Zhang was a member of the 10th, 11th and 12th Foshan Committee of the Chinese People's Political Consultative Conference, the standing committee member of the 11th executive committee of Guangdong Federation of Industry & Commerce and the chairman of the 1st council of Foshan Investment Chamber of Private Entrepreneurs. Mr. Zhang has been awarded as an Outstanding Corporate Manager in Guangdong Province in 2011 by the Guangdong Enterprises Confederation and the Guangdong Entrepreneurs Association. He was also granted the title of "Top 10 Influential Men in Economy of Guangdong" in 2013 and was granted the honorable title of "The Fifth Excellent Constructers of the Socialism Undertaking with Chinese Characteristics of the Players of Non-public Sectors of the Economy in Guangdong Province" in 2019. Mr. Zhang was conferred Doctorate in Business Administration by Singapore Management University in February 2020.

Mr. LI Bin, aged 52, was the executive director and the chief executive officer of our Group. Mr. Li joined our Group in 2006 as an assistant to the general manager and the manager of the post-guarantee management department of Success Guarantee, a subsidiary of the Group. He was promoted to general manager of Success Guarantee in 2009 and was appointed as the executive director and the chief executive officer of the Group on 18 October 2013. Mr. Li resigned as the chief executive officer of our Company with effect from 15 September 2014 in order to focus his time and effort on the development of the guarantee business of the Company and continue to serve as an executive director of our Company. Mr. Li was appointed as the chief operating officer of our Group on 31 August 2015 and is responsible for overseeing our Group's operations and internal management system. He was appointed as the vice chairman of Success Guarantee in 2016. He resigned from the chief operating officer of the Group and was appointed as the chief executive officer of the Group on 18 May 2018, and he will continue to serve as an executive director. Mr. Li is also the general manager of Success Financial Leasing as well as the director and general manager of Foshan Success Cloud Technology Company Limited, all being subsidiaries of the Group.

Prior to joining our Group, Mr. Li had worked at the Foshan branch of Bank of China from 1993 to 2005 and was responsible for sales and marketing activities in the bank and specialising in the provision of loans and credits which are relevant to the business of our Group. His last position in the bank was assistant manager of the sales department. Mr. Li obtained a master of business administration degree from Jinan University in Guangdong, the PRC in June 2007.

Ms. DAI Jing, aged 54, was the executive director and the chief operating officer of our Company, effective from 18 May 2018. Ms. Dai joined Success Investment Holdings in August 2006 as manager of the legal affairs department and was subsequently promoted to vice general manager of Success Guarantee, a subsidiary of the Group, in January 2007. She was promoted to senior vice general manager and general manager of Success Guarantee in January 2010 and April 2016, respectively. Ms. Dai is also the supervisor of Success Financial Leasing, a subsidiary of the Group. Prior to joining our Group, Ms. Dai worked at the Bank of China from 1993 to 2005 for handling credit approval, credit management and asset protection. Her last position with the Bank of China was deputy manager of the asset protection department. Ms. Dai also worked with the China Merchants Bank from 2005 to 2006 as a manager for handling bank management matters. Ms. Dai was admitted as a lawyer in the PRC in September 1995. Ms. Dai obtained a bachelor's degree in law from Wuhan University in Hubei, the PRC in July 1993.

Mr. XU Kaiying, aged 61, was appointed as our non-executive director on 18 October 2013 and re-designated as our executive director on 4 July 2016. Mr. Xu invested in our Group as a shareholder of Success Guarantee, a subsidiary of the Group, in February 2001. Mr. Xu is the general manager of Foshan Success Industry Investment Company Limited and a director of each of Success Investment Holdings, Foshan Finance and Xinjiang Jianashi (新疆嘉納仕). Mr. Xu is also is also a director of each of China Success Capital (HK) Limited ("**Success Capital (HK)**") and T. M. Management Limited, a supervisor of Qianhai Success Kaiyue and the vice chairman of Success Guarantee, all being subsidiaries of the Group.

Mr. Xu is a member of the 5th National People's Congress of Chancheng District, Foshan City and the Executive Chairman of the Foshan Chamber of Commerce for Private Enterprises Investors. And he was, a standing member of the 14th Executive Committee of the Foshan Federation of Industry and Commerce (Genaral Chamber of Commerce) and a member of the 10th, 11th and 12th Foshan Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Xu obtained a bachelor's degree in finance management from Beijing Economic and Technological College in July 2008. Mr. Xu has completed a post-EMBA degree at the Peking University.

Mr. PANG Haoquan, aged 60, was appointed as our non-executive director of the Group on 18 October 2013 and re-designated as our executive director on 6 January 2017. Mr. Pang invested in our Group as a shareholder of Success Guarantee, a subsidiary of the Group, in February 2001. Mr. Pang is a director of each of Success Investment Holdings, Foshan Finance and Xinjiang Jianashi (新疆嘉納仕) as well as the chairman of Guangdong Yinhe Motor Group Company Limited (廣東銀河摩托車集團有限公司). Mr. Pang is also a director of the Success Capital (HK) and the general manager of Qianhai Success Kaiyue (前海集成凱粵), all being subsidiaries of the Group. Mr. Pang obtained a diploma in automation from Guangzhou Open University in July 1982.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSANG Hung Kei, aged 54, was appointed as our independent non-executive director on 18 October 2013. Mr. Tsang has more than 29 years of experience in financial management and reporting and corporate governance. He is a Fellow of the Association of Chartered Certified Accountants, a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales. He had years of working experience in an international accounting firm and is currently the chief financial officer of Pak Fah Yeow International Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Main Board**"), and an executive director of its major subsidiaries. He is also an independent non-executive director of Hua Yin International Holdings Limited, a company listed on the Main Board. Mr. Tsang holds a bachelor degree in computer science and accounting at the University of Manchester, United Kingdom.

Mr. AU Tien Chee Arthur, age 52, was appointed as our independent non-executive director on 18 October 2013. Mr. Au is a lawyer with over 20 years of legal and industry operations experience in corporate and private practice settings. He is currently the managing director of Apeirospect Limited, a legal and corporate consultancy. Previously, he held senior leadership positions at an international medical device company and a global electric vehicle manufacturer in Hong Kong. Mr. Au worked closely with multinational companies in Hong Kong such as The Hong Kong Exchange, Sands Group, HK Shanghai Grand Hotel Group, Accenture, and Hasbro. For over a decade in Silicon Valley, Mr. Au provided legal and intellectual property counseling to a wide range of medical and technology companies in Silicon Valley including Thoratec Guidant, Google, Intel, and Apple etc. Mr. Au has a Bachelor of Science Degree in Biomedical and Electrical Engineering from Duke University, a Master of Science Degree in Biomedical Engineering from Case Western Reserve University, and a Juris Doctor Law Degree from Santa Clara University School of Law. He was admitted as a member of the State Bar of California and registered to practise with the US Patent and Trademark Office.

Mr. ZHOU Xiaojiang, aged 62, was appointed as the independent non-executive Director on 4 July 2016. Mr. Zhou is a director of Beijing Grandtopeak Quntong Investment Holding Group Co., Ltd. (北京國泰群同投資控股集團有限公司) (formerly known as Grandtopeak Land Consolidation Group Co,. Ltd. (國泰土地整理集團有限公司)) and has been the chairman and legal representative of Beijing Guotai Balance Land Layout and Design Co., Ltd. (北京國泰天平行土地規劃設計有限公司), the chairman and legal representative of Beijing Hongtai Entrepreneurial Land Consolidation Co., Ltd. (北京宏泰創業土地整理有限公司),the chairman and legal representative of Beijing Guotai Pilot Sailing Boat Investment Co.,Ltd. (北京國泰領航帆艇投資有限公司),and the general manager and legal representative of Guotai Jinglu Investment Holdings Co.,Ltd. (國泰京魯投資控股有限公司) since December 2007. Mr.Zhou was the chairman and legal representative of Beijing Zhong Di Land Consolidation Co., Ltd. (北京中地土地整理有限公司) and the chairman and legal representative of Beijing Guoxing Weiye Land Consolidation Co., Ltd. (北京國興偉業土地整理有限公司).

Mr. Zhou was the chairman and legal representative of Guoyu Economic Development Corporation (國宇經濟發展總公司) (formerly China Three Gorges Economic Development Corporation (中國三峽經濟發展總公司)) from December 2004 to May 2007.He was also the general manager and legal representative of Hualian Real Estate Development Company (中國華聯房地產開發公司) from March 2001 to May 2007. Mr. Zhou obtained a bachelor degree of science, majoring in urban planning, from Chongqing University (formerly known as Chongqing Construction Engineering College (重慶建築工程學院)) in August 1983and an MBA from Murdoch University in Australia in 2001.

SENIOR MANAGEMENT

Our senior management consists of our executive directors and the following persons:

Name	Age	Position in our Group
Mr. LIANG Tao	42	Chief financial officer of our Group
Mr. ZHONG Zhiqiang	51	Risk control director of Success Guarantee
Mr. PANG Chung Fai Benny	52	Company Secretary

Mr. LIANG Tao, aged 42, was appointed as the chief financial officer of our Group on 18 October 2013 and is responsible for overseeing the financial matters of our Group. Mr. Liang is a director of T. M. Management Limited (a subsidiary of the Group). Mr. Liang has over 15 years of experience in financial management. Mr. Liang joined our Group in December 2010 and was responsible for the initial public offering of the Company in 2013. Prior to joining our Group, Mr. Liang has experience on undertaking the listing of a mainland enterprise in NASDAQ. Mr. Liang has been with L & L Energy, Inc., a US public company, and United Group Rail (NZ) Limited, an Australian listed company, and has been responsible for financial matters of the two companies. He holds Bachelor of Business Studies of Massey University majoring in accounting.

Mr. ZHONG Zhiqiang, aged 51, is the director of Investment and Financing Committee and is responsible for the investment and financing management of the Group. He is also the risk control director of Success Guarantee, a subsidiary of the Group, and is responsible for overseeing the risk management department of Success Guarantee. Mr. Zhong joined our Group in October 2009. Prior to joining of our Group, Mr. Zhong worked at the Bank of China from 1991 to 2009 for handling foreign exchange settlement, provision of loans and credits and sales and personal financing. His last position with the bank was assistant manager of the personal financial department. Mr. Zhong obtained a bachelor's degree in economics majoring in finance from Jinan University in Guangdong, the PRC in January 2004.

COMPANY SECRETARY

Mr. PANG Chung Fai Benny, aged 52, was appointed as our Company Secretary on 18 October 2013. Mr. Pang practised as a lawyer for over 20 years and is experienced in corporate finance, corporate governance and compliance matters.

Independent Auditor's Report

To the members of
CHINA SUCCESS FINANCE GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Success Finance Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 82 to 192, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the 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 judgement, 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, we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of receivables and provisions for guarantee losses Refer to notes 12, 13, 14 and 23 to the consolidated financial statements The Group has applied expected credit loss model ("ECL model") for measuring impairment losses on receivables and provision for losses on financial guarantees issued by the Group. The determination of loss allowances using the ECL model is subject to a number of key parameters and assumptions, including the identification of credit-impaired stage, adjustments for forward-looking information and other adjustment factors. Management judgement is involved in the selection of parameters and the application of assumptions. In particular, the determination of the loss allowances and provisions for guarantee losses is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The Group's expected credit losses and provisions for guarantee losses are derived from estimates including the Group's historical losses and other adjustment factors. Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the debtors, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. We identified the impairment of receivables and provisions for guarantee losses as a key audit matter because of the inherent uncertainty and management judgement involved, as well as their significance to the consolidated financial statements of the Group.	Our key audit procedures in relation to the impairment of receivables and provisions for guarantee losses include: • Understanding and assessing the design, implementation and operating effectiveness of key internal controls over the approval, recording and monitoring of receivables and financial guarantees issued; • Assessing the appropriateness of the ECL model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions used in the ECL model; • Evaluating the reasonableness and accuracy of estimates and data used for the key parameters used in the ECL model; • Evaluating management's assessment on whether the credit risk of the receivables and guarantees have increased significantly since initial recognition and whether the receivables and guarantees are credit-impaired; • Evaluating management's assessment of the value of property collateral held by comparing it with estimated market prices based transactions of similar properties for receivables that are credit-impaired, on a sample basis; • Recalculating the amount of impairment of receivables and provisions for guarantee losses using the ECL model, on a sample basis; • Assessing the adequacy of disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment of the hog selling business Refer to note 19 to the consolidated financial statements As at 31 December 2024, the Group's property, plant and equipment of the hog selling business amounted to approximately RMB154,468,000, net of provision for impairment of approximately RMB15,798,000. At the end of each reporting period, the Group, with the assistance of independent professional valuer, reviewed internal and external sources of information, including but not limited to significant changes in use of assets that could adversely affect the Group and the expected economic performance of assets that may be worse than anticipated, to assess whether there is any indications that property, plant and equipment may be impaired. If any such indication exists, the Group will perform an impairment assessment on property, plant and equipment by estimating the recoverable amounts of the cash generating units ("CGUs") to which the assets belong, principally based on their value in use or, if applicable, by measuring the recoverable amount of certain individual assets with reference to their fair value less costs of disposal. The carrying amounts of the assets will be written down to their recoverable amounts if the recoverable amounts are less than the carrying amounts. We identified the impairment of property, plant and equipment of the hog selling business as a key audit matter due to its significance to the consolidated financial statements and the estimation uncertainty involved in determining the recoverable amount of the property, plant and equipment.	Our key audit procedures in relation to the impairment of property, plant and equipment of the hog selling business include: • Discussing the process and basis used to identify indicators of impairment of property, plant and equipment of the hog selling business with management and the valuer, and where such indicators were identified, assessing whether management has performed impairment testing in accordance with the requirements of HKFRSs; • Assessing the competence, capability and objectivity of the valuer who assisted management in determining the recoverable amounts of the property, plant and equipment; • Assessing the appropriateness of the impairment model applied by management and the valuer in calculating the recoverable amounts of the CGUs, and the judgements applied in determining the CGUs to which the assets belong; • Verifying the mathematical accuracy of the discounted cash flow model used in the value in use calculation; • Evaluating the reasonableness of key assumptions based on our knowledge of the Group's industry and market; • Reconciling input data to supporting evidence, such as future production plans and approved budgets and assessing the reasonableness and feasibility of such plans and budgets; • Assessing the adequacy of disclosures in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2024 annual report of the Company 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.

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 HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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. This report is made solely to you, as a body, 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 HKSAs 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.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

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

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.

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2025

The engagement director on the audit resulting in this independent auditor’s report is:
Yip Ngai Shing
Practising Certificate number: P05163

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Guarantee income		**15,608**	25,916
Less: guarantee service fee		**(253)**	(12,337)
Net guarantee fee income		**15,355**	13,579
Services fee from consulting services		**153**	150
Income from financial leasing service		**906**	–
Sales of market hogs		**4,362**	1,151
Income from breeding service		**2,369**	–
Sales of energy storage system		**41,440**	4,966
Revenue, net	3	**64,585**	19,846
Other revenue	4	**2,698**	8,268
Cost of market hogs sold		**(4,777)**	(4,574)
Cost of breeding service		**(2,202)**	–
Cost of energy storage system sold		**(38,963)**	(4,606)
Impairment and provision credited/(charged)	5(a)	**4,399**	(3,301)
Impairment loss on property, plant and equipment	19(a)	**(18,161)**	–
Operating expenses		**(39,938)**	(51,575)
Research and development costs		**(1,006)**	(1,025)
Interest expenses	5(d)	**(9,789)**	(12,194)
Net changes in fair value on financial assets	20	**(9,606)**	4,205
Share of results of associates	16	**120**	60
Loss before taxation	5	**(52,640)**	(44,896)
Income tax expense	6(a)	**(4,059)**	(794)
Loss for the year		**(56,699)**	(45,690)
Loss attributable to:			
Owners of the Company		**(39,117)**	(33,421)
Non-controlling interests	15	**(17,582)**	(12,269)
		(56,699)	(45,690)
Loss per share		**RMB**	RMB
Basic and diluted	9	**(0.07)**	(0.06)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Note	**2024 RMB'000**	2023 RMB'000
Loss for the year		**(56,699)**	(45,690)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Currency translation on financial statements of the Company		**12,070**	18,192
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences of foreign operations		**(11,310)**	(17,945)
Other comprehensive income for the year		**760**	247
Total comprehensive loss for the year		**(55,939)**	(45,443)
Total comprehensive loss attributable to:			
Owners of the Company		**(38,357)**	(33,174)
Non-controlling interests	15	**(17,582)**	(12,269)
		(55,939)	(45,443)

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Assets			
Cash and bank deposits	10	**185,561**	134,077
Pledged bank deposits	11	**33,009**	72,694
Trade and other receivables	12	**87,592**	135,860
Factoring receivables	13	**11,769**	25,345
Finance lease receivables	14	**30,859**	32,310
Interest in associates	16	**22,916**	22,796
Biological assets	17	**972**	1,683
Inventories	18	**47**	442
Property, plant and equipment	19	**163,296**	180,108
Financial assets measured at fair value through profit or loss	20	**1,563**	11,169
Deferred tax assets	21(a)	**21,153**	28,452
Goodwill	22	**–**	–
		558,737	644,936
Liabilities			
Liabilities from guarantees	23	**17,970**	22,118
Pledged deposits received	24	**103,234**	104,491
Bank and other borrowings	25	**143,199**	136,758
Liability component of convertible bonds	26	**–**	25,609
Accruals and other payables	27	**30,485**	35,563
Current tax		**13,228**	16,468
Lease liabilities	28	**12,897**	11,822
		321,013	352,829
NET ASSETS		**237,724**	292,107
Capital and reserves			
Share capital	30(c)	**4,421**	4,420
Reserves		**283,336**	320,138
		287,757	324,558
Non-controlling interests	15	**(50,033)**	(32,451)
TOTAL EQUITY		**237,724**	292,107

These consolidated financial statements on pages 82 to 192 were approved and authorised for issue by the Board of Directors on 28 March 2025 and signed on its behalf by

Zhang Tiewei
Director

Li Bin
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	Regulatory reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	4,420	468,566	321,656	56,997	30,988	15,448	(541,036)	357,039	(20,182)	336,857
Loss for the year	–	–	–	–	–	–	(33,421)	(33,421)	(12,269)	(45,690)
Other comprehensive income/(loss):										
Items that will not be reclassified subsequently to profit or loss:										
Currency translation on financial statements of the Company	–	–	–	–	–	18,192	–	18,192	–	18,192
Items that may be reclassified subsequently to profit or loss:										
Currency translation differences of foreign operations	–	–	–	–	–	(17,945)	–	(17,945)	–	(17,945)
Other comprehensive income	–	–	–	–	–	247	–	247	–	247
Total comprehensive income/(loss)	–	–	–	–	–	247	(33,421)	(33,174)	(12,269)	(45,443)
Transactions with owners										
Contributions and distributions										
Modification and repayment of convertible bonds	–	–	(990)	–	–	–	990	–	–	–
Equity-settled share-based payments	–	–	693	–	–	–	–	693	–	693
Total transactions with owners	–	–	(297)	–	–	–	990	693	–	693
At 31 December 2023	4,420	468,566	321,359	56,997	30,988	15,695	(573,467)	324,558	(32,451)	292,107
At 1 January 2024	**4,420**	**468,566**	**321,359**	**56,997**	**30,988**	**15,695**	**(573,467)**	**324,558**	**(32,451)**	**292,107**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(39,117)**	**(39,117)**	**(17,582)**	**(56,699)**
Other comprehensive income/(loss):										
Items that will not be reclassified subsequently to profit or loss:										
Currency translation on financial statements of the Company	**–**	**–**	**–**	**–**	**–**	**12,070**	**–**	**12,070**	**–**	**12,070**
Items that may be reclassified subsequently to profit or loss:										
Currency translation differences of foreign operations	**–**	**–**	**–**	**–**	**–**	**(11,310)**	**–**	**(11,310)**	**–**	**(11,310)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**760**	**–**	**760**	**–**	**760**
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**760**	**(39,117)**	**(38,357)**	**(17,582)**	**(55,939)**
Transactions with owners										
Contributions and distributions										
Issue of shares upon exercise of share options	**1**	**98**	**–**	**–**	**–**	**–**	**–**	**99**	**–**	**99**
Transfer upon redemption of convertible bonds	**–**	**–**	**(3,942)**	**–**	**–**	**–**	**3,942**	**–**	**–**	**–**
Equity-settled share-based payments	**–**	**–**	**1,457**	**–**	**–**	**–**	**–**	**1,457**	**–**	**1,457**
Total transactions with owners	**1**	**98**	**(2,485)**	**–**	**–**	**–**	**3,942**	**1,556**	**–**	**1,556**
At 31 December 2024	**4,421**	**468,664**	**318,874**	**56,997**	**30,988**	**16,455**	**(608,642)**	**287,757**	**(50,033)**	**237,724**

Consolidated Cash Flow Statement

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Cash from operations	10(b)	**28,815**	9,352
Income taxes paid		**–**	(1)
Net cash from operating activities		**28,815**	9,351
Investing activities			
Payments for purchase of property, plant and equipment		**(546)**	(1,087)
Interest received		**2,225**	1,901
Net cash from investing activities		**1,679**	814
Financing activities			
Interest paid		**(13,736)**	(9,528)
Capital and interest element of lease liabilities paid	10(c)	**(2,115)**	(1,860)
Proceeds from bank and other borrowings	10(c)	**57,550**	53,479
Proceeds from issuing shares		**99**	–
Repayment of bank and other borrowings	10(c)	**(51,109)**	(50,701)
Repayment of convertible bonds	10(c)	**(25,480)**	(18,740)
Net cash used in financing activities		**(34,791)**	(27,350)
Net decrease in cash and cash equivalents		**(4,297)**	(17,185)
Cash and cash equivalents at beginning of the reporting period		**13,036**	29,981
Effect of foreign exchange rate		**16**	240
Cash and cash equivalents at end of the reporting period	10	**8,755**	13,036

CORPORATE INFORMATION

China Success Finance Group Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Fourth Floor, One Capital Place, P.O. Box 847, Grand Cayman, KY1-1103, Cayman Islands and the principal place of its business in Hong Kong registered under Part 16 of the Companies Ordinance is 604, 6th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are i) provision of guarantee, financial leasing, factoring service and consulting service in the People's Republic of China (the "PRC"), ii) sales of market hogs and provision of breeding service in the PRC, and iii) trading of energy storage system in overseas. The Company and its subsidiaries are collectively referred to as the "Group".

1. ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), the collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and in compliance with the disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

A summary of the principal accounting policies adopted by the Group is set out below.

(b) Going concern

After taking into account the Group's cash flow projections prepared by the directors, which cover a period of not less than twelve months from 31 December 2024, and considering the letter of support obtained from Expert Depot Limited, the controlling shareholder of the Company, who has adequate financial resources to provide such support, the directors are of the opinion that the Group will have sufficient working capital for its operations and can meet its financial obligations as they fall due. Accordingly, the directors consider it appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

(c) Basis of preparation of the consolidated financial statements

These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

1. ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation of the consolidated financial statements *(continued)*

The measurement basis used in the preparation of these consolidated financial statements is historical cost except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments in debt and equity securities (see note 1(g) to the consolidated financial statements);
- derivative financial instruments (see note 1(h) to the consolidated financial statements); and
- biological assets (see note1(l) to the consolidated financial statements).

(d) Changes in accounting policies

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

1. ACCOUNTING POLICIES *(continued)*

(d) Changes in accounting policies *(continued)*

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments on this Interpretation does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

1. ACCOUNTING POLICIES *(continued)*

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

1. ACCOUNTING POLICIES *(continued)*

(e) Subsidiaries and non-controlling interests *(continued)*

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the associate and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the associate's other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the ECL model to such other long-term interests where applicable).

1. ACCOUNTING POLICIES *(continued)*

(f) Associates *(continued)*

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses, unless they are classified as held for sale.

(g) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

1. ACCOUNTING POLICIES *(continued)*

(h) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates are set out below.

Investments in debt and equity securities are recognised/derecognised on the trade date basis. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

(I) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– fair value through other comprehensive income ("FVOCI") (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

1. ACCOUNTING POLICIES *(continued)*

(h) Other investments in debt and equity securities *(continued)*

(II) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(i) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(j) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

– right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment.

Construction in progress is stated at cost less accumulated impairment losses. Cost comprises direct costs of construction capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

1. ACCOUNTING POLICIES *(continued)*

(j) Property, plant and equipment *(continued)*

Gains or losses arising from the retirement or disposal of an item of equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost of items of equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Motor vehicle	4 to 5 years
–	Office and other equipment	3 to 5 years
–	Pig farm and other buildings	20 years
–	Other properties leased for own use	5 to 28 years
–	Improvements	5 to 28 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

1. ACCOUNTING POLICIES *(continued)*

(k) Leased assets *(continued)*

(i) ***As a lessee*** *(continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1. ACCOUNTING POLICIES *(continued)*

(k) Leased assets *(continued)*

(i) As a lessee *(continued)*

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (ECL) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including loans to associates, which is held for the collection of contractual cash flows which represent solely payments of principal and interest); and

– lease receivables.

Other financial assets measured at fair value, including units in bond funds, equity and debt securities and derivative financial assets measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

1. ACCOUNTING POLICIES *(continued)*

(I) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and lease receivables *(continued)*

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between(i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable;

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

1. ACCOUNTING POLICIES *(continued)*

(I) Credit losses and impairment of assets *(continued)*

(i) ***Credit losses from financial instruments and lease receivables*** *(continued)*

Measurement of ECL (Continued)

ECL are measured on either of the following bases:

– 12-month ECL: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowance of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months, and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses.

– The financial instruments that are determined to have low credit risk at the reporting date; or

– The financial instruments for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECL. ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

1. ACCOUNTING POLICIES *(continued)*

(I) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and lease receivables *(continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 30 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

– Failure to make payments of principal or interest on their contractually due dates;

– An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– An actual or expected significant deterioration in the operating results of the debtor;

– Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group;

– The credit spread increases significantly;

1. ACCOUNTING POLICIES *(continued)*

(I) Credit losses and impairment of assets *(continued)*

(i) ***Credit losses from financial instruments and lease receivables*** *(continued)*

Significant increases in credit risk (continued)

- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status;
- Application of a grace period or debt-restructuring;
- Significant changes with an adverse effect in the counterparty's operating conditions;
- Decreased value of the collaterals; and
- Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of guarantees.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECL are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at fair value through other comprehensive income ("FVOCI") (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

1. ACCOUNTING POLICIES *(continued)*

(I) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and lease receivables *(continued)*

Definition of "default" and "credit-impaired assets"

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default, and the criteria are consistent with the definition of credit-impaired assets.

The financial asset is more than 90 days past due.

The counterparty meets the criterion of "having difficulty in repayment", which indicates that the counterparty has significant financial difficulty, including:

– the counterparty has been in the grace period for a long time;

– the death of the counterparty;

– the counterparty enters bankruptcy;

– the counterparty breaches (one or more) terms of the contract that the debtor shall be subject to;

– the disappearance of an active market for the related financial asset because of financial difficulties faced by the counterparty;

– the creditors make concessions due to the financial difficulties faced by the counterparty;

– it becomes probable that the counterparty will enter bankruptcy;

– a higher discount was obtained during the acquisition of assets, and the assets have incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.

1. ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and lease receivables *(continued)*

Low credit risk

A financial 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's other receivables and cash and cash equivalents are determined to have low credit risk.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1. ACCOUNTING POLICIES *(continued)*

(I) Credit losses and impairment of assets *(continued)*

(ii) Credit losses from financial guarantees issued

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECL on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECL, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

1. ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);

– goodwill; and

– investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

1. ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(iii) Impairment of other non-current assets *(continued)*

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iv) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(k)(i), (ii) and (iii) to the consolidated financial statements).

1. ACCOUNTING POLICIES *(continued)*

(m) Biological assets

The biological assets of the Group are live hogs at various stages of development, including piglets, growing hogs and finishing hogs, which are classified as current assets. Biological assets also include breeding stocks and agricultural produces, which are classified as non-current assets.

Live hogs and breeding stocks are measured on initial recognition and at the end of each reporting period at their fair values less costs to sell.

Agricultural produces are measured by aggregate costs of production, such costs include planting, weeding, fertilizer and costs direct attributable to the produces, which related to the development of the biological assets that are capitalised.

Any resultant gain or loss arising on initial recognition and from changes in fair value less costs to sell is charged to the profit or loss for the period in which the gain or loss arises.

Costs to sell of a biological asset are the incremental costs directly attributable to the sale or disposal of the asset, excluding finance costs and income taxes.

(n) Inventories

The inventories of the Group include fodders, medicines, and vaccines.

Inventories are carried at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. Cost of inventories is calculated using the first-in-first-out method.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

1. ACCOUNTING POLICIES *(continued)*

(o) Trade and other receivables

A receivable is recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A receivable is derecognised when and only when (i) the Group's contractual rights to future cash flows from the receivable expires or (ii) the Group transfers the receivable and either (a) it transfers substantially all the risks and rewards of ownership of the receivable, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the receivable but it does not retain control of the receivable.

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 using the effective interest method and including an allowance for credit losses (see note 1(k)(i) to the consolidated financial statements).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitor that are held for meeting short-term cash commitments, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(q) Other payables

Other payables are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and derecognised when and only when the payable is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Other payables are initially recognised at fair value. Subsequent to initial recognition, other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1. ACCOUNTING POLICIES *(continued)*

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs. Borrowing costs are expensed in the period in which they are incurred.

(s) Convertible bonds

Convertible bonds that contain an equity component

Convertible bonds that can be converted into ordinary shares at the option of the holder, where a fixed number of shares are issued for a fixed amount of cash or other financial assets, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured at fair value based on the future interest and principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The equity component is the difference between the initial fair value of the convertible bonds as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is not remeasured and is recognised in the capital reserve until the bonds are converted.

If the bonds are converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued.

1. ACCOUNTING POLICIES *(continued)*

(t) Employee benefits

(i) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Group's subsidiaries in the PRC have joined defined contributions for the employees, such as basic pension scheme, housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes contributions to the above-mentioned schemes at the applicable rates based on the amounts stipulated by the government organisation. The contributions are charged to profit or loss on an accrual basis.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (the "MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

1. ACCOUNTING POLICIES *(continued)*

(t) Employee benefits *(continued)*

(iii) Share-based payments

The fair value of shares or share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at the grant date using the appropriate valuation techniques, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares or share options, the total estimated fair value of the shares or share options is spread over the vesting period, taking into account the probability that the shares or share options will vest.

During the vesting period, the number of share options that are expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iv) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

1. ACCOUNTING POLICIES *(continued)*

(u) Income tax *(continued)*

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1. ACCOUNTING POLICIES *(continued)*

(u) Income tax *(continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

The Group issues performance guarantee and litigation guarantee contracts, in which the Group agrees to provide guarantees to its customers who entered into contracts with third parties for services to be rendered, goods to be supplied or obligation to fulfil within an agreed time period. The Group is required to compensate the guarantee holder if a specified uncertain future event adversely results in the counterparties' failure to delivery services and goods, or to fulfil the obligation.

1. ACCOUNTING POLICIES *(continued)*

(v) Guarantees issued *(continued)*

Where the Group issues a guarantee, the fair value of the guarantee is initially recognised as deferred income within liabilities from guarantees. The fair value of guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The fair value of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from guarantees issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in deferred income in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(w) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

1. ACCOUNTING POLICIES *(continued)*

(x) 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.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

(i) Revenue from contracts with customers within HKFRS 15

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

– a good or service (or a bundle of goods or services) that is distinct; or

– a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

1. ACCOUNTING POLICIES *(continued)*

(x) Revenue and other income *(continued)*

(i) Revenue from contracts with customers within HKFRS 15 *(continued)*

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Variable consideration

If the consideration promised in a contract includes a variable amount (variations in contract work), the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

1. ACCOUNTING POLICIES *(continued)*

(x) Revenue and other income *(continued)*

(i) Revenue from contracts with customers within HKFRS 15 *(continued)*

Income from financial guarantees issued

Income from financial guarantees issued is recognised over the term of the guarantees.

Service fee from consulting services and breeding services

The Group receives service fee by providing various consulting services and breeding services to customers.

If one of the following conditions is met, the Group will recognise the revenue according to the performance progress in the period:

– the customer obtains the economic benefits through the Group's performance;

– the customer is able to control the services performed by the Group in the performance process;

– the services performed by the Group in the performance process have irreplaceable uses, and the Group has the right to collect the payment for the part of performance that has been completed.

Revenue from consulting services and breeding services are recognised over time using the output method.

In other cases, the Group recognises the revenue when the customer obtains the relevant service control right.

Sales of market hogs and energy storage system

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

1. ACCOUNTING POLICIES *(continued)*

(x) Revenue and other income *(continued)*

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using 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. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(iii) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(y) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is the Hong Kong dollar but the Company adopts RMB as the presentation currency of the Group.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

1. ACCOUNTING POLICIES *(continued)*

(y) Translation of foreign currencies *(continued)*

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1. ACCOUNTING POLICIES *(continued)*

(aa) Related parties

A related party is a person or entity that is related to the Group.

(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 or joint venture 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).

   (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.

1. ACCOUNTING POLICIES *(continued)*

(aa) Related parties *(continued)*

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 and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate, and a joint venture includes subsidiaries of the joint venture.

(ab) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated 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.

2. ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(i) Determination of lease term

The lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the options, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(ii) Loss allowance for ECL

The Group uses judgements in establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selecting and approving models used to measure ECL.

2. ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Sources of estimation uncertainty

In addition to the sources of estimation uncertainty disclosed elsewhere in these consolidated financial statements, other significant sources of estimation uncertainly are as follows:

(i) Loss allowance for ECL

The Group's management estimates the loss allowance for trade receivables, factoring receivables and finance lease receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the receivables. Details of the key assumptions and inputs used in estimating ECL are set out in note 31(a) to the consolidated financial statements.

(ii) Deferred tax assets

As at the end of the reporting period, a deferred tax asset of RMB21,153,000 (2023: RMB28,452,000) has been recognised in the consolidated statement of financial position. The recognition of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such a reversal takes place.

(iii) Impairment of property, plant and equipment

Determining an appropriate amount of an impairment requires an estimation of recoverable amounts of assets or the respective cash generating units ("CGU") to which the property, plant and equipment and right-of-use assets belong, which is the higher of value in use and fair value less cost of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant assets or the CGU and a suitable discount rate in order to calculate the present value. The discount rate represents a rate that reflects current market assessments of time value of money and the risks specific to the asset or the CGU for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, an additional impairment loss may arise. As at 31 December 2024, accumulated impairment losses on property, plant and equipment of approximately RMB18,161,000 (2023: Nil) were recognised.

2. ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Sources of estimation uncertainty *(continued)*

(iv) Valuation of financial assets measured at FVPL

The Group appointed an independent professional valuer to assess the fair value of its unlisted equity investment included in financial assets measured at FVPL that are not traded in an active market. In determining the fair value, the valuer has applied a variety of methods and made assumptions that are mainly based on market conditions existing at each reporting date. Changes in assumptions on the valuation techniques could affect the reported fair value of the financial assets measured at FVPL. As at 31 December 2024, the carrying amount of the unlisted equity investment included in financial assets measured at FVPL was approximately RMB1,563,000 (2023: RMB11,169,000), which was valued using market approach.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The amount of each significant category of revenue recognised during the year is as follows:

	2024 RMB'000	2023 RMB'000
Guarantee fee income		
– Income from financial guarantees	548	233
– Income from online financial guarantees	14,820	25,445
– Income from performance guarantees	238	238
– Income from litigation guarantees	2	–
Gross guarantee fee income	15,608	25,916
Less: guarantee service fee	(253)	(12,337)
Net guarantee fee income	15,355	13,579
Service fee from consulting services	153	150
Income from financial leasing services	906	–
Sales of market hogs	4,362	1,151
Income from breeding service	2,369	–
Sales of energy storage system	41,440	4,966
Revenue, net	64,585	19,846

3. REVENUE AND SEGMENT REPORTING *(continued)*

(a) Revenue *(continued)*

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Financial service RMB'000	Sales of market hogs RMB'000	Breeding service income RMB'000	Sales of energy storage system RMB'000	Total RMB'000
Year ended 31 December 2024					
Timing of revenue recognition:					
– at a point in time	–	4,362	–	41,440	45,802
– over time	16,667	–	2,369	–	19,036
	16,667	4,362	2,369	41,440	64,838
Type of transaction price:					
– fixed price	16,667	4,362	–	41,440	62,469
– variable price	–	–	2,369	–	2,369
	16,667	4,362	2,369	41,440	64,838

	Financial service RMB'000	Sales of market hogs RMB'000	Breeding service income RMB'000	Sales of energy storage system RMB'000	Total RMB'000
Year ended 31 December 2023					
Timing of revenue recognition:					
– at a point in time	–	1,151	–	4,966	6,117
– over time	26,066	–	–	–	26,066
	26,066	1,151	–	4,966	32,183
Type of transaction price:					
– fixed price	26,066	1,151	–	4,966	32,183

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its business by business operations in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resources allocation and performance assessment. The Group's reportable and operating segments are as follows:

– Financial services: providing guarantee service, factoring service, financial leasing service and consulting service in the PRC.

– Market hog: sales of market hogs and providing breeding service in the PRC.

– Energy storage: trading of energy storage system in overseas.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets and segment liabilities include all liabilities of the Group.

Segment revenue and segment expenses are determined based on revenue generated by those segments and the expenses incurred by those segments. Segment results include the Group's share of results of associates.

Segment performance is evaluated based on reportable segment profit/loss, which is measured consistently with the Group's profit/loss.

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) ***Segment results, assets and liabilities*** *(continued)*

	Financial services		Market Hog		Energy storage		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Guarantee income	15,608	25,916	–	–	–	–	15,608	25,916
Less: guarantee service fee	(253)	(12,337)	–	–	–	–	(253)	(12,337)
Net guarantee fee income	15,355	13,579	–	–	–	–	15,355	13,579
Service fee from consulting services	153	150	–	–	–	–	153	150
Income from financial leasing services	906	–	–	–	–	–	906	–
Sales of market hogs	–	–	4,362	1,151	–	–	4,362	1,151
Income from breeding service	–	–	2,369	–	–	–	2,369	–
Sales of energy storage system	–	–	–	–	41,440	4,966	41,440	4,966
Revenue, net	16,414	13,729	6,731	1,151	41,440	4,966	64,585	19,846
Other revenue	2,307	6,775	381	1,493	10	–	2,698	8,268
Cost of market hogs sold	–	–	(4,777)	(4,574)	–	–	(4,777)	(4,574)
Cost of breeding service	–	–	(2,202)	–	–	–	(2,202)	–
Cost of energy storage system sold	–	–	–	–	(38,963)	(4,606)	(38,963)	(4,606)
Impairment and provision credited/(charged)	4,399	(3,301)	–	–	–	–	4,399	(3,301)
Impairment loss on property, plant and equipment	(2,363)	–	(15,798)	–	–	–	(18,161)	–
Operating expenses	(24,201)	(35,671)	(11,981)	(15,247)	(3,756)	(657)	(39,938)	(51,575)
Research and development costs	(1,006)	(1,025)	–	–	–	–	(1,006)	(1,025)
Interest expenses	(3,066)	(4,802)	(6,723)	(7,392)	–	–	(9,789)	(12,194)
Net changes in fair value on financial assets	(9,606)	4,205	–	–	–	–	(9,606)	4,205
Share of results of associates	120	60	–	–	–	–	120	60
Reportable segment loss before taxation	(17,002)	(20,030)	(34,369)	(24,569)	(1,269)	(297)	(52,640)	(44,896)
Income tax	(4,059)	(794)	–	–	–	–	(4,059)	(794)
Reportable segment loss for the year	(21,061)	(20,824)	(34,369)	(24,569)	(1,269)	(297)	(56,699)	(45,690)

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

Interest income from bank deposits included in the measurement of reportable segment loss is solely generated from financial services for the years ended 31 December 2024 and 2023.

Depreciation charge included in the measurement of reportable segment loss of financial services business and hog selling business amounted to RMB995,000 (2023: RMB958,000) and RMB11,340,000 (2023: RMB10,862,000) for the year ended 31 December 2024 respectively.

	Financial services		Market Hog		Energy storage		Total	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Assets								
Reportable segment assets	**518,498**	557,114	**159,917**	182,640	**2,723**	4,388	**681,138**	744,142
Elimination of inter-segment receivables	**(122,401)**	(99,206)	**–**	–	**–**	–	**(122,401)**	(99,206)
Consolidated total assets	**396,097**	457,908	**159,917**	182,640	**2,723**	4,388	**558,737**	644,936
Liabilities								
Reportable segment liabilities	**174,110**	194,037	**265,039**	253,393	**4,265**	4,605	**443,414**	452,035
Elimination of inter-segment payables	**–**	–	**(120,559)**	(98,305)	**(1,842)**	(901)	**(122,401)**	(99,206)
Consolidated total liabilities	**174,110**	194,037	**144,480**	155,088	**2,423**	3,704	**321,013**	352,829

(ii) Information about major customers

Revenue of RMB40,854,000 (2023: RMB4,441,000) derived from an external customer of Group's energy storage business has exceeded 10% of the revenue of the Group. Save as disclosed herein, no other revenue derived from a single customer has exceeded 10% of the revenue of the Group.

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iii) Geographic information

The revenue information based on the geographical location of the customers is as follows:

	Financial services RMB'000	Market Hog RMB'000	Energy storage RMB'000	Total RMB'000
Year ended 31 December 2024				
Geographical region:				
– Mainland China	**16,667**	**6,731**	**–**	**23,398**
– South Africa	**–**	**–**	**40,854**	**40,854**
– Australia	**–**	**–**	**586**	**586**
	16,667	**6,731**	**41,440**	**64,838**

	Financial services RMB'000	Market Hog RMB'000	Energy storage RMB'000	Total RMB'000
Year ended 31 December 2023				
Geographical region:				
– Mainland China	26,066	1,151	–	27,217
– South Africa	–	–	4,441	4,441
– Australia	–	–	525	525
	26,066	1,151	4,966	32,183

The geographical locations of non-current assets other than financial assets measured at FVPL, biological assets and deferred tax assets are based on the physical location of the assets under consideration.

	2024 RMB'000	2023 RMB'000
Hong Kong	**152**	339
Mainland China	**163,144**	179,769
	163,296	180,108

4. OTHER REVENUE

	2024 RMB'000	2023 RMB'000
Gain on modification of the terms of convertible bonds	–	3,525
Interest income from bank deposits	**2,225**	1,901
Government grants	**386**	779
Compensation income from insurance claim on loss of market hogs	–	1,066
Recovery of bad debt	–	959
Others	**87**	38
Total	**2,698**	8,268

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after (crediting)/charging:

(a) Impairment and provision (credited)/charged

	Note	2024 RMB'000	2023 RMB'000
Provision (credited)/charged for guarantees issued	23(a)	**(3,315)**	2,468
Impairment allowances charged/(credited) for:			
– receivables from guarantee payments	12(a)(ii)	**1,577**	(4,661)
– deposit and other receivables	12(b)	**(4,135)**	1,211
– amounts due from related parties	12(c)	–	(1,000)
– prepayments for constructions	12(d)	**3,088**	–
– factoring receivables	13(b)	**609**	1,745
– finance lease receivables	14(b)	**(2,223)**	3,538
		(4,399)	3,301

5. LOSS BEFORE TAXATION *(continued)*

Loss before taxation is arrived at after (crediting)/charging: *(continued)*

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	**12,693**	16,282
Contributions to defined contribution retirement plan	**1,588**	1,541
Equity-settled share-based payment expenses	**1,457**	693
Total	**15,738**	18,516

The Group has no other material obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

(c) Other items

	Note	2024 RMB'000	2023 RMB'000
Depreciation charge			
– right-of-use assets		**1,780**	1,376
– owned property, plant and equipment		**10,555**	10,444
	(ii)	**12,335**	11,820
Operating lease charges in respect of leasing of properties		**96**	148
Auditors' remuneration			
– audit services		**1,670**	1,700
– other services		**530**	474
Net foreign exchange loss		**357**	3,061
Loss of inventory	(i)	**627**	4,209

(i) The loss of inventory represented the cost arising from the loss of hogs.

(ii) Depreciation charge included in cost of market hogs sold is approximately RMB2,242,000 (2023: RMB3,413,000).

5. LOSS BEFORE TAXATION *(continued)*

(d) Interest expenses

	Note	**2024 RMB'000**	2023 RMB'000
Interest on bank and other borrowings		**7,105**	7,567
Interest on convertible bonds		**1,849**	3,858
Interest on lease liabilities	19(b)	**835**	684
Others		**–**	85
Total		**9,789**	12,194

6. INCOME TAX EXPENSE

(a) Income tax expense represents:

	2024 RMB'000	2023 RMB'000
Current tax		
Tax filing differences	**–**	1
Deferred tax		
Origination and reversal of temporary differences	**4,059**	793
Total	**4,059**	794

6. INCOME TAX EXPENSE *(continued)*

(b) Reconciliation between income tax and accounting loss at applicable tax rates:

	2024 RMB'000	2023 RMB'000
Loss before taxation	**(52,640)**	(44,896)
Notional tax on loss before taxation, calculated at the rates applicable in the relevant jurisdictions	**(3,657)**	(5,299)
Tax effect of unused tax losses not recognised	**1,632**	8,349
Tax exempt revenue	**(1,839)**	(3,321)
Tax effect of non-deductible expenses	**3,864**	1,064
Write-down of deferred tax assets	**4,059**	–
Tax filing differences	**–**	1
Income tax expense	**4,059**	794

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in either jurisdiction.

(ii) No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2024 and 2023, as the Group did not have assessable profits subject to Hong Kong Profits Tax during both years.

(iii) The PRC subsidiaries of the Group are subject to the PRC Enterprise Income Tax at 25% (2023: 25%).

Pursuant to the article 27 of Law of the People's Republic of China on Enterprise Income Tax (No. 63 Order of the President of the PRC), Yangmianshan Company Limited ("Yangmianshan") is entitled to full income tax exemptions for its animal husbandry business.

(iv) Pursuant to relevant laws and regulations, non-PRC-resident enterprises are subject to withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax. As a part of the continuing evaluation of the Group's dividend policy, management has determined that, for the purpose of business development, no undistributed profits will be distributed in the foreseeable future. Furthermore, as at 31 December 2024, accumulated losses of RMB498,042,000 (2023: RMB507,744,000) were recorded by those subsidiaries. As such, no deferred tax liabilities have been recognised in respect of the PRC withholding tax on undistributed profits.

7. DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2024					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share-based payments (Note (i)) RMB'000	Total RMB'000
Chairman and executive director						
Mr. Zhang Tiewei	329	–	–	329	–	329
Executive directors						
Mr. Li Bin	–	876	90	966	256	1,222
Ms. Dai Jing	–	701	90	791	230	1,021
Mr. Xu Kaiying	329	–	16	345	–	345
Mr. Pang Haoquan	329	–	–	329	–	329
Independent non-executive directors						
Mr. Tsang Hung Kei	110	–	–	110	–	110
Mr. Au Tien Chee Arthur	110	–	–	110	–	110
Mr. Zhou Xiaojiang	110	–	–	110	–	110
Total	1,317	1,577	196	3,090	486	3,576

	Year ended 31 December 2023					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share-based payments (Note (i)) RMB'000	Total RMB'000
Chairman and executive director						
Mr. Zhang Tiewei	1,296	–	–	1,296	–	1,296
Executive directors						
Mr. Li Bin	–	1,872	72	1,944	65	2,009
Ms. Dai Jing	–	1,498	72	1,570	58	1,628
Mr. Xu Kaiying	936	–	16	952	–	952
Mr. Pang Haoquan	576	–	–	576	–	576
Independent non-executive directors						
Mr. Tsang Hung Kei	144	–	–	144	–	144
Mr. Au Tien Chee Arthur	144	–	–	144	–	144
Mr. Zhou Xiaojiang	144	–	–	144	–	144
Total	3,240	3,370	160	6,770	123	6,893

7. DIRECTORS' REMUNERATION *(continued)*

Notes:

(i) The share-based payments represent the estimated value of share options granted to the directors under the Company's share option schemes.

(ii) No payments were made by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2024 and 2023. In addition, there was no arrangement under which any director waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emolument, three (2023: four) are directors whose emoluments are disclosed in note 7 to the consolidated financial statements. The aggregate emoluments in respect of the other two (2023: one) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	**2,427**	1,290
Contributions to defined contribution retirement plan	**145**	89
Share-based payments	**128**	167
Total	**2,700**	1,546

The emoluments of the two (2023: one) non-director individuals whose emoluments fell within the following bands:

	2024	2023
HK$Nil – HK$1,000,000	**1**	–
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,000,001 – HK$2,500,000	**1**	–

No payments were made by the Group to the highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2024 and 2023. In addition, there was no arrangement under which any of the highest-paid individuals waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

9. LOSS PER SHARE

(a) Basic

Basic loss per share for the years ended 31 December 2024 and 2023 are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year:

	2024	2023
Loss attributable to owners of the Company (in RMB'000)	**(39,117)**	(33,421)
Weighted average number of ordinary shares in issue (in thousand)	**552,338**	552,307
Basic loss per share (RMB per share)	**(0.07)**	(0.06)

(b) Diluted

Potential dilutive ordinary shares are not included in the calculation of diluted loss per share because they are anti-dilutive. Therefore, the diluted loss per share equals the basic loss per share.

10. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024 RMB'000	2023 RMB'000
Demand deposits and term deposits with banks with original maturity less than three months	**8,669**	12,855
Restricted customer pledged deposits (i)	**61**	61
Restricted third-party pledged deposits (i)	**103,173**	104,430
Other restricted funds	**73,572**	16,550
Cash on hand	**86**	181
Cash and bank deposits in the consolidated statement of financial position	**185,561**	134,077
Restricted customer pledged deposits (i)	**(61)**	(61)
Restricted third-party pledged deposits (i)	**(103,173)**	(104,430)
Other restricted funds	**(73,572)**	(16,550)
Cash and cash equivalents in the consolidated statement of cash flows	**8,755**	13,036

(i) Pursuant to the Implementing Rules for the Administration of Financial Guarantee Companies promulgated by the People's Government of the Guangdong Province on 27 September 2010 and the Notice on Regulating the Management of Customer Pledged Deposits of Financial Guarantee Institutions announced by the Joint Committee for the Regulation of the Financial Guarantee Industry on 15 April 2012, the Group is required to set up certain arrangements to manage the customers' pledged deposits by 31 March 2011.

These arrangements include: (i) entering into tripartite custodian agreement among lending bank, customer or the third party and the Group, for ensuring the entrustment of lending bank to manage the deposits; (ii) depositing the pledged deposits received from the customer/third party into a designated custodian bank account; and (iii) ensuring that such deposits are not available for use by the Group.

10. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(a) Cash and cash equivalents comprise: *(continued)*

(i) *(continued)*

In order to comply with the aforesaid rules and regulations, the Group established internal guidelines which were adopted in May 2012. However, the aforesaid rules and regulations are not enforceable to banks and the Group could not enter into tripartite custodian arrangement with certain lending banks. As at 31 December 2024, restricted customer pledged deposits of RMB56,000 (2023: RMB56,000) were deposited into a designated bank account under tripartite custodian arrangements. For those guarantee services without setting up tripartite custodian arrangements, the Group has maintained the restricted customer pledged deposits received in the Group's bank accounts.

Pursuant to the agreements in relation to the online financial guarantee business, the Group set up certain arrangements to manage the third parties' pledged deposits.

These arrangements include: (i) entering into tripartite custodian agreement among lending bank, the third party and the Group, for ensuring the entrustment of lending bank to manage the deposits; (ii) depositing the pledged deposits received from the third party into a designated custodian bank account; and (iii) ensuring that such deposits are not available for use by the Group. As at 31 December 2024, restricted third-party pledged deposits of RMB103,173,000 (2023: RMB104,430,000) were deposited into a designated bank account under tripartite custodian arrangements. Corresponding balances of the same amount were recorded as pledged deposits received (note 24 to the consolidated financial statements).

As at the end of the reporting period, the restricted pledged deposits received were maintained as follows:

	2024 **RMB'000**	2023 RMB'000
Restricted third-party pledged deposits	**103,173**	104,430
Restricted customer pledged deposits:		
– designated custodian bank accounts	**56**	56
– the Group's bank accounts	**5**	5
Total	**103,234**	104,491

10. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(b) Reconciliation of loss before taxation to cash from operating activities

	Note	**2024 RMB'000**	2023 RMB'000
Loss before taxation		**(52,640)**	(44,896)
Adjustments for:			
Depreciation and amortisation	5(c)	**12,335**	11,820
Impairment and provision (credited)/charged	5(a)	**(4,399)**	3,301
Impairment loss on property, plant and equipment	19(a)	**18,161**	–
Share of results of associates		**(120)**	(60)
Exchange differences		**691**	1,666
Interest income	4	**(2,225)**	(1,901)
Loss on lease modification		**–**	851
Loss of inventory		**627**	4,209
Loss on disposal of property, plant and equipment		**–**	7
Write-off of right-of-use assets		**–**	33
Equity settled share-based payment expenses	5(b)	**1,457**	693
Interest expenses	5(d)	**9,789**	12,194
Net changes in fair value on financial assets	20	**9,606**	(4,205)
Gain on modification of convertible bonds	26	**–**	(3,525)
Changes in working capital:			
Increase in pledged and restricted bank deposits		**(17,337)**	(6,243)
Decrease in trade and other receivables		**36,975**	72,208
Decrease in factoring receivables		**12,967**	–
Decrease/(Increase) in finance lease receivables		**3,674**	(15,378)
Decrease in accruals and other payables		**(392)**	(103)
Decrease in deferred income		**(833)**	(19,734)
Decrease in inventories		**395**	1,466
Decrease/(Increase) in biological assets		**84**	(3,051)
Cash from operating activities		**28,815**	9,352

10. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(c) 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 statement of cash flows as cash flows from financing activities.

	Bank and other borrowings RMB'000	Liability component of convertible bonds RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	136,758	25,609	11,822	174,189
Changes from financing cash flows:				
Proceeds of bank and other borrowings	57,550	–	–	57,550
Capital and interest element of lease liabilities paid	–	–	(2,115)	(2,115)
Repayment of bank and other borrowings	(51,109)	–	–	(51,109)
Repayment of convertible bonds	–	(25,480)	–	(25,480)
Interest paid	–	(2,689)	–	(2,689)
Total changes from financing cash flows	6,441	(28,169)	(2,115)	(23,843)
Exchange adjustments	–	711	(14)	697
Other changes:				
Interest expenses	7,105	1,849	835	9,789
Increase in lease liabilities	–	–	2,369	2,369
Transfer to other payables	(7,105)	–	–	(7,105)
Total other changes	–	1,849	3,204	5,053
At 31 December 2024	143,199	–	12,897	156,096

10. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(c) Reconciliation of liabilities arising from financing activities *(continued)*

	Note	Bank and other borrowings RMB'000	Liability component of convertible bonds RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023		133,980	44,226	12,987	191,193
Changes from financing cash flows:					
Proceeds of interest-bearing borrowings		53,479	–	–	53,479
Capital and interest element of lease rentals paid		–	–	(1,860)	(1,860)
Repayment of bank and other borrowings		(50,701)	–	–	(50,701)
Repayment of convertible bonds		–	(18,740)	–	(18,740)
Interest paid		–	(1,876)	–	(1,876)
Total changes from financing cash flows		2,778	(20,616)	(1,860)	(19,698)
Exchange adjustments		–	1,666	(7)	1,659
Other changes:					
Interest expenses		7,567	3,858	684	12,109
Gain on modification of convertible bonds	26	–	(3,525)	–	(3,525)
Increase in lease liabilities		–	–	18	18
Transfer to other payables		(7,567)	–	–	(7,567)
Total other changes		–	333	702	1,035
At 31 December 2023		136,758	25,609	11,822	174,189

(d) Non-cash transactions

During the year ended 31 December 2024, the Group acquired 26 building units by utilising the prepayments for constructions made in prior years of RMB10,763,000 (2023: RMB Nil).

11. PLEDGED BANK DEPOSITS

Pledged bank deposits represent the deposits pledged to banks for the financial guarantees that the Group provides to the customers for their borrowings from banks.

12. TRADE AND OTHER RECEIVABLES

	Note	**2024** **RMB'000**	2023 RMB'000
Receivables from guarantee payments	(a)(i)	**129,522**	129,614
Less: loss allowances	(a)(ii)	**(112,428)**	(110,851)
		17,094	18,763
Trade debtors from consultancy services		**–**	50
Trade debtors from guarantees		**13**	851
Trade debtors from sales of biological assets		**516**	516
Trade debtors from sales of energy storage system		**611**	554
		1,140	1,971
Trade receivables	(a)	**18,234**	20,734
Deposit and other receivables, net of loss allowances	(b)	**40,645**	70,524
Amounts due from related parties, net of loss allowances	(c)	**36**	–
Deferred expenses of online financial guarantee business		**38**	251
Prepayments for constructions, net of loss allowances	(d)	**18,742**	33,103
Prepayments to former non-controlling interest of a subsidiary		**4,626**	5,342
Prepayment to a supplier		**1,698**	2,199
Mortgage assets		**2,293**	2,474
Others		**1,280**	1,233
Other receivables		**69,358**	115,126
Total		**87,592**	135,860

12. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis of trade receivables

As at the end of the reporting period, the ageing analysis of trade receivables (net of loss allowances), based on the guarantee income recognition date or advance payment date, is as follows:

	Note	**2024 RMB'000**	2023 RMB'000
Within 1 month		**611**	1,080
Over 1 month but less than 3 months		**–**	50
Over 3 months but less than 1 year		**–**	–
More than 1 year		**130,051**	130,455
Total		**130,662**	131,585
Less: loss allowances	(ii)	**(112,428)**	(110,851)
Total		**18,234**	20,734

(i) Receivables from guarantee payments

Receivables from guarantee payments represented payments made by the Group to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurred because the customers fail to make payments when due in accordance with the terms of the corresponding debt instruments. The Group holds certain collaterals over certain receivables from guarantee payments.

During the years ended 31 December 2024 and 2023, the Group did not dispose of receivables from guarantee payments.

(ii) Trade receivables that are impaired

Loss allowance in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the loss allowance is written-off against the receivables directly.

12. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis of trade receivables *(continued)*

(ii) Trade receivables that are impaired *(continued)*

As at 31 December 2024, the Group's receivables from guarantee payments of RMB130,051,000 (2023: RMB130,455,000) were determined to be stage 3 lifetime ECL non credit-impaired. These related to customers or other parties that were in financial difficulties and management assessed that the receivables are not expected to be fully recovered. Consequently, loss allowances were recognised as follows:

The gross carrying amounts of the trade receivables, by credit risk rating grades, are as follows:

Internal credit rating	ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
As at 31 December 2024				
Performing	**12-months**	**611**	**–**	**611**
Underperforming (non credit-impaired)	**Lifetime**	**130,051**	**(112,428)**	**17,623**
		130,662	**(112,428)**	**18,234**
As at 31 December 2023				
Performing	12-month	1,130	–	1,130
Underperforming (non credit-impaired)	Lifetime	130,455	(110,851)	19,604
		131,585	(110,851)	20,734

As at 31 December 2024, the Group recognised loss allowance of RMB112,428,000 *(2023: RMB110,851,000)* on the balances.

12. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis of trade receivables *(continued)*

(ii) Trade receivables that are impaired *(continued)*

The movement in the loss allowance, which is measured at lifetime ECL, for the trade receivables during the year is summarised below.

	2024 RMB'000	2023 RMB'000
As at 1 January	**110,851**	115,512
Net re-measurement of loss allowance	**1,670**	4,787
Recoveries	**(93)**	(9,448)
As at 31 December	**112,428**	110,851

(b) Deposit and other receivables, net of loss allowances

	Note	**2024 RMB'000**	2023 RMB'000
Deposit		**1,614**	1,968
Other receivables	(i)	**120,514**	154,174
Deposit, other receivables		**122,128**	156,142
Less: loss allowances		**(81,483)**	(85,618)
Total		**40,645**	70,524

(i) Other receivables are mainly the prepayments of cooperation funds, deposits for rentals, consideration receivables and interest receivables. The prepayments of cooperation funds are paid to unrelated third parties for joint business bidding or preparation. If the contract is not completed within the agreed dates, the unrelated third parties will refund the prepayments to the Group.

12. TRADE AND OTHER RECEIVABLES *(continued)*

(b) Deposit and other receivables, net of loss allowances *(continued)*

Movement of loss allowance

	2024 RMB'000	2023 RMB'000
As at 1 January	**85,618**	84,407
Net re-measurement of loss allowance	**–**	1,211
Recoveries	**(4,135)**	–
As at 31 December	**81,483**	85,618

As at 31 December 2024, management adopted a lifetime ECL credit impaired assessment on the Group's other debtors amounting to RMB81,483,000 (2023: RMB85,618,000).

(c) Amounts due from related parties, net of loss allowances

	2024 RMB'000	2023 RMB'000
Amounts due from related parties	**4,669**	4,633
Less: loss allowances	**(4,633)**	(4,633)
Total	**36**	–

Movement of loss allowance

	2024 RMB'000	2023 RMB'000
As at 1 January	**4,633**	5,633
Recoveries	**–**	(1,000)
As at 31 December	**4,633**	4,633

As at 31 December 2024, management adopted a lifetime ECL credit impaired assessment on the Group's amounts due from related parties amounting to RMB4,633,000 (2023: RMB4,633,000).

12. TRADE AND OTHER RECEIVABLES *(continued)*

(d) Prepayments for constructions, net of impairment loss

	2024 RMB'000	2023 RMB'000
Prepayments for constructions	21,830	33,103
Less: impairment loss	(3,088)	–
Total	18,742	33,103

Movement of impairment loss

	2024 RMB'000	2023 RMB'000
As at 1 January	–	–
Impairment loss	3,088	–
As at 31 December	3,088	–

An impairment loss on the prepayments for constructions of RMB3,088,000 (2023: Nil) was recognised in profit or loss during the year ended 31 December 2024 with reference to recent transactions of similar assets.

13. FACTORING RECEIVABLES

	2024		
	12-month ECL RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
Factoring receivables	5,708	40,000	45,708
Interest receivable from factoring receivables	2,067	4,215	6,282
Less: loss allowances for factoring receivables	(2,239)	(37,982)	(40,221)
Carrying amount of factoring receivables	5,536	6,233	11,769

13. FACTORING RECEIVABLES *(continued)*

	2023		
	12-month ECL RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
Factoring receivables	18,675	40,000	58,675
Interest receivable from factoring receivables	2,067	4,215	6,282
Less: loss allowances for factoring receivables	(2,239)	(37,373)	(39,612)
Carrying amount of factoring receivables	18,503	6,842	25,345

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of factoring receivables (net of loss allowances), based on contract effective date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	**–**	–
Over 1 month but less than 3 months	**–**	–
Over 3 months but less than 1 year	**7,775**	20,742
More than 1 year	**44,215**	44,215
Total	**51,990**	64,957
Less: loss allowances for factoring receivables	**(40,221)**	(39,612)
Total	**11,769**	25,345

As at 31 December 2024, RMB44,215,000 (2023: RMB44,215,000) of the balances has passed the maturity date in contracts.

13. FACTORING RECEIVABLES *(continued)*

(b) Loss allowance of factoring receivables

Loss allowance in respect of factoring receivables is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the loss allowance is written-off against the factoring receivables directly.

Consequently, loss allowance for factoring receivables during the year was recognised as follows:

	2024		
	12-month ECL RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January	**2,239**	**37,373**	**39,612**
Net re-measurement of loss allowance	**–**	**609**	**609**
As at 31 December	**2,239**	**37,982**	**40,221**

	2023		
	12-month ECL RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January	2,239	35,628	37,867
Net re-measurement of loss allowance	–	1,745	1,745
As at 31 December	2,239	37,373	39,612

14. FINANCE LEASE RECEIVABLES

	2024		
	12-month ECL RMB'000	**Lifetime ECL credit-impaired RMB'000**	**Total RMB'000**
Finance lease receivables	**16,000**	**160,926**	**176,926**
Less: loss allowances for finance lease receivables	**–**	**(146,067)**	**(146,067)**
Carrying amount of finance lease receivables	**16,000**	**14,859**	**30,859**

	2023		
	12-month ECL RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
Finance lease receivables	16,000	164,600	180,600
Less: loss allowances for finance lease receivables	–	(148,290)	(148,290)
Carrying amount of finance lease receivables	16,000	16,310	32,310

(a) The table below analyses the undiscounted lease payments to be received from the finance lease receivables:

	2024 RMB'000	2023 RMB'000
Within 1 year	**906**	906
1 - 2 year	**16,906**	906
2 - 3 year	**–**	16,906
Overdue	**160,926**	164,600
	178,738	183,318
Less: unsecured interest income	**(1,812)**	(2,718)
	176,926	180,600

14. FINANCE LEASE RECEIVABLES *(continued)*

(b) Movement of loss allowances for finance lease receivables

	2024 RMB'000	2023 RMB'000
As at 1 January	**148,290**	144,752
Net re-measurement of loss allowance	**1,451**	4,160
Recoveries	**(3,674)**	(622)
As at 31 December	**146,067**	148,290

As at 31 December 2024, management adopted a lifetime ECL credit impaired assessment on the Group's finance lease receivables amounting to RMB146,067,000 (2023: RMB148,290,000).

(c) The ageing analysis of finance lease receivables (net of loss allowances), based on the due date, is as follows:

	2024 RMB'000	2023 RMB'000
Not past due	**16,000**	16,000
Past due more than 1 year	**160,926**	164,600
Total	**176,926**	180,600
Less: loss allowances for finance lease receivables	**(146,067)**	(148,290)
Total	**30,859**	32,310

15. INVESTMENT IN SUBSIDIARIES

The particulars of the Company's subsidiaries are as follows.

Name of company	Place of incorporation and operation	Date of incorporation	Fully paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Double Chance Developments Limited	British Virgin Islands	8 February 2012	1 share of USD1	100%	100%	–	Investment holding
China Success Capital Limited	British Virgin Islands	29 June 2016	1 share of USD1	100%	100%	–	Investment holding
China Success Finance Holdings Limited	Hong Kong	18 November 2011	10,000 shares of HK$1 each	100%	–	100%	Investment holding
China Success Capital (HK) Limited	Hong Kong	1 August 2016	–	100%	–	100%	Provision of asset management and merger services outside the PRC
Guangdong Success Asset Management Company Limited* 廣東集成資產管理有限公司	The PRC	23 June 2004	RMB170,270,000	99.27%	–	99.27%	Provision of asset management and financial consultancy services in the PRC
Guangdong Success Finance Guarantee Company Limited* 廣東集成融資擔保有限公司 ("Success Guarantee")	The PRC	26 December 1996	RMB430,000,000	99.27%	–	100%	Provision of financial guarantee services in the PRC
Foshan Success Financial Leasing Company Limited* 佛山市集成融資租賃有限公司	The PRC	6 June 2014	USD28,000,000	100%	–	100%	Provision of financial leasing services in the PRC
Shenzhen Success Equity Investment Fund Management Limited* 深圳集成股權投資基金管理有限公司	The PRC	6 September 2014	RMB15,000,000	100%	–	100%	Equity investment in the PRC

15. INVESTMENT IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation and operation	Date of incorporation	Fully paid-up capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
Shenzhen Success Number One Equity Investment Fund Limited Partnership* 深圳市集成一號股權投資基金中心 (有限合夥) ("Success Fund")	The PRC	14 January 2015	RMB194,000,000	100%	–	100%	Equity investment in the PRC
Shenzhen Qianhai Success Kaiyue Holding Limited* 深圳前海集成凱粵控股有限公司 ("Qianhai Success Housing")	The PRC	8 July 2015	RMB61,000,000	100%	–	100%	Inactive
Guangzhou Hengyue Number Six Investment Limited Partnership* 廣州恒粵六號投資合夥企業 (有限合夥) ("Hengyue Number Six")	The PRC	23 February 2017	RMB45,070,027	99.34%	–	100%	Equity investment in the PRC
T. M. Management Limited	Hong Kong	4 March 1986	HK$100,000	Nil (2023: 100%)	–	Nil (2023: 100%)	Dissolved (Note (i))
Foshan Success Cloud Technology Company Limited* 佛山集成雲技術科技有限公司	The PRC	9 January 2019	RMB10,000,000	70%	–	70%	Provision of financial consulting services in the PRC
Yangmianshan Company Limited* 鶴山市綠湖羊眠山農業發展有限公司	The PRC	15 December 2017	RMB 3,000,000	51%	–	51%	Provision of agricultural development services in the PRC
GNW Capital Limited	Hong Kong	1 September 2023	HK$100,000	51%	–	51%	Trading of energy storage system

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

Except for Success Fund and Hengyue Number Six which are limited partnership, all of the above subsidiaries are limited liability companies. No debt securities were issued by the Company's subsidiaries.

Note:

(i) T. M. Management Limited was dissolved and deregistered on 2 August 2024.

15. INVESTMENT IN SUBSIDIARIES *(continued)*

(a) Non-controlling interests

The following table lists out the information relating to Yangmianshan, a subsidiary of the Company which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2024 RMB'000	2023 RMB'000
NCI percentage	**49%**	49%
Current assets	**4,477**	2,215
Non-current assets	**152,352**	180,425
Current liabilities	**(202,724)**	(241,161)
Non-current liabilities	**(62,315)**	(12,232)
Net liabilities	**(108,210)**	(70,753)
Carrying amount of NCI	**(53,022)**	(34,668)
Revenue	**6,731**	1,151
Loss and total comprehensive loss for the year	**(37,457)**	(24,569)
Loss and total comprehensive loss attributable to NCI	**(18,354)**	(12,038)
Net cash from operating activities	**11,915**	20,584
Net cash used in investing activities	**–**	(4,312)
Net cash used in financing activities	**(12,032)**	(16,227)

16. INTEREST IN ASSOCIATES

The amount recognised in the consolidated statement of financial position is as follows:

	2024 RMB'000	2023 RMB'000
Costs of investments	**97,584**	97,584
Accumulated impairment losses	**(51,651)**	(51,651)
Share of post-acquisition losses and other comprehensive losses, net of dividends received	**(23,017)**	(23,137)
	22,916	22,796

16. INTEREST IN ASSOCIATES *(continued)*

The amount recognised in the consolidated statement of profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Share of results of associates	**120**	60

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

				Proportion of ownership interest		
Name of associates	**Form of business structure**	**Place of incorporation and operation**	**Fully paid-up capital by all investors**	**Group's effective interest**	**Held by a subsidiary**	**Principal activities**
Kelly Integration (Guangdong) Private Equity Fund Management Co., Ltd. * 凱利集成(廣東)私募基金管理有限公司 ("Guangzhou Hengsheng")	Incorporated	The PRC	RMB30,000,000	40% (note (i))	40%	Equity fund management
Kelly Integration (Guangdong)Holding Co., Ltd.* 凱利集成 (廣東) 控股有限公司 ("Kelly Integration")	Incorporated	The PRC	RMB18,000,000	30% (note (ii))	30%	Business Service
Foshan Chancheng Success Micro Credit Co., Ltd. * 佛山市禪城集成小額貸款有限公司 ("Success Credit")	Incorporated	The PRC	RMB250,000,000	27.08% (note (iii))	27.28%	Micro credit financing
Guangzhou Rongdacheng Information Technology Service Co., Ltd. * 廣州融達成信息技術服務有限公司 ("Guangzhou Rongdacheng")	Incorporated	The PRC	RMB8,000,000	30% (note (iii))	30%	Information technology

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

16. INTEREST IN ASSOCIATES *(continued)*

Note:

(i) Together with Xizang Xuekunfushen Investment Co., Ltd. (西藏雪坤富神投資有限公司) and 廣州致坤投資合夥企業(有限合夥), Success Fund established Guangzhou Hengsheng on 23 November 2015 to provide equity fund management services to its customers. Success Fund contributed RMB20,000,000 (2023: RMB20,000,000) out of the RMB50,000,000 registered capital of Guangzhou Hengsheng, while the other investors contributed only RMB10,000,000 (2023: RMB10,000,000) as at 31 December 2024. Therefore, the Group's effective share of Guangzhou Hengsheng's net assets and results was 66.67% (2023: 66.67%) for the year ended 31 December 2024.

(ii) Together with China Kelly Group Co., Ltd. (中國凱利集團有限公司), Guangdong Hengyin Holding Co., Ltd. (廣東恒銀控股有限公司), Hua Ye Holding Co., Ltd. (華業控股有限公司) and Guangdong Nengxing Culture Communication Co., Ltd. (廣東能興文化傳播有限公司), Qianhai Success Housing invested in Kelly Integration to provide business service to its customers. Qianhai Success Housing contributed only RMB4,000,000 (2023: RMB4,000,000) out of the RMB18,000,000 registered capital of Kelly Integration, while the remaining RMB2,000,000 capital contribution was still outstanding as at 31 December 2024. Therefore, the Group's effective share of Kelly Integration's net assets and results was 22.22% (2023: 22.22%) for the year ended 31 December 2024.

(iii) The management made full impairment of interest in Success Credit and Guangzhou Rongdacheng in prior years.

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

Summarised financial information

Summarised financial information of each of the material associates of the Group, prepared using the same accounting policies as adopted by the Group, is set out below.

(a) Guangzhou Hengsheng

(i) Summarised statement of financial position

	2024 RMB'000	2023 RMB'000
Current assets	**10,208**	9,970
Current liabilities	**(616)**	(491)
Net current assets	**9,592**	9,479
Non-current assets	**18,162**	18,272
Net assets	**27,754**	27,751

16. INTEREST IN ASSOCIATES *(continued)*

Summarised financial information *(continued)*

(a) Guangzhou Hengsheng *(continued)*

(ii) Summarised statement of comprehensive income

	2024 RMB'000	2023 RMB'000
Revenue	**4,311**	3,736
Profit before taxation	**3**	105
Income tax expense	**–**	–
Profit and total comprehensive income	**3**	105

(iii) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount.

	2024 RMB'000	2023 RMB'000
Cost of investment	**20,000**	20,000
Share of post-acquisition losses and other comprehensive losses, net of dividends received	**(899)**	(900)
Carrying value	**19,101**	19,100

(b) Kelly Integration

(i) Summarised statement of financial position

	2024 RMB'000	2023 RMB'000
Current assets	**40,653**	41,726
Current liabilities	**(101,177)**	(102,707)
Net current liabilities	**(60,524)**	(60,981)
Non-current assets	**77,938**	77,998
Net assets	**17,414**	17,017

16. INTEREST IN ASSOCIATES *(continued)*

Summarised financial information *(continued)*

(b) Kelly Integration *(continued)*

(ii) Summarised statement of comprehensive income

	2024 RMB'000	2023 RMB'000
Revenue	3,113	3,679
Profit before taxation	397	62
Income tax expense	–	(2)
Profit and total comprehensive income	397	60

(iii) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount.

	2024 RMB'000	2023 RMB'000
Cost of investment	4,000	4,000
Share of post-acquisition loss and other comprehensive loss, net of dividends received	(185)	(304)
Carrying value	3,815	3,696

Contingent liabilities

As at 31 December 2024 and 2023, there were no contingent liabilities incurred by the Group in relation to its interests in associates.

17. BIOLOGICAL ASSETS

	Current - Market hogs RMB'000 *(Note 17 (i))*	Non-current - Agricultural produces RMB'000 *(Note 17 (ii))*	Total RMB'000
At 1 January 2023	2,116	725	2,841
Increase due to purchasing/raising	7,476	149	7,625
Decrease due to sales/disposal	(8,783)	–	(8,783)
At 31 December 2023 and **1 January 2024**	809	874	1,683
Increase due to raising	**4,811**	**98**	**4,909**
Decrease due to sales/disposal	**(5,620)**	**–**	**(5,620)**
At 31 December 2024	**–**	**972**	**972**

(i) Current biological assets – Market hogs

Current commercial stocks are live hogs including piglets and growing hogs which are raised for sale.

(ii) Non-current biological assets – Agricultural produces

Agricultural produces are eucalyptus seedings which are planted for future sale.

(iii) The quantities of biological assets owned by the Group at the end of the reporting period are as follows:

	2024	2023
Current biological assets – growing hogs (heads)	**–**	1,799
Non-current biological assets – eucalyptus seedings (mu)	**1,265**	1,265

18. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**47**	442

19. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Pig Farm and other buildings RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Improvements RMB'000	Construction in Progress RMB'000	Right-of-use assets RMB'000 (Note 19(b))	Total RMB'000
Cost							
At 1 January 2023	114,749	5,255	64,901	1,412	9,776	23,833	219,926
Additions	411	55	2	619	–	18	1,105
Lease modification	–	–	–	–	–	(851)	(851)
Disposals	–	(130)	–	–	–	(99)	(229)
Exchange adjustments	–	20	4	–	–	6	30
At 31 December 2023 and 1 January 2024	115,160	5,200	64,907	2,031	9,776	22,907	219,981
Additions	10,763	–	142	404	–	2,369	13,678
Disposals	–	–	(33)	–	–	–	(33)
Exchange adjustments	–	32	6	–	–	18	56
At 31 December 2024	125,923	5,232	65,022	2,435	9,776	25,294	233,682
Accumulated depreciation and impairment							
At 1 January 2023	(9,767)	(4,283)	(8,351)	(89)	–	(5,722)	(28,212)
Charge for the year	(5,737)	(310)	(4,343)	(54)	–	(1,376)	(11,820)
Written back on disposal	–	123	–	–	–	66	189
Exchange adjustments	–	(20)	(4)	–	–	(6)	(30)
At 31 December 2023 and 1 January 2024	(15,504)	(4,490)	(12,698)	(143)	–	(7,038)	(39,873)
Charge for the year	(5,798)	(327)	(4,271)	(159)	–	(1,780)	(12,335)
Impairment loss for the year	(15,820)	–	–	–	–	(2,341)	(18,161)
Written back on disposal	–	–	33	–	–	–	33
Exchange adjustments	–	(30)	(6)	–	–	(14)	(50)
At 31 December 2024	(37,122)	(4,847)	(16,942)	(302)	–	(11,173)	(70,386)
Net book value							
At 31 December 2024	88,801	385	48,080	2,133	9,776	14,121	163,296
At 31 December 2023	99,656	710	52,209	1,888	9,776	15,869	180,108

19. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Reconciliation of carrying amount *(continued)*

Market hog selling business

Considering the ongoing high risk of epidemic prevention and control due to continuous mutations of hog diseases, the persistent increase in piglet prices, and the operating performance of the Group's hog selling business during the year ended 31 December 2024, the Group has engaged an independent valuer, LCH (Asia-Pacific) Surveyors Limited ("LCH"), to calculate the recoverable amount of its hog selling business as at 31 December 2024. The recoverable amount of the hog selling business has been determined based on its value in use ("VIU"). The VIU calculation uses cash flow projections based on financial budgets covering a 5-year (2023: 5-year) period approved by management, and pre-tax discount rate of 14.3% (2023: 12.5%). The key assumptions for the VIU calculation are the budgeted growth rate and budgeted gross margin, which are based on past performance and management's expectation regarding market development and growth forecasts. According to the VIU calculation prepared by LCH, the recoverable amount of the CGU of the hog selling business as at 31 December 2024 was RMB154,468,000 (2023: RMB182,260,000). Accordingly, an impairment loss on the property, plant and equipment of the hog selling business of RMB15,798,000 (2023: Nil) was recognised in profit or loss during the year ended 31 December 2024.

Financial service business

An impairment loss of RMB2,363,000 (2023: Nil) was recognised in profit or loss during the year ended 31 December 2024, with reference to recent transactions of similar properties.

19. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Right-of-use assets

The analysis of the carrying amount of right-of-use assets by class of underlying assets is as follows:

	2024 **RMB'000**	2023 RMB'000
Office premises leased for own use, carried at depreciated cost in the PRC, with remaining lease terms of more than 1 year and less than 2 (2023: 3) years	**196**	1,104
Pig farm leased for own use, carried at depreciated cost in the PRC, with remaining lease terms of more than 1 year and less than 27 (2023: 28) years	**13,925**	14,765
	14,121	15,869

Lease terms are negotiated on an individual basis and contain similar terms and conditions.

Restrictions or covenants

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets.

The Group has recognised the following amounts for the year:

	2024 **RMB'000**	2023 RMB'000
Lease payments:		
Short-term leases	**96**	148
Expenses recognised in profit or loss	**96**	148
Lease payments:		
Interests on lease liabilities	**(835)**	(684)
Repayment of lease liabilities	**2,115**	1,860
	1,280	1,176
Total cash outflow for leases	**1,376**	1,324

20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

	Note	**2024 RMB'000**	2023 RMB'000
Unlisted equity investment	(a)	**1,563**	11,169

(a) In 2017, a subsidiary of the Company acquired 3.5% interest in Foshan Shengshi Junen Enterprise Management Company Limited ("Shengshi Junen Enterprise Management"), a company engaged in property development, by contributing its 3.5% interest in the land use rights of a property development project with original cost of RMB6,107,000 to Shengshi Junen Enterprise Management.

21. DEFERRED TAX

(a) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Deferred income RMB'000	Impairment allowances for trade and other receivables RMB'000	Accrued expenses RMB'000	Interest receivables RMB'000	Long-term unamortised expenses RMB'000	Fair value change gains and losses RMB'000	Re-guarantee fee RMB'000	Total RMB'000
At 1 January 2023	5,160	28,878	423	(1,617)	(4,531)	1,016	(84)	29,245
(Charged)/Credited to profit or loss	(5,160)	387	(250)	1,407	4,531	(1,792)	84	(793)
	–	29,265	173	(210)	–	(776)	–	28,452
Off-set	–	(986)	–	210	–	776	–	–
At 31 December 2023	–	28,279	173	–	–	–	–	28,452
At 1 January 2024	**–**	**29,265**	**173**	**(210)**	**–**	**(776)**	**–**	**28,452**
(Charged)/Credited to profit or loss	**–**	**(5,971)**	**–**	**–**	**–**	**1,912**	**–**	**(4,059)**
Others	**–**	**(3,240)**	**–**	**–**	**–**	**–**	**–**	**(3,240)**
	–	**20,054**	**173**	**(210)**	**–**	**1,136**	**–**	**21,153**
Off-set	**–**	**(210)**	**–**	**210**	**–**	**–**	**–**	**–**
At 31 December 2024	**–**	**19,844**	**173**	**–**	**–**	**1,136**	**–**	**21,153**

21. DEFERRED TAX *(continued)*

(b) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB170,072,000 (2023: RMB165,924,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

At the end of the reporting period, the Group had the following tax losses that can be offset against future taxable profits of the respective subsidiaries from the year in which the tax loss was incurred. The expiry dates of the unrecognised tax losses are as follows:

	2024 RMB'000	2023 RMB'000
Tax loss without expiry date	**1,270**	–
Tax losses expiring in:		
– 2024	**–**	2,813
– 2025	**2,653**	2,653
– 2026	**27,134**	27,134
– 2027	**99,149**	99,149
– 2028	**34,175**	34,175
– 2029	**5,691**	–
	170,072	165,924

22. GOODWILL

On 14 February 2018, the Group acquired 100% ordinary shares of T. M. Management Limited, which is licensed to carry out business of Type 9 Regulated activities as defined in the Securities and Futures Ordinance. The total consideration of the transaction was HK$6,897,000, resulting in a goodwill arising on a business combination amounting to HK$6,500,000. Since T.M. Management Limited conducted no business activities until 31 December 2019, the Group recognised full impairment for the goodwill in the year ended 31 December 2019.

T.M. Management Limited was dissolved during the year ended 31 December 2024, and therefore, the Group wrote off the goodwill.

23. LIABILITIES FROM GUARANTEES

	Note	**2024 RMB'000**	2023 RMB'000
Deferred income		**2,073**	2,906
Provisions for guarantee losses	(a)	**15,897**	19,212
Total		**17,970**	22,118

(a) Provisions for guarantee losses

	Note	**2024 RMB'000**	2023 RMB'000
As at 1 January		**19,212**	16,744
(Credited)/Charged for the year	5(a)	**(3,315)**	2,468
As at 31 December		**15,897**	19,212

24. PLEDGED DEPOSITS RECEIVED

Pledged deposits received represent deposits received from customers or third parties as collateral security for the online financial guarantees issued by the Group. These deposits will be refunded to the customers or third parties upon expiry of the corresponding guarantee contracts. According to the contracts, RMB33,009,000 (2023: RMB72,694,000) are expected to be settled within one year.

25. BANK AND OTHER BORROWINGS

	Note	**2024 RMB'000**	2023 RMB'000
Bank borrowings, secured			
Repayable within one year or on demand		**55,169**	51,097
Repayable after one year but within two years		**17,226**	15,155
Repayable after two years but within five years		**45,047**	51,838
Repayable after five years		**8,207**	18,668
	25(a)	**125,649**	136,758
Other borrowings, unsecured			
Loan from non-controlling shareholder of a subsidiary	25(b)	**2,270**	–
Loan from Expert Depot Limited, the controlling shareholder of the Company	25(c)	**15,280**	–
		17,550	–
Total		**143,199**	136,758

(a) As at 31 December 2024, banking facilities of the Group totaling RMB140,000,000 (2023: RMB140,000,000), secured by pledging the ordinary shares of a subsidiary of the Company, were utilised to the extent of RMB113,980,000 (2023: RMB123,980,000). The bank borrowings bear interest at the prevailing interest rate of Loan Prime Rate ("LPR") in the PRC, plus no less than 65 basis points.

As at 31 December 2024, bank borrowings of RMB11,669,000 (2023: RMB12,778,000) were secured by the prepayments for constructions with carrying amount of RMB21,830,000 (2023: RMB33,103,000) and the property, plant and equipment with carrying amount of RMB10,723,000 (2023:Nil). The bank borrowings bear interest at the prevailing interest rate of LPR in the PRC, plus 80 basis points.

No covenants relating to the financial ratios of the Group or any of its subsidiaries were required by the banks as at 31 December 2024 and 2023.

25. BANK AND OTHER BORROWINGS *(continued)*

(b) The amount is unsecured, interest-free and has no fixed repayment term, except for an amount of RMB500,000, which is unsecured, interest-bearing at 4% per annum and repayable on or before 31 March 2025.

(c) The amount is unsecured, interest-bearing at The Hong Kong and Shanghai Banking Corporation Limited ("HSBC") Best Lending rate plus 2%, capped at 7.875%, per annum and repayable on or before 18 July 2027, except for an amount of RMB463,000, which is unsecured, interest-bearing at HSBC Best Lending rate plus 2%, capped at 7.25%, per annum and repayable on or before 26 December 2027.

26. LIABILITY COMPONENT OF CONVERTIBLE BONDS

On 1 February 2018, the Company issued convertible bonds ("CBs") with a principal amount of HK$154,000,000. For details, please refer to the Company's announcement on 25 January 2018.

On 11 January 2019, 23 September 2021 and 16 May 2022, the Company entered into the Amendment Deed, the 2nd Amendment Deed and the 3rd Amendment Deed, respectively, pursuant to which certain terms of the CBs were amended. For details, please refer to the Company's announcements on 27 December 2018, 24 September 2021 and 10 June 2022, as well as the Company's annual reports for the respective years.

On 30 June 2023, the Company entered into a fourth amendment deed ("4th Amendment Deed") when the remaining balances of the principal amount of the CBs was HK$40,000,000. Pursuant to the 4th Amendment Deed, and the terms of the CBs were revised as follows: (i) the coupon rate of the CBs remains at 6.5% starting from 1 February 2023, (ii) the maturity redemption internal rate of return remains at 10.5%, (iii) the maturity dates of the remaining CBs amounting to HK$12,000,000, HK$14,000,000 and HK$14,000,000 were extended to 31 July 2023, 31 January 2024 and 31 July 2024 respectively. For details, please refer to the Company's announcement on 30 June 2023.

Pursuant to the 4th Amendment Deed, Expert Depot Limited, which is directly owned by the ultimate beneficiary owner, Mr. Zhang Teiwei, has agreed to pledge the 122,560,000 shares of the Company in its CBB International (Holdings) Limited Account to secure all sums that remain due and payable under the CBs by the Company.

The Group repaid the CBs for the principal amounts of HK$9,000,000, HK$12,000,000 and HK$14,000,000 in January 2023, July 2023 and January 2024, respectively.

26. LIABILITY COMPONENT OF CONVERTIBLE BONDS *(continued)*

On 26 July 2024, the Company redeemed the outstanding CBs at the principal amount of HK$14,000,000 in full together with all accrued and unpaid interests and fees thereon pursuant to the terms of the CBs and as amended by the 4th Amendment Deed. Following the full redemption, the CBs were cancelled in their entirety, and the Company was discharged from all obligations under and in respect of the CBs. The subscription agreements of the CBs have been terminated and the shares of the Company pledged by Expert Depot Limited have been released.

The movements of components during the reporting period are set out below:

	Liability component RMB'000	**Equity component** RMB'000
As at 1 January 2023	44,226	4,932
Modification	(3,525)	(990)
Net change in interest and fees payable	1,982	–
Repayment	(18,740)	–
Exchange adjustment	1,666	–
As at 31 December 2023 and 1 January 2024	**25,609**	**3,942**
Net change in interest and fees payable	**(840)**	**–**
Repayment/Redemption	**(25,480)**	**(3,942)**
Exchange adjustment	**711**	**–**
As at 31 December 2024	**–**	**–**

27. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Construction costs payable for the pig farm	**12,424**	15,000
Salary payable	**9,201**	7,700
CBs interests payable	**–**	2,500
Audit fees	**1,700**	1,700
Others	**7,160**	8,663
Total	**30,485**	35,563

Accruals and other payables are expected to be settled within one year and are repayable on demand.

28. LEASE LIABILITIES

As at 31 December 2024 and 2023, the lease liabilities were repayable as follows:

	2024 RMB'000	2023 RMB'000
Current portion	**420**	1,170
Non-current portion	**12,477**	10,652
	12,897	11,822

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company adopted share option schemes on 18 October 2013 (the "2013 Schemes") whereby directors and employees in the Group were invited to take up options at HK$1 to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company. Details about the 2013 Schemes are set out in the section headed "Share option scheme" in the "Report of our Directors" of the Company.

On 18 May 2020, the Group granted 31,755,400 share options to subscribe for 31,755,400 ordinary shares of the Company at HK$0.84 each. Of the 31,755,400 share options, 3,600,000 share options were granted to the directors of the Company, 3,155,400 share options were granted to core employees of the Group, and 25,000,000 share options were granted to employees of the Group with specific performance targets as an incentive. All share options will become exercisable on the first anniversary of the grant date and will mature within 10 years.

On 17 October 2023, the Board of Directors of the Company approved to grant 5,703,000 share options at the exercise price of HK$0.70 per share. Of the 5,703,000 share options, 1,900,000 share options were granted to the directors of the Company, and 3,803,000 share options were granted to employees of the Group. All share options will become exercisable on the grant date and will mature within 10 years.

The movements of the Company's share options during the year are as follows:

2024:

Category of participants	Date of grant	Vesting date	Exercise price HK$	Outstanding at 1 January 2024	Granted during the year	Exercised during the year	Cancelled/ Expired during the year	Outstanding at 31 December 2024
Directors	17 October 2023	17 October 2024	0.70	1,900,000	–	–	–	1,900,000
	18 May 2020	18 May 2020	0.84	3,200,000	–	–	–	3,200,000
Employees	17 October 2023	17 October 2024	0.70	3,803,000	–	–	–	3,803,000
	18 May 2020	18 May 2020	0.84	2,605,400	–	(129,400)	(30,000)	2,446,000
				11,508,400	–	(129,400)	(30,000)	11,349,000

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

2023:

Category of participants	Date of grant	Vesting date	Exercise price HK$	Outstanding at 1 January 2023	Granted during the year	Exercise during the year	Cancelled/ Expired during the year	Outstanding at 31 December 2023
Directors	17 October 2023	17 October 2024	0.70	–	1,900,000	–	–	1,900,000
	18 May 2020	18 May 2020	0.84	3,600,000	–	–	(400,000)	3,200,000
	6 November 2013	30 June 2014	1.90	950,000	–	–	(950,000)	–
	6 November 2013	30 June 2016	1.90	570,000	–	–	(570,000)	–
	6 November 2013	30 June 2018	1.90	380,000	–	–	(380,000)	–
Employees	17 October 2023	17 October 2024	0.70	–	3,803,000	–	–	3,803,000
	18 May 2020	18 May 2020	0.84	2,855,400	–	–	(250,000)	2,605,400
	18 May 2020	31 March 2021	0.84	6,250,000	–	–	(6,250,000)	–
	18 May 2020	31 March 2022	0.84	8,750,000	–	–	(8,750,000)	–
	18 May 2020	31 March 2023	0.84	10,000,000	–	–	(10,000,000)	–
	6 November 2013	30 June 2014	1.90	2,148,000	–	–	(2,148,000)	–
	6 November 2013	30 June 2016	1.90	1,416,000	–	–	(1,416,000)	–
	6 November 2013	30 June 2018	1.90	944,000	–	–	(944,000)	–
				37,863,400	5,703,000	–	(32,058,000)	11,508,400

As at 31 December 2024, 11,349,000 (2023: 5,805,400) share options were exercisable.

The Company received proceeds of HK$109,000 (equivalent to RMB99,000) in respect of 129,400 options exercised during the year. RMB1,000 and RMB98,000 were credited to share capital and share premium respectively. The weighted average share price at the date of exercise was HK$1.41 per share.

30. SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the 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:

	The Company					
	Share capital RMB'000 *Note 30(c)*	Share premium RMB'000 *Note 30(d)*	Capital reserve RMB'000 *Note 30(e)*	Exchange reserve RMB'000 *Note 30(h)*	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	4,420	468,566	23,731	51,220	(267,815)	280,122
Loss for the year	–	–	–	–	(29,617)	(29,617)
Items that may not be reclassified subsequently to profit or loss:						
Currency translation differences of financial statements	–	–	–	18,192	–	18,192
Total comprehensive income/(loss)	–	–	–	18,192	(29,617)	(11,425)
Modification and repayment of convertible bonds	–	–	(990)	–	990	–
Equity-settled share-based payments	–	–	693	–	–	693
At 31 December 2023	4,420	468,566	23,434	69,412	(296,442)	269,390

30. SHARE CAPITAL AND RESERVES *(continued)*

(a) Movements in components of equity *(continued)*

	The Company					
	Share capital RMB'000 *Note 30(c)*	Share premium RMB'000 *Note 30(d)*	Capital reserve RMB'000 *Note 30(e)*	Exchange reserve RMB'000 *Note 30(h)*	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	4,420	468,566	23,434	69,412	(296,442)	269,390
Loss for the year	–	–	–	–	(50,106)	(50,106)
Items that may not be reclassified subsequently to profit or loss:						
Currency translation differences of financial statements	–	–	–	12,070	–	12,070
Total comprehensive income/(loss)	–	–	–	12,070	(50,106)	(38,036)
Issue of shares upon exercise of share options	1	98	–	–	–	99
Redemption of convertible bonds	–	–	(3,942)	–	3,942	–
Equity-settled share-based payments	–	–	1,457	–	–	1,457
At 31 December 2024	4,421	468,664	20,949	81,482	(342,606)	232,910

(b) Dividends

The Company did not declare any dividend throughout the years ended 31 December 2024 and 2023.

30. SHARE CAPITAL AND RESERVES *(continued)*

(c) Share capital

Authorised and issued share capital

	2024			2023		
	No. of shares '000	Share capital HK$'000	Share capital RMB'000	No. of shares '000	Share capital HK$'000	Share capital RMB'000
Authorised:						
Ordinary shares of HK$0.01 each	800,000	8,000	6,512	800,000	8,000	6,512
Ordinary shares, issued and fully paid:						
At 1 January	552,307	5,523	4,420	552,307	5,523	4,420
Issue of shares upon exercise of share options (note 29)	130	1	1	–	–	–
At 31 December	552,437	5,524	4,421	552,307	5,523	4,420

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Share premium

Under the Companies Law of the Cayman Islands, the Company's share premium account is distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

30. SHARE CAPITAL AND RESERVES *(continued)*

(e) Capital reserve

The capital reserve comprises the following:

– the difference between the nominal value of the share capital of the Company and the paid-up capital of Success Guarantee, plus the net assets acquired pursuant to the group reorganisation completed on 17 September 2012;

– the grant date fair value of the unexercised portion of share options granted;

– the unexercised portion of the amount allocated to the equity component of convertible bonds issued by the Company;

– the waiver of debts from related parties in 2013.

(f) Surplus reserve

Surplus reserve comprises statutory surplus reserve and discretionary surplus reserve.

Entities established in the PRC are required to appropriate 10% of their net profits, as determined under the China Accounting Standards for Business Enterprises (2006) 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 holders of entities established in the PRC, statutory surplus reserves may be used to offset accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

After making the appropriation to the statutory surplus reserve, the Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders. Subject to the approval of shareholders, discretionary surplus reserves may be used to make good previous years' losses, if any, and may be converted into capital.

30. SHARE CAPITAL AND RESERVES *(continued)*

(g) Regulatory reserve

According to the Interim Measures for the Administration of Financial Guarantee Companies ("Interim Measures") issued on 8 March 2010 by the relevant government authorities in the PRC, financial guarantee companies shall establish unearned premium reserve equal to 50% of guarantee premium recognised during the year, and indemnification reserve of no less than 1% of the outstanding guarantee balances undertaken by the entities established in the PRC. If the accumulated indemnification reserve reaches 10% of the balance of guarantees issued in the current year, the difference shall be recognised to regulatory reserve. The Group has started to accrue the required amounts set by relevant government authorities less the provision of financial guarantee losses as regulatory reserve from 2011. According to the detailed implementation guidance No. 149 issued by the People's Government of Guangdong Province on the Interim Measures, the use of the aforementioned regulatory reserve is subject to further guidance from the Financial Work Office of People's Government of Guangdong Province.

(h) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(i) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

30. SHARE CAPITAL AND RESERVES *(continued)*

(i) Capital management *(continued)*

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank and other borrowings, and lease liabilities but excludes convertible bonds) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity and redeemable preference shares, other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends.

The Group's adjusted net debt-to-capital ratio at 31 December 2024 and 2023 was as follows:

	Note	**2024 RMB'000**	2023 RMB'000
Current liabilities:			
Bank and other borrowings	25	**57,439**	51,097
Lease liabilities	28	**420**	1,170
		57,859	52,267
Non-current liabilities:			
Bank and other borrowings	25	**85,760**	85,661
Lease liabilities	28	**12,477**	10,652
		98,237	96,313
Total debt		**156,096**	148,580
Less: Cash and cash equivalents	10	**(8,755)**	(13,036)
Adjusted net debt		**147,341**	135,544
Total equity		**237,724**	292,107
Adjusted net debt-to-capital ratio		**62%**	46%

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

Exposure to credit risk, market risk 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 refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk primarily arises from the possibility that a customer or counterparty in the transaction may default, leading to losses. Credit risk is primarily attributable to outstanding guarantees issued by the Group, financial leasing service, factoring receivable and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks, which the Group considers to represent low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

The Group has entered into financial guarantee contracts in which it has guaranteed the financial institutions (including the banks) the repayment of loans entered into by customers of the Group. The Group has an obligation to compensate the financial institutions for the losses they would suffer if customers fail to repay.

The Group acts prudently in its assessments and approval of guarantee and adopts stringent credit risk assessment policy to mitigate credit risk. The credit risk assessment procedure would commence with the project manager collecting identification and relevant corporate and financial documents from the customer. The project manager conducts due diligence on the customer and prepares and provides the risk management department an initial assessment report and due diligence report. The risk management department will review the reports together with the information collected from the customer and may request further information from the customer for credit risk assessment. Members of the risk management department may verify the information collected by conducting further due diligence on the customer. Once approval from the risk management department is obtained, recommendation will be made to the guarantee assessment committee for further approval of the guarantee. Members of the guarantee assessment committee may conduct further due diligence on the customer as and when appropriate.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(a) Credit risk *(continued)*

In considering a guarantee application, the Group primarily focuses on considering the loan repayment capability and creditworthiness of a customer. The value of collaterals provided for a guarantee application is supplementary assurance. The Group's customers are first required to pass the lender's credit and risk assessments before engaging the Group's guarantee services. The Group provides guarantee services based on assessment of the customers' loan repayment capability according to the Group's analysis of their operational and financial information gathered in the due diligence process. As such, the Group did not adopt prescribed loan-to-value ratio to assess guarantee applications. The loan-to-value ratio is generally required to be below 100% for successful guarantee applications i.e. the outstanding guarantee amount is fully secured by the value of the relevant collaterals.

The Group has established guidelines on the acceptability of various classes of collateral and determined the corresponding valuation parameters. The guidelines and collateral valuation parameters are subject to regular reviews to ensure their effectiveness over credit risk management. The extent of collateral coverage over the Group's outstanding guarantees depends on the type of customers and the product offered. Types of collateral mainly include land use rights, machineries and equipment, properties and vehicles, etc. As at 31 December 2024, the carrying value of outstanding guarantees of RMB621,711,000 (2023: RMB953,569,000) is fully or partially covered by collateral.

(i) Risk concentration

When a certain number of customers undertake the same business activities, operate in the same geographical locations, or share similar economic characteristics within their industries, their ability to fulfil contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group's operating results to specific industries or geographical locations. As the Group mainly operates its businesses in Guangdong Province of the PRC, there exists a certain level of geographical concentration risk for its guarantee portfolios in that it might be affected by changes in the local economic conditions.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(a) Credit risk *(continued)*

(i) Risk concentration *(continued)*

The Group had a group of customers in the construction industry sector in Foshan that were facing financial difficulties. The banks of these customers packed their debts as asset packages and sold the assets packages to two asset management companies. Instead of restructuring the purchased debts for this group of customers, these two asset management companies announced plans to dispose of the collaterals in the asset packages in April 2019 and June 2019, respectively. These customers have ceased their operation accordingly. The Shunde District People's Court accepted the bankruptcy liquidation of these customers on 1 December 2020.

In view of these circumstances, the directors have carefully considered and assessed the recoverability of the receivables due from this group of customers. Consequently, the Group has made loss allowances of RMB218,498,000 in total as at 31 December 2024 (2023: RMB218,498,000) (notes 12, 13 and 14 to the consolidated financial statements).

Due to the default of real estate developers, a group of customers faced severe cash flow issues in previous years. The uncertainty regarding the recoverability of the receivables from this group of customers has not yet been relieve. In view of these circumstances, the Group has made loss allowances of RMB104,991,000 in total as at 31 December 2024 (2023: RMB101,260,000) (notes 12, 13 and 14).

Trade receivables

At the end of the reporting period, the Group had a concentration of credit risk as 19% (2023: 19%) and 77% (2023: 76%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(a) Credit risk *(continued)*

(i) Risk concentration *(continued)*

Guarantees issued

The maximum exposure to credit risk in respect of guarantees issued as at 31 December is as follows:

	2024		2023	
	RMB'000	%	RMB'000	%
Traditional financial services	36,682	6	34,975	4
Online financial services	448,731	72	769,556	81
Construction and installation	56,300	9	66,947	7
Wholesale and retailing	46,100	8	61,487	6
Others	33,898	5	20,604	2
Total	621,711	100	953,569	100

(ii) Measurement of ECL

The Group's trade receivables are categorised by common risk characteristics that are representative of the customers' domicile and abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at the end of each reporting period.

As part of the Group's credit risk management, the Group has applied internal credit rating for its customers and established a provision matrix that is based on historical credit loss experience having considered the ageing of debtors, adjusted for forward-looking factors specific to the debtors, the economic environment and the domicile of the debtors' countries. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past periods and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There has been no significant changes in the valuation techniques and key assumptions during the reporting period.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(a) Credit risk *(continued)*

(ii) Measurement of ECL *(continued)*

The Group's other credit risk is attributable to bank deposits and security deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The bank deposits and security deposits of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(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 on-balance sheet and off-balance sheet businesses. The Group's market risk mainly arises from currency risk and interest rate risk.

(i) Currency risk

The Group's businesses are principally conducted in RMB, while most of the Group's monetary assets and liabilities are denominated in HK$ and RMB. At the end of the reporting period, the recognised assets or liabilities are mainly denominated in the functional currency of the Group entity to which they relate. Accordingly, the directors considered the Group's exposure to foreign currency risk is not significant during the year.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict foreign currencies transactions in the future.

Changes in the foreign exchange control system may prevent the Group from satisfying all of its foreign currency demands and the Group may not be able to pay dividend in foreign currencies to its shareholders.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(b) Market risk *(continued)*

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from deposits with banks, factoring receivable, finance lease receivable and lease liablities.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rate. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its cash flow risks.

Interest rate profile

The following tables detail the interest rate profile of the Group's assets and liabilities as of the end of the reporting period:

	2024 **RMB'000**	2023 RMB'000
Fixed interest rate		
Financial liabilities:		
– Bank and other borrowings	**(500)**	–
– Lease liabilities	**(12,897)**	(11,822)
	(13,397)	(11,822)

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(b) Market risk *(continued)*

(ii) Interest rate risk *(continued)*

Interest rate profile (continued)

	2024 RMB'000	2023 RMB'000
Variable interest rate		
Financial assets:		
– Cash and bank deposits	**8,669**	12,855
Financial liabilities:		
– Bank and other borrowings	**(140,929)**	(136,758)

Sensitivity analysis

As at 31 December 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax by approximately RMB661,000 (2023: RMB620,000).

The sensitivity analysis above indicates the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period. The impact on the Group's loss after taxation is estimated as an annualised impact on interest expense or income of such a change in interest rates.

The analysis is performed on the same basis as 2023.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(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 longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	2024					
	Carrying amount RMB'000	Contractual undiscounted cash outflows RMB'000	On demand or less than one year RMB'000	Over one year but less than two years RMB'000	Over two years but less than five years RMB'000	Over five years RMB'000
Non-derivatives financial liabilities						
Lease Liabilities	12,897	23,572	1,213	1,059	3,264	18,036
Bank and other borrowings	143,199	147,152	60,714	21,123	55,762	9,553
Accruals and other payables	21,284	21,284	21,284	–	–	–
Pledged deposits received	103,234	103,234	71,437	–	31,797	–
Total	280,614	295,242	154,648	22,182	90,823	27,589
Guarantees						
Financial guarantee	125,100	125,100	100,500	24,600	–	–
Online financial services	448,731	448,731	448,731	–	–	–
Performance guarantee	47,880	47,880	20,027	27,853	–	–
Maximum guarantees exposure	621,711	621,711	569,258	52,453	–	–

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(c) Liquidity risk *(continued)*

	2023					
	Carrying amount RMB'000	Contractual undiscounted cash outflows RMB'000	On demand or less than one year RMB'000	Over one year but less than two years RMB'000	Over two years but less than five years RMB'000	Over five years RMB'000
Non-derivatives financial liabilities						
Liability component of convertible bonds	25,609	26,873	26,873	–	–	–
Lease Liabilities	11,822	21,919	1,877	964	2,486	16,592
Bank and other borrowings	136,758	154,490	53,258	16,834	61,662	22,736
Accruals and other payables	27,863	27,863	27,863	–	–	–
Pledged deposits received	104,491	104,491	72,694	–	31,797	–
Total	306,543	335,636	182,565	17,798	95,945	39,328
Guarantees						
Financial guarantee	111,488	111,488	67,634	–	43,854	–
Online financial services	769,556	769,556	769,556	–	–	–
Performance guarantee	72,525	72,525	72,525	–	–	–
Maximum guarantees exposure	953,569	953,569	909,715	–	43,854	–

(d) Fair value measurement

(i) Assets measured at fair value

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under HKFRS 13 *"Fair Value Measurement"*.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(d) Fair value measurement *(continued)*

(i) Assets measured at fair value *(continued)*

Fair value hierarchy *(continued)*

The following table presents the Group's assets and liabilities that are measured at fair value:

Level 1 valuations	:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 valuations	:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
Level 3 valuations	:	Fair value measured using significant unobservable inputs.

	2024		2023	
	Fair value RMB'000	**Level 3 RMB'000**	Fair value RMB'000	Level 3 RMB'000
Financial assets measured at FVPL:				
– Equity investments	**1,563**	**1,563**	11,169	11,169
Biological assets	**972**	**972**	1,683	1,683
	2,535	**2,535**	12,852	12,852

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(d) Fair value measurement *(continued)*

(i) ***Assets measured at fair value*** *(continued)*

Fair value hierarchy *(continued)*

Movement in fair value measurements of financial assets measured at FVPL

	2024 **RMB'000**	2023 RMB'000
As at 1 January	**11,169**	6,964
Changes in fair value recognised in profit or loss during the year	**(9,606)**	4,205
As at 31 December	**1,563**	11,169

During the year ended 31 December 2024, there were no transfer between Level 1 and level 2, or transfer into or out of Level 3. The Group's policy is to recongise transfers between levels of fair value hierarchy as at the end of the reporting period.

Information about Level 3 fair value measurement

Unlisted equity investment

The fair value of unlisted equity investment is determined by an independent professional valuer using the Adjusted Net Asset Value (ANAV) method, which mainly assesses the value of the assets and liabilities of the investee. The sales comparison approach or the depreciated replacement cost approach, as appropriate, is used in the valuation of the relevant assets of the investee.

The most significant unobservable input is the market price of the assets of the investee, which was estimated at RMB8,389 (2023: RMB11,730) per square meter with reference to recent transactions of similar assets. As at 31 December 2024, if the market price increases by 5%, the estimated fair value of unlisted equity investment would have increased by RMB728,000 (2023: RMB558,000), and vice versa.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(continued)*

(d) Fair value measurement *(continued)*

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments.

(i) Trade and other receivables, factoring receivables and finance lease receivables

Trade and other receivables, factoring receivables and finance lease receivables are initially recognised at fair value and thereafter stated at amortised cost less allowances for impairment of doubtful debts. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the end of the reporting period.

(ii) Guarantees issued

The fair value of guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(iii) Interest rates used for determining fair value

The market interest rates adopted for determining the fair value of trade and other receivables range from 1.8% to 2.4% as at 31 December 2024 (2023: 1.8% to 2.4%).

32. COMMITMENTS

There were no outstanding capital commitments at 31 December 2024 and 2023.

33. MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the year, the transactions with following parties are considered as related parties transactions:

Name of related party	Relationship
Mr. Zhang Tiewei	A substantial shareholder, chairman and executive director
Mr. Xu Kaiying	A substantial shareholder and executive director
Mr. Pang Haoquan	A substantial shareholder and executive director
Mr. Li Bin	Chief executive officer and executive director
Ms. Dai Jing	Chief operation officer and executive director
Mr. Tsang Hung Kei	Independent non-executive director
Mr. Au Tien Chee Arthur	Independent non-executive director
Mr. Zhou Xiaojiang	Independent non-executive director
Guangdong Success Venture Capital Co., Ltd.	A company of which 45% interest is held by Mr. Zhang Tiewei, Mr. Xu Kaiying and Mr. Pang Haoquan

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in note 7 to the consolidated financial statements and certain of the highest paid employees as disclosed in note 8 to the consolidated financial statements, is as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and other benefits	**3,495**	7,900
Contributions to defined contribution retirement plan	**325**	249
Share based payment	**613**	290
Total	**4,433**	8,439

The remuneration is included in "staff costs" in note 5(b) to the consolidated financial statements.

34. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2024 RMB'000	2023 RMB'000
Assets			
Cash and bank deposits		**608**	4,627
Trade and other receivables		**257,853**	297,761
Investment in subsidiaries	15	**22,881**	25,367
Property, plant and equipment		**113**	305
Total assets		**281,455**	328,060
Liabilities			
Liability component of convertible bonds		**–**	25,609
Accruals and other payables		**33,158**	32,757
Other borrowings		**15,280**	–
Lease liabilities		**107**	304
Total liabilities		**48,545**	58,670
NET ASSETS		**232,910**	269,390
CAPITAL AND RESERVES			
Share capital	30(c)	**4,421**	4,420
Reserves	30(a)	**228,489**	264,970
TOTAL EQUITY		**232,910**	269,390

This statement of financial position was approved and authorised for issue by the Board of Directors on 28 March 2025 and signed on its behalf by

Zhang Tiewei
Director

Li Bin
Director

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new and amended standards which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKAS 21	Lack of Exchangeability [1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments [2]
Annual Improvements to HKFRSs	Volume 11 [2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity [2]
HKFRS 18	Presentation and Disclosure in Financial Statements [3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures [3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

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

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.