

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



佐力科創小額貸款股份有限公司
(Zuoli Kechuang Micro-finance Company Limited*)

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

(Stock Code: 6866)

2025 ANNUAL RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of 佐力科創小額貸款股份有限公司 (Zuoli Kechuang Micro-finance Company Limited*) (the “**Company**”) is pleased to announce the audited annual results (the “**Annual Results**”) of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025, together with comparative figures for the corresponding period, prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”) promulgated by the Hong Kong Institute of Certified Public Accountants. The Board and the audit committee of the Company (the “**Audit Committee**”) have reviewed and confirmed the Annual Results.

ANNUAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

*(Expressed in Renminbi (“**RMB**”) ’000, unless otherwise stated)*

	<i>Note</i>	2025 RMB’000	2024 RMB’000
Interest income		172,334	196,354
Interest and commission expenses		<u>(29,421)</u>	<u>(40,512)</u>
Net interest income	2	142,913	155,842
Other net income	3	(1,585)	19,886
Impairment losses	4	(12,449)	(38,216)
Administrative expenses		<u>(41,134)</u>	<u>(45,908)</u>
Profit before taxation	5	87,745	91,604
Income tax	6	<u>(25,499)</u>	<u>(26,207)</u>
Profit and total comprehensive income for the year		<u>62,246</u>	<u>65,397</u>
Attributable to:			
Equity shareholders of the Company		60,442	62,440
Non-controlling interests		<u>1,804</u>	<u>2,957</u>
Profit for the year		<u>62,246</u>	<u>65,397</u>
Earnings per share			
Basic and diluted (RMB)	9	<u>0.05</u>	<u>0.05</u>

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(Expressed in RMB'000, unless otherwise stated)

		31 December 2025	31 December 2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets			
Cash and cash equivalents	10(a)	23,495	10,515
Interest receivables		39	367
Loans and advances to customers	11	2,444,125	2,462,054
Goodwill	12	4,302	12,604
Fixed assets	14	20,786	29,514
Deferred tax assets	19(b)	63,998	62,372
Other assets	15	1,041	1,093
Total assets		<u>2,557,786</u>	<u>2,578,519</u>
Liabilities			
Interest-bearing borrowings	16	439,676	488,287
Lease liabilities	17	594	1,847
Accruals and other payables	18	51,420	22,210
Current taxation	19(a)	24,812	25,064
Total liabilities		<u>516,502</u>	<u>537,408</u>
NET ASSETS		<u>2,041,284</u>	<u>2,041,111</u>
CAPITAL AND RESERVES			
Share capital	20	1,180,000	1,180,000
Reserves		851,326	803,465
Total equity attributable to equity shareholders of the Company		2,031,326	1,983,465
Non-controlling interests	13	9,958	57,646
TOTAL EQUITY		<u>2,041,284</u>	<u>2,041,111</u>

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(Expressed in RMB'000, unless otherwise stated)

	Attributable to equity shareholders of the Company					Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 20(c)	Note 20(d)(i)	Note 20(d)(ii)	Note 20(d)(iii)				
Balance at 31 December 2024 and 1 January 2025	<u>1,180,000</u>	<u>2,114</u>	<u>50,839</u>	<u>65,708</u>	<u>684,804</u>	<u>1,983,465</u>	<u>57,646</u>	<u>2,041,111</u>
Changes in equity for year ended 31 December 2025:								
Profit and total comprehensive income for the year	—	—	—	—	60,442	60,442	1,804	62,246
Appropriation to surplus reserve	—	—	1,807	—	(1,807)	—	—	—
Appropriation to general risk reserve	—	—	—	(310)	310	—	—	—
Acquisition of interest in subsidiary from non-controlling shareholders (Note 13)	—	2,405	—	—	—	2,405	(37,592)	(35,187)
Dividends to non-controlling shareholders approved in respect of the previous year (Note 20(b))	—	—	—	—	—	—	(11,900)	(11,900)
Dividends approved in respect of the previous year (Note 20(b))	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(14,986)</u>	<u>(14,986)</u>	<u>—</u>	<u>(14,986)</u>
Balance at 31 December 2025	<u>1,180,000</u>	<u>4,519</u>	<u>52,646</u>	<u>65,398</u>	<u>728,763</u>	<u>2,031,326</u>	<u>9,958</u>	<u>2,041,284</u>
Balance at 31 December 2023 and 1 January 2024	<u>1,180,000</u>	<u>2,114</u>	<u>49,461</u>	<u>67,782</u>	<u>645,268</u>	<u>1,944,625</u>	<u>58,089</u>	<u>2,002,714</u>
Changes in equity for year ended 31 December 2024:								
Profit and total comprehensive income for the year	—	—	—	—	62,440	62,440	2,957	65,397
Appropriation to surplus reserve	—	—	1,378	—	(1,378)	—	—	—
Appropriation to general risk reserve	—	—	—	(2,074)	2,074	—	—	—
Dividends to non-controlling shareholders approved in respect of the previous year (Note 20(b))	—	—	—	—	—	—	(3,400)	(3,400)
Dividends approved in respect of the previous year (Note 20(b))	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(23,600)</u>	<u>(23,600)</u>	<u>—</u>	<u>(23,600)</u>
Balance at 31 December 2024	<u>1,180,000</u>	<u>2,114</u>	<u>50,839</u>	<u>65,708</u>	<u>684,804</u>	<u>1,983,465</u>	<u>57,646</u>	<u>2,041,111</u>

The accompanying notes form part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025

(Expressed in RMB'000, unless otherwise stated)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	10(b)	161,693	197,548
PRC income tax paid	19(a)	<u>(27,377)</u>	<u>(36,700)</u>
Net cash generated from operating activities		<u>134,316</u>	<u>160,848</u>
Investing activities			
Proceeds from disposal of fixed assets		10	58
Payment for the purchase of fixed assets		<u>(73)</u>	<u>—</u>
Net cash (used in)/generated from investing activities		<u>(63)</u>	<u>58</u>
Financing activities			
Proceeds from bank loans	10(c)	25,000	25,000
Proceeds from borrowings from Euro zone	10(c)	240,335	120,061
Repayment of bank loans	10(c)	(25,000)	(25,000)
Repayment of borrowings from third parties	10(c)	—	(41,110)
Repayment of borrowings from Euro zone	10(c)	(302,879)	(184,831)
Interest paid	10(c)	(30,376)	(33,322)
Capital element of lease rentals paid	10(c)	(1,372)	(1,502)
Interest element of lease rentals paid	10(c)	(69)	(150)
Dividends paid to equity shareholders of the Company	20(b)	(14,986)	(23,600)
Dividends paid to non-controlling shareholders	20(b)	<u>(11,900)</u>	<u>(3,400)</u>
Net cash used in financing activities		<u>(121,247)</u>	<u>(167,854)</u>
Net increase/(decrease) in cash and cash equivalents		13,006	(6,948)
Cash and cash equivalents at 1 January	10(a)	10,515	17,478
Effect of foreign exchange rate changes		<u>(26)</u>	<u>(15)</u>
Cash and cash equivalents at 31 December	10(a)	<u>23,495</u>	<u>10,515</u>

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB'000, unless otherwise stated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for the financial assets measured at fair value through profit or loss (see note 1(j)).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 24.

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI 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 NCI 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.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(m)).

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 1(m)).

(f) Investment property

Investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of investment properties to its residual value over its estimated useful life.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 1(r)(iii).

(g) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses (see note 1(m)).

If significant parts of an item of fixed assets have different useful lives, then they are accounted for as separate items (major components). Any gain or loss on disposal of an item of fixed assets is recognised in profit or loss.

Depreciation is calculated to write off the cost of fixed assets, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

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

	Estimated useful lives
Premises	20 years
Office and other equipment	5 years
Motor vehicles	5 years
Electronic equipment	5 years
Leasehold improvement	The shorter of the unexpired term of lease and 5 years
Right-of-use assets	Unexpired term of lease

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(m)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

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

— Computer software	5 years
---------------------	---------

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case 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 components and non-lease components, 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 leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

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 recognised 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 are charged to profit or loss as 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 adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(g) and 1(m)).

Refundable rental deposits are accounted for separately from the right-of-use assets. Any excess of the nominal value over the initial fair 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, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will 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.

The Group presents right-of-use assets that do not meet the definition of investment property in 'fixed assets' and presents lease liabilities separately in the consolidated statement of financial position.

(ii) As a lessor

The Group 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. Otherwise, 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. The rental income from operating leases is recognised in accordance with note 1(r)(iii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(i)(i), then the Group classifies the sub-lease as an operating lease.

(j) Financial instruments

(i) Recognition and measurement of financial assets and liabilities

A financial asset or financial liability is recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

The financial instruments are initially stated at fair value plus directly attributable transaction costs, except for those instruments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 21(e). These investments are subsequently accounted for as follows, depending on their classification.

On initial recognition, a financial asset is classified into one of the following measurement categories:

- amortised cost, if the financial asset 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. (See note 1(r)(i)).
- fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the financial asset comprise solely payments of principal and interest and the financial asset 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 financial asset is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value at profit or loss (FVPL) if the financial asset does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the financial asset (including interest) are recognised in profit or loss.

(ii) *Credit loss and impairment of financial assets*

The Group recognises a loss allowance for expected credit losses (“ECL”s) to financial assets measured at amortised cost (including cash and cash equivalents, loans and advances to customers and other receivables);

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

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

The Group measures loss allowances at an amount equal to lifetime ECLs, except for financial instruments that are determined to have low credit risk at the reporting date, which are measured at 12-months ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor 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
- the financial asset is 90 days past due.

ECLs 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.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise 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.

(iii) *Fair value measurement principles*

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability.

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

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

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

(iv) *Derecognition of financial assets and financial liabilities*

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire; or
- the Group transfers substantially all the risks and rewards of ownership of the financial assets or where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the control over that asset is relinquished.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Group continues to recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

The financial liability (or part of it) is derecognised only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Group and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for

as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

(v) *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when, and only when the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(k) *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(t).

(l) *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 solicitors that are held for meeting short-term cash commitments, and other 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. Cash and cash equivalents are assessed for ECL (see note 1(j)(ii)).

(m) *Impairment of non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(n) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(o) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business

plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

(p) Value-added-tax (“VAT”)

Output VAT is calculated on taxable revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period. The tax rate of VAT is 6%.

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

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.

(r) 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.

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

(i) Interest income

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

(ii) Government grants

Government grants are recognised in the consolidated 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.

(iii) Rental income from operating leases

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

(s) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(t) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(u) Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate 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.

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.

(v) Segment reporting

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

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

2 NET INTEREST INCOME

The principal activity of the Group is the provision of loans to customers in Zhejiang province, the PRC. The amount of each significant category of revenue recognised is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income arising from		
Loans and advances to customers	172,281	196,242
Cash at banks	<u>53</u>	<u>112</u>
	<u>172,334</u>	<u>196,354</u>
Interest and commission expenses arising from		
Borrowings from non-bank institutions	(28,229)	(39,251)
Borrowings from banks	(1,017)	(1,010)
Lease liabilities	(69)	(150)
Bank charges	<u>(106)</u>	<u>(101)</u>
	<u>(29,421)</u>	<u>(40,512)</u>
Net interest income	<u><u>142,913</u></u>	<u><u>155,842</u></u>

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's net interest income during the years ended 31 December 2025 and 2024. Details of concentration of credit risk are set out in note 21(a).

For the years ended 31 December 2025 and 2024, the directors have determined that the Group has only one single business component/reportable segment as the Group is principally engaged in providing lending services which is the basis to allocate resources and assess performance of the Group.

The principal place of the Group's operation is Zhejiang province in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Zhejiang province as its place of domicile. All the Group's revenue and assets are principally attributable to Zhejiang province, being the main operating region.

3 OTHER NET INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants (<i>Note</i>)	12,568	13,376
Exchange (losses)/gains	(10,837)	6,276
Write-off of leasehold improvement	(3,677)	—
(Losses)/gains from disposal of other fixed assets	(19)	44
Others	<u>380</u>	<u>190</u>
Total	<u>(1,585)</u>	<u>19,886</u>

Note: Government grants mainly represent the tax refund granted by local government.

4 IMPAIRMENT LOSSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loans and advances to customers (<i>Note 11</i>)	(3,188)	(32,173)
Interest receivables	(960)	(575)
Goodwill (<i>Note 12</i>)	(8,302)	(5,401)
Other assets	<u>1</u>	<u>(67)</u>
Total	<u>(12,449)</u>	<u>(38,216)</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, bonuses and allowance	10,918	12,818
Contribution to retirement scheme	574	936
Social insurance and other benefits	<u>2,062</u>	<u>2,661</u>
Total	<u>13,554</u>	<u>16,415</u>

The Group is required to participate in the pension scheme organised by the municipal government of Zhejiang Province whereby the Group is required to pay annual contributions for PRC based employees at certain rate of the standard wages determined by the relevant authorities in the PRC during the year. The Group has no other material obligation for payment of retirement benefits to the PRC based employees beyond the annual contributions described above.

(b) Other items

	2025 RMB'000	2024 RMB'000
Depreciation expenses (Note 14)		
— owned fixed assets	3,379	3,402
— right-of-used assets	1,318	1,361
— investment property	398	398
Operating lease charges	3	10
Auditors' remuneration		
— audit services	3,200	3,200
— other services	80	80

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents

	2025 RMB'000	2024 RMB'000
Current tax (Note 19(a))		
Provision for PRC income tax for the year	27,125	26,908
Deferred tax (Note 19(b))		
Origination and reversal of temporary differences	<u>(1,626)</u>	<u>(701)</u>
Total	<u><u>25,499</u></u>	<u><u>26,207</u></u>

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

	2025 RMB'000	2024 RMB'000
Profit before taxation	<u><u>87,745</u></u>	<u><u>91,604</u></u>
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned (Notes)	21,936	22,901
Under-provision in respect of prior years	323	—
Effect of non-deductible expenses	<u>3,240</u>	<u>3,306</u>
Actual income tax expense	<u><u>25,499</u></u>	<u><u>26,207</u></u>

Notes:

- (i) The Company and the subsidiaries of the Group incorporated in the PRC are subject to PRC income tax at the statutory tax rate of 25% for the year ended 31 December 2025 (2024: 25%).
- (ii) No provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the year ended 31 December 2025 (2024: nil).

7 DIRECTORS' AND SUPERVISORS' REMUNERATION

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

	2025				
	Fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Pension scheme RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Chairman					
Yu Yin (俞寅)	6	—	—	—	6
Executive directors					
Zheng Xuegen (鄭學根)	6	328	16	250	600
Yang Sheng (楊晟)	6	577	48	300	931
Hu Fangfang (胡芳芳)	6	421	38	250	715
Non-executive director					
Pan Zhongmin (潘忠敏)	6	—	—	—	6
Independent non-executive directors					
Chan Kin Man (陳健民)	135	—	—	—	135
Zhao Xuqiang (趙旭強)	100	—	—	—	100
Yang Jie (楊婕)	100	—	—	—	100
Supervisors					
Zhou Mingwan (周明萬)	6	—	—	—	6
Wang Peijun (王培軍)	6	—	—	—	6
Chen Qi (陳琦)	6	331	19	10	366
	<u>383</u>	<u>1,657</u>	<u>121</u>	<u>810</u>	<u>2,971</u>

	2024				
	Fees	Salaries, allowances and other benefits in kind	Pension scheme	Discretionary bonuses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chairman					
Yu Yin (俞寅)	6	271	21	60	358
Executive directors					
Zheng Xuegen (鄭學根)	6	359	43	120	528
Yang Sheng (楊晟)	6	568	43	120	737
Hu Fangfang (胡芳芳)	6	417	35	120	578
Non-executive director					
Pan Zhongmin (潘忠敏)	6	—	—	—	6
Independent non-executive directors					
Chan Kin Man (陳健民)	150	—	—	—	150
Zhao Xuqiang (趙旭強)	100	—	—	—	100
Yang Jie (楊婕)	100	—	—	—	100
Supervisors					
Zhou Mingwan (周明萬)	6	—	—	—	6
Wang Peijun (王培軍)	6	—	—	—	6
Chen Qi (陳琦)	6	327	18	10	361
	<u>398</u>	<u>1,942</u>	<u>160</u>	<u>430</u>	<u>2,930</u>

Except for Mr. Yu Yin, the Chairman, who has waived part of annual remuneration, no other directors or supervisors has waived any remuneration during the year ended 31 December 2025 and 2024.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: four) are directors or supervisors of the Group for the year ended 31 December 2025, whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other two (2024: one) individuals are as follow:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries and other emoluments	646	364
Discretionary bonuses	360	120
Pension scheme	58	27
	<u>1,064</u>	<u>511</u>

The emoluments of the two (2024: one) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
<i>Hong Kong dollar</i>		
Nil – 1,000,000	2	1
1,000,001 – 1,500,000	—	—

No emoluments are paid or payable to these individuals as retirement from employment or as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2025 and 2024.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average of ordinary shares in issue during the year as follows:

	2025	2024
Profit attributable to the equity shareholders of the Company (RMB'000)	60,442	62,440
Weighted average number of ordinary shares in issue ('000)	1,180,000	1,180,000
Basic earnings per share (RMB)	<u>0.05</u>	<u>0.05</u>

(a) Weighted average number of ordinary shares

	2025 '000	2024 '000
Issued ordinary shares at 1 January	<u>1,180,000</u>	<u>1,180,000</u>
Weighted average number of ordinary shares at 31 December	<u>1,180,000</u>	<u>1,180,000</u>

There were no dilutive potential ordinary shares during the years ended 31 December 2025 and 2024, and therefore, diluted earnings per share are the same as the basic earnings per share.

10 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cash in hand	2	2
Cash at banks	23,321	10,372
Others	<u>172</u>	<u>141</u>
Cash and cash equivalents in the consolidated cash flow statement	<u>23,495</u>	<u>10,515</u>

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

	2025 RMB'000	2024 RMB'000
Profit before taxation	87,745	91,604
Adjustment for:		
Impairment losses	12,449	38,216
Depreciation and amortisation	5,095	5,161
Exchange losses/(gains)	10,837	(6,276)
Interest expenses	29,315	40,411
Write-off of leasehold improvement	3,677	—
Losses/(gains) on disposal of fixed assets	19	(44)
Changes in working capital:		
Decrease in loans and advances to customers	14,741	28,124
(Increase)/decrease in interest receivables and other assets	(580)	1,295
Decrease in accruals and other payables	<u>(1,605)</u>	<u>(943)</u>
Cash generated from operations	<u>161,693</u>	<u>197,548</u>

(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 cash flow statement as cash flows from financing activities.

	Bank loans	Borrowings from Euro zone	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	<u>25,028</u>	<u>463,259</u>	<u>1,847</u>	<u>490,134</u>
Changes from financing cash flow				
Proceeds from bank loans	25,000	—	—	25,000
Repayment of bank loans	(25,000)	—	—	(25,000)
Proceeds from borrowings from Euro zone	—	240,335	—	240,335
Repayment of borrowings from Euro zone	—	(302,879)	—	(302,879)
Capital element of lease rentals paid	—	—	(1,372)	(1,372)
Interest element of lease rentals paid	—	—	(69)	(69)
Interest paid	<u>(1,014)</u>	<u>(29,362)</u>	<u>—</u>	<u>(30,376)</u>
Total changes from financing cash flows	<u>(1,014)</u>	<u>(91,906)</u>	<u>(1,441)</u>	<u>(94,361)</u>
Exchange adjustments	<u>—</u>	<u>10,811</u>	<u>—</u>	<u>10,811</u>
Other changes:				
Interest expense (<i>Note 2</i>)	1,017	28,229	69	29,315
Commission payables related to obtaining other borrowings	—	4,252	—	4,252
Value-added tax	<u>—</u>	<u>—</u>	<u>119</u>	<u>119</u>
Total other changes	<u>1,017</u>	<u>32,481</u>	<u>188</u>	<u>33,686</u>
At 31 December 2025	<u>25,031</u>	<u>414,645</u>	<u>594</u>	<u>440,270</u>

	Bank loans <i>RMB'000</i>	Borrowings from third parties <i>RMB'000</i>	Borrowings from Euro zone <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	<u>25,015</u>	<u>41,248</u>	<u>527,256</u>	<u>2,938</u>	<u>596,457</u>
Changes from financing cash flow					
Proceeds from bank loans	25,000	—	—	—	25,000
Repayment of bank loans	(25,000)	—	—	—	(25,000)
Repayment of borrowings from third parties	—	(41,110)	—	—	(41,110)
Proceeds from borrowings from Euro zone	—	—	120,061	—	120,061
Repayment of borrowings from Euro zone	—	—	(184,831)	—	(184,831)
Capital element of lease rentals paid	—	—	—	(1,502)	(1,502)
Interest element of lease rentals paid	—	—	—	(150)	(150)
Interest paid	<u>(997)</u>	<u>(3,011)</u>	<u>(29,314)</u>	<u>—</u>	<u>(33,322)</u>
Total changes from financing cash flows	<u>(997)</u>	<u>(44,121)</u>	<u>(94,084)</u>	<u>(1,652)</u>	<u>(140,854)</u>
Exchange adjustments	<u>—</u>	<u>—</u>	<u>(6,291)</u>	<u>—</u>	<u>(6,291)</u>
Other changes:					
Interest expense (<i>Note 2</i>)	1,010	2,873	36,378	150	40,411
Value-added tax	—	—	—	135	135
Increase in lease liabilities from entering into new leases during the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>276</u>	<u>276</u>
Total other changes	<u>1,010</u>	<u>2,873</u>	<u>36,378</u>	<u>561</u>	<u>40,822</u>
At 31 December 2024	<u>25,028</u>	<u>—</u>	<u>463,259</u>	<u>1,847</u>	<u>490,134</u>

(d) **Total cash outflow for leases**

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating cash flows	3	10
Within financing cash flows	<u>1,441</u>	<u>1,652</u>
Cash flows of rentals paid on leases	<u><u>1,444</u></u>	<u><u>1,662</u></u>

These amounts relate to the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Lease rentals paid	<u><u>1,444</u></u>	<u><u>1,662</u></u>

11 LOANS AND ADVANCES TO CUSTOMERS

(a) **Analysed by nature**

	31 December 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Corporate loans	1,170,426	1,219,180
Retail loans	1,434,699	1,395,888
Micro-loans granted online	<u>20,939</u>	<u>25,466</u>
Sub-total	2,626,064	2,640,534
Accrued interest	<u>12,990</u>	<u>15,734</u>
Gross loans and advances to customers	2,639,054	2,656,268
Less: Allowances for impairment losses	<u>(194,929)</u>	<u>(194,214)</u>
Net loans and advances to customers	<u><u>2,444,125</u></u>	<u><u>2,462,054</u></u>

(b) Analysed by type of collateral

	31 December 2025 RMB'000	31 December 2024 RMB'000
Unsecured loans	23,747	27,870
Guaranteed loans	2,578,121	2,586,792
Collateralized loans	3,439	3,379
Pledged loans	<u>20,757</u>	<u>22,493</u>
Sub-total	2,626,064	2,640,534
Accrued interest	<u>12,990</u>	<u>15,734</u>
Gross loans and advances to customers	2,639,054	2,656,268
Less: Allowances for impairment losses	<u>(194,929)</u>	<u>(194,214)</u>
Net loans and advances to customers	<u><u>2,444,125</u></u>	<u><u>2,462,054</u></u>

(c) Analysed by industry sector

	31 December 2025		31 December 2024	
	RMB'000	%	RMB'000	%
Wholesale and retail	619,700	24%	653,700	24%
Manufacturing	123,934	5%	131,380	5%
Construction	152,292	5%	148,700	5%
Agriculture, forestry, animal husbandry and fishery	—	—	400	1%
Others	<u>274,500</u>	<u>10%</u>	<u>285,000</u>	<u>11%</u>
Corporate loans	1,170,426	44%	1,219,180	46%
Retail loans	1,434,699	55%	1,395,888	53%
Micro-loans granted online	<u>20,939</u>	<u>1%</u>	<u>25,466</u>	<u>1%</u>
Sub-total	2,626,064	<u>100%</u>	2,640,534	<u>100%</u>
Accrued interest	<u>12,990</u>		<u>15,734</u>	
Gross loans and advances to customers	2,639,054		2,656,268	
Less: Allowances for impairment losses	<u>(194,929)</u>		<u>(194,214)</u>	
Net loans and advances to customers	<u><u>2,444,125</u></u>		<u><u>2,462,054</u></u>	

(d) Overdue loans analysed by type of collateral and overdue period

	31 December 2025				Total <i>RMB'000</i>
	Overdue within 3 months (inclusive) <i>RMB'000</i>	Overdue more than 3 months to 6 months (inclusive) <i>RMB'000</i>	Overdue more than 6 months to one year (inclusive) <i>RMB'000</i>	Overdue more than one year <i>RMB'000</i>	
Unsecured loans	452	214	341	18,824	19,831
Guaranteed loans	12,545	902	1,960	55,706	71,113
Collateralized loans	—	602	8,000	2,239	10,841
Total	<u>12,997</u>	<u>1,718</u>	<u>10,301</u>	<u>76,769</u>	<u>101,785</u>

	31 December 2024				Total <i>RMB'000</i>
	Overdue within 3 months (inclusive) <i>RMB'000</i>	Overdue more than 3 months to 6 months (inclusive) <i>RMB'000</i>	Overdue more than 6 months to one year (inclusive) <i>RMB'000</i>	Overdue more than one year <i>RMB'000</i>	
Unsecured loans	113	61	1,415	13,546	15,135
Guaranteed loans	9,380	11,932	7,942	57,788	87,042
Collateralized loans	—	—	—	2,779	2,779
Total	<u>9,493</u>	<u>11,993</u>	<u>9,357</u>	<u>74,113</u>	<u>104,956</u>

Overdue loans represent loans and advances to customers, of which the whole or part of the principal or interest was overdue for one day or more. All amounts are shown as gross amount of overdue loans and advances to customers before any allowances for impairment losses.

(e) Analysed by methods for assessing allowances for impairment losses

	31 December 2025			Total <i>RMB'000</i>
	12-month ECLs <i>RMB'000</i>	Lifetime ECLs non credit- impaired <i>RMB'000</i>	Lifetime ECLs credit- impaired <i>RMB'000</i>	
Gross loans and advances to customers	2,057,934	479,623	101,497	2,639,054
Less: Allowances for impairment losses	<u>(63,996)</u>	<u>(33,115)</u>	<u>(97,818)</u>	<u>(194,929)</u>
Net loans and advances to customers	<u>1,993,938</u>	<u>446,508</u>	<u>3,679</u>	<u>2,444,125</u>

	31 December 2024			Total <i>RMB'000</i>
	12-month ECLs <i>RMB'000</i>	Lifetime ECLs	Lifetime ECLs	
		non credit- impaired	credit- impaired	
		<i>RMB'000</i>	<i>RMB'000</i>	
Gross loans and advances to customers	2,167,309	384,215	104,744	2,656,268
Less: Allowances for impairment losses	<u>(62,817)</u>	<u>(37,021)</u>	<u>(94,376)</u>	<u>(194,214)</u>
Net loans and advances to customers	<u>2,104,492</u>	<u>347,194</u>	<u>10,368</u>	<u>2,462,054</u>

(f) **Movements of allowances for impairment losses**

	2025			Total <i>RMB'000</i>
	12-month ECLs <i>RMB'000</i>	Lifetime ECLs	Lifetime ECLs	
		non credit- impaired	credit- impaired	
		<i>RMB'000</i>	<i>RMB'000</i>	
At 1 January 2025	62,817	37,021	94,376	194,214
Transferred to				
— Lifetime ECLs credit-impaired	(809)	(496)	1,305	—
Charge/(reversal) for the year	1,988	(3,410)	4,610	3,188
Write off	—	—	(3,912)	(3,912)
Recoveries of loans and advances written off in previous years	<u>—</u>	<u>—</u>	<u>1,439</u>	<u>1,439</u>
At 31 December 2025	<u>63,996</u>	<u>33,115</u>	<u>97,818</u>	<u>194,929</u>

	2024			Total RMB'000
	12-month ECLs RMB'000	Lifetime ECLs non credit- impaired RMB'000	Lifetime ECLs credit- impaired RMB'000	
At 1 January 2024	74,987	13,480	110,028	198,495
Transferred to				
— Lifetime ECLs non credit-impaired	(1)	1	—	—
— Lifetime ECLs credit-impaired	(340)	(1,039)	1,379	—
(Reversal)/charge for the year	(11,829)	24,579	19,423	32,173
Write off	—	—	(37,137)	(37,137)
Recoveries of loans and advances written off in previous years	—	—	683	683
At 31 December 2024	<u>62,817</u>	<u>37,021</u>	<u>94,376</u>	<u>194,214</u>

(g) **Analysed by credit quality**

	2025 RMB'000	2024 RMB'000
Gross balance of loans and advances to customers that are assessed for 12-month ECLs		
— Neither overdue nor credit-impaired	<u>2,057,934</u>	<u>2,167,309</u>
Sub-total	<u>2,057,934</u>	<u>2,167,309</u>
Gross balance of loans and advances to customers that are assessed for lifetime ECLs non credit-impaired		
— Overdue but not credit-impaired	288	212
— Neither overdue nor credit-impaired	<u>479,335</u>	<u>384,003</u>
Sub-total	<u>479,623</u>	<u>384,215</u>
Gross balance of loans and advances to customers that are assessed for lifetime ECLs credit-impaired		
— Overdue and credit-impaired	<u>101,497</u>	<u>104,744</u>
Sub-total	<u>101,497</u>	<u>104,744</u>
Less: Allowances for impairment losses	<u>(194,929)</u>	<u>(194,214)</u>
Net value	<u>2,444,125</u>	<u>2,462,054</u>

12 GOODWILL

RMB'000

Cost:

At 1 January and 31 December 2025 22,502

Accumulated impairment losses:

At 1 January 2024 (4,497)

Impairment loss (5,401)

At 31 December 2024 (9,898)

Impairment loss (8,302)

At 31 December 2025 (18,200)

Carrying amount:

At 31 December 2025 4,302

At 31 December 2024 12,604

Goodwill is allocated to the Group's cash-generating units identified according to the micro-finance operations acquired as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Deqing Jinhui Micro-finance Company Limited (德清金匯小額貸款有限公司) (“Jinhui Micro-finance”)	<u><u>4,302</u></u>	<u><u>12,604</u></u>

The Group acquired 96.9298% equity interest in Jinhui Micro-finance for a total consideration of RMB238.5 million on 1 July 2015. The excess of the acquisition costs over the share of net fair value of Jinhui Micro-finance's identifiable net assets of RMB18.0 million was recorded as goodwill and allocated to the micro-finance operation of Jinhui Micro-finance.

The Group acquired 60% equity interest in Xingyao Micro-finance for a total consideration of RMB130.0 million on 18 November 2016. The excess of the acquisition costs over the share of net fair value of Xingyao Micro-finance's identifiable net assets of RMB4.5 million was recorded as goodwill and allocated to the micro-finance operation of Xingyao Micro-finance. As at 31 December 2025 and 31 December 2024, the accumulated impairment losses of goodwill allocated to Xingyao Micro-finance amounted to RMB4.5 million.

Impairment test

The recoverable amount of the acquired subsidiaries is greater of its fair value less costs of disposal and value in use. For Jinhui Micro-finance, the recoverable amount is determined on value in use calculation. In assessing value in use, the calculations of the acquired subsidiaries are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows

beyond five-year period of Jinhui Micro-finance are extrapolated using an estimated weighted average growth rate of 2%, which is consistent with Jinhui Micro-finance’s development strategy and the forecasts included in industry reports. The growth rate used do not exceed the long-term average growth rates for micro-finance operations in the past. The cash flows are discounted using discount rates of 7.15% by Jinhui Micro-finance at 31 December 2025 (2024: 7.76%). The discounted rate is pre-tax and reflect specific risks relating to Jinhui Micro-finance.

The impairment loss of RMB8.3 million recognised in “Impairment losses” during the year solely relates to Jinhui Micro-finance’s operation (the cash-generate unit, the “CGU”). As the CGU has been reduced to its recoverable amount of RMB1,980.4 million which is determined by value-in-use approach, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

13 INVESTMENTS IN SUBSIDIARIES

The following list contains all the subsidiaries of the Group. The class of shares held is ordinary unless otherwise stated.

Name of Companies	Place of incorporation and type of legal entity	Paid-up capital	Proportion of ownership interest at 31 December 2025		Principal activities
			Group’s effective interest	Held by the Company	
Deqing Jinhui Micro-finance Company Limited (德清金匯小額貸款有限公司) (“Jinhui Micro-finance”) (Note (i))	Deqing, Zhejiang/ limited liability	1,228,000,000	99.76%	99.76%	Micro-finance
Zuoli Micro-finance Hong Kong International Investment Company Limited (佐力小貸香港國際投資有限公司) (“Zuoli HK”) (Note (ii))	Hong Kong	—	100.00%	100.00%	Investment, trading
Hangzhou Qiyue Trading Co., Ltd (Formerly Hangzhou High-tech District (Binjiang) Xing Yao Pu Hui Micro-finance Co., Ltd) (杭州祺躍貿易有限公司，曾用名杭州市高新區(濱江)興耀普匯小額貸款有限公司) (“Qiyue Trading”) (Note (iii))	Hangzhou, Zhejiang/ limited liability	100,000,000	96.00%	96.00%	Trade brokerage

Name of Companies	Place of incorporation and type of legal entity	Paid-up capital	Proportion of ownership interest at 31 December 2024		Principal activities
			Group's effective interest	Held by the Company	
Deqing Jinhui Micro-finance Company Limited (德清金匯小額貸款有限公司) (“Jinhui Micro-finance”) (Note (i))	Deqing, Zhejiang/ limited liability	1,228,000,000	99.76%	99.76%	Micro-finance
Zuoli Micro-finance Hong Kong International Investment Company Limited (佐力小貸香港國際投資有限公司) (“Zuoli HK”) (Note (ii))	Hong Kong	—	100.00%	100.00%	Investment, trading
Hangzhou High-tech District (Binjiang) Xing Yao Pu Hui Micro-finance Co., Ltd (杭州市高新區(濱江)興耀普匯小額貸款有限公司) (“Xingyao Micro-finance”) (Note (iii))	Hangzhou, Zhejiang/ limited liability	100,000,000	66.00%	66.00%	Micro-finance

Notes:

- (i) Pursuant to the equity transfer agreements and the supplemental agreement entered into by the Company and a non-controlling shareholders of Jinhui Micro-finance dated 25 January 2021 and 6 July 2021, the Company acquired 0.33% equity interest in Jinhui Micro-finance at a consideration of RMB4.8 million after obtaining approvals from relevant authorities in the PRC. Upon the completion of the aforementioned acquisition, the Company's equity interest in Jinhui Micro-finance increased from approximately 99.43% to 99.76%. As at 31 December 2022, the Company had paid RMB4.8 million in accordance with the payment plan in the supplemental agreement. The difference between the acquisition consideration and the carrying amount of the 0.33% equity interest in Jinhui Micro-finance amounted to RMB447 thousand was recorded as Reserves-Capital reserve in the consolidated statement of financial position as at 31 December 2021.
- (ii) On 18 August 2015 (date of incorporation), Zuoli HK's 1,000,000 shares with par value of HK\$1 was allotted and issued to its sole shareholder, the Company. As at 31 December 2025, the issued shares had not been paid by the Company.
- (iii) On 12 September 2025, the company changed its name from Hangzhou High-tech District (Binjiang) Xing Yao Pu Hui Micro-finance Co., Ltd to Hangzhou Qiyue Trading Co., Ltd, and changed its business from micro-finance to trade brokerage.

Pursuant to the equity transfer agreements entered into by the Company and non-controlling shareholders of Qiyue Trading in 2025, the Company acquired 30.00% equity interest in Qiyue Trading at a total consideration of RMB35,187 thousand on 5 December 2025. Upon the completion of the aforementioned acquisition, the Company's equity interest in Qiyue Trading increased from 66.00% to 96.00%. As at 31 December 2025, the Company recognised an acquisition consideration payable of RMB35,187 thousand. The difference between the acquisition consideration and the carrying amount of the 30.00% equity interest in Qiyue Trading amounted to RMB2,405 thousand was recorded as Reserves-Capital reserve in the consolidated statement of financial position as at 31 December 2025.

The non-controlling interest (“**NCI**”) of Qiyue Trading is immaterial as at 31 December 2025. And the following table lists out the information relating to Qiyue Trading which had a material NCI as at 31 December 2024. The summarised financial information presented below represents the amounts before any inter-company elimination.

	2024 <i>RMB'000</i>
NCI Percentage	34%
Total assets	158,919
Total liabilities	(3,087)
Net assets	155,832
Carrying amount of NCI	52,983
Net interest income	13,769
Profit and total comprehensive income for the year	8,276
Profit allocated to NCI	2,814
Net cash generated from operating activities	5,638
Net cash used in investing activities	(2,178)
Net cash used in financing activities	(10,324)

14 FIXED ASSETS

(a) Reconciliation of carrying amount

	Premises for own use RMB'000	Right-of-use assets RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvement RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
Cost:									
At and 1 January 2024	7,007	4,086	3,902	3,538	2,051	35,883	56,467	15,108	71,575
Additions	—	276	—	—	—	—	276	—	276
Retirement	—	(818)	—	(302)	—	—	(1,120)	—	(1,120)
At 31 December 2024 and 1 January 2025	7,007	3,544	3,902	3,236	2,051	35,883	55,623	15,108	70,731
Additions	—	—	—	—	73	—	73	—	73
Retirement	—	(276)	(208)	(252)	(2)	(18,736)	(19,474)	—	(19,474)
At 31 December 2025	7,007	3,268	3,694	2,984	2,122	17,147	36,222	15,108	51,330
Accumulated depreciation:									
At and 1 January 2024	(1,091)	(1,047)	(3,742)	(3,417)	(1,886)	(23,361)	(34,544)	(2,618)	(37,162)
Charge for the year	(333)	(1,361)	(22)	—	(42)	(3,005)	(4,763)	(398)	(5,161)
Retirement	—	818	—	288	—	—	1,106	—	1,106
At 31 December 2024 and 1 January 2025	(1,424)	(1,590)	(3,764)	(3,129)	(1,928)	(26,366)	(38,201)	(3,016)	(41,217)
Charge for the year	(333)	(1,318)	(3)	—	(38)	(3,005)	(4,697)	(398)	(5,095)
Retirement	—	276	192	239	2	15,059	15,768	—	15,768
At 31 December 2025	(1,757)	(2,632)	(3,575)	(2,890)	(1,964)	(14,312)	(27,130)	(3,414)	(30,544)
Net book value:									
At 31 December 2025	5,250	636	119	94	158	2,835	9,092	11,694	20,786
At 31 December 2024	5,583	1,954	138	107	123	9,517	17,422	12,092	29,514

Note: As at 31 December 2025, the fair value of the investment property amounted to RMB12.9 million (As at 31 December 2024: RMB16.5 million).

(b) **Right-of-use assets**

	31 December 2025 RMB'000	31 December 2024 RMB'000
Premises leased for own use, carried at depreciated cost	<u>636</u>	<u>1,954</u>

15 OTHER ASSETS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Prepayment	508	654
Others	<u>533</u>	<u>439</u>
	<u>1,041</u>	<u>1,093</u>

All other assets were expected to be recovered or recognised as expenses within one year.

16 INTEREST-BEARING BORROWINGS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Bank loans (<i>Note (i)</i>)		
— Amortised cost	25,000	25,000
— Accrued interest	<u>31</u>	<u>28</u>
	<u>25,031</u>	<u>25,028</u>
Borrowings from Euro zone (<i>Note (ii)</i>)		
— Amortised cost	409,364	458,369
— Accrued interest	<u>5,281</u>	<u>4,890</u>
	<u>414,645</u>	<u>463,259</u>
Total	<u>439,676</u>	<u>488,287</u>

Notes:

- (i) All of the Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the loans would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2025 and 31 December 2024, none of the covenants relating to the bank loans had been breached.

- (ii) In 2025, the Group repaid financings with nominal amount totaling EUR16.4 million, which are guaranteed by the Jinhui Micro-finance. As at 31 December 2025, there is no remaining balance of these financings.

In 2025, the Group obtained financing with nominal amount totaling CNH242.2 million at an interest rate ranging from 6.5% to 7% per annum from a financial institution located in Euro zone, which are due from June 2026 to April 2028, and repaid financings with nominal amount totaling CNH168.4 million. As at 31 December 2025, the remaining balance of these financing was CNH411.6 million. Among these borrowings, nominal amount totaling CNH149.3 million at an interest rate ranging from 6.5% to 8.03% per annum are guaranteed by the Jinhui Micro-finance, which are due from August 2026 to May 2027. Besides, nominal amount totaling CNH32.5 million at an interest rate of 6.6% per annum are guaranteed by Jinhui Micro-finance and Deqing Puhua Energy Co., Ltd, which are due in January 2029.

The financing is subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratio, as are commonly found in the lending arrangements with financial institutions. If the Group was to breach the covenants, the loans would become payable on demand. The Group regularly monitors its compliance with these covenants.

17 LEASE LIABILITIES

	At 31 December 2025		At 31 December 2024	
	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>
Within 1 year	<u>594</u>	<u>596</u>	<u>1,295</u>	<u>1,322</u>
After 1 year but within 2 years	<u>—</u>	<u>—</u>	<u>552</u>	<u>596</u>
	<u>594</u>	<u>596</u>	<u>1,847</u>	1,918
Less: total future interest expenses		<u>(2)</u>		<u>(71)</u>
Present value of lease liabilities		<u>594</u>		<u>1,847</u>

18 ACCRUALS AND OTHER PAYABLES

	31 December 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Acquisition consideration payable (Note 13)	35,187	—
Guarantee deposit	5,117	5,117
Accrued staff costs	3,036	4,144
Auditors' remuneration payable	2,198	2,198
Value-added tax payable	1,842	2,161
Tax and surcharges and other taxation payable	1,045	980
Others	<u>2,995</u>	<u>7,610</u>
	<u>51,420</u>	<u>22,210</u>

19 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Movements in current taxation in the consolidated statement of financial position are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Balance of income tax payable at the beginning of the year	25,064	34,856
Provision for PRC income tax for the year (<i>Note 6(a)</i>)	27,125	26,908
Income tax paid during the year	<u>(27,377)</u>	<u>(36,700)</u>
Balance of income tax payable at the end of the year	<u>24,812</u>	<u>25,064</u>

(b) Deferred tax assets recognised

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the years ended 31 December 2025 and 2024 are as follows:

Deferred tax assets arising from:	Provision for impairment losses RMB'000	Accrued expenses RMB'000	Tax deductible losses RMB'000	Exchange losses/ (gains) RMB'000	Total RMB'000
At 1 January 2024	55,474	57	1,801	4,339	61,671
Charged/(credited) to profit or loss (<i>Note 6(a)</i>)	<u>2,343</u>	<u>(2)</u>	<u>(857)</u>	<u>(783)</u>	<u>701</u>
At 31 December 2024 and 1 January 2025	57,817	55	944	3,556	62,372
Charged/(credited) to profit or loss (<i>Note 6(a)</i>)	<u>285</u>	<u>(6)</u>	<u>4,903</u>	<u>(3,556)</u>	<u>1,626</u>
At 31 December 2025	<u>58,102</u>	<u>49</u>	<u>5,847</u>	<u>—</u>	<u>63,998</u>

Note: As at 31 December 2025, the balance of deferred tax assets/liabilities arising from lease liabilities and right-of-use assets was RMB149 thousand and RMB149 thousand respectively.

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing 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:

	Share capital <i>RMB'000</i> <i>Note 20(c)</i>	Surplus reserve <i>RMB'000</i> <i>Note 20(d)(ii)</i>	General risk reserve <i>RMB'000</i> <i>Note 20(d)(iii)</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 31 December 2024 and 1 January 2025	<u>1,180,000</u>	<u>50,839</u>	<u>26,186</u>	<u>38,472</u>	<u>1,295,497</u>
Changes in equity for 2025:					
Total comprehensive income for the year	—	—	—	18,072	18,072
Appropriation to surplus reserve	—	1,807	—	(1,807)	—
Appropriation to general risk reserve	—	—	(182)	182	—
Dividends approved in respect of the previous year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(14,986)</u>	<u>(14,986)</u>
Balance at 31 December 2025	<u><u>1,180,000</u></u>	<u><u>52,646</u></u>	<u><u>26,004</u></u>	<u><u>39,933</u></u>	<u><u>1,298,583</u></u>
	Share capital <i>RMB'000</i> <i>Note 20(c)</i>	Surplus reserve <i>RMB'000</i> <i>Note 20(d)(ii)</i>	General risk reserve <i>RMB'000</i> <i>Note 20(d)(iii)</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 31 December 2023 and 1 January 2024	<u>1,180,000</u>	<u>49,461</u>	<u>27,261</u>	<u>48,590</u>	<u>1,305,312</u>
Changes in equity for 2024:					
Total comprehensive income for the year	—	—	—	13,785	13,785
Appropriation to surplus reserve	—	1,378	—	(1,378)	—
Appropriation to general risk reserve	—	—	(1,075)	1,075	—
Dividends approved in respect of the previous year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(23,600)</u>	<u>(23,600)</u>
Balance at 31 December 2024	<u><u>1,180,000</u></u>	<u><u>50,839</u></u>	<u><u>26,186</u></u>	<u><u>38,472</u></u>	<u><u>1,295,497</u></u>

(b) Dividends

At the annual general meeting held on 13 June 2025, the cash dividends of RMB0.0127 per share before tax in an aggregate amount of RMB14.986 million was approved to declare to all equity shareholders of the Company and paid during the year ended 31 December 2025. The dividend was attributable to the year of 2024.

At the annual general meeting held on 25 June 2024, the cash dividends of RMB0.02 per share before tax in an aggregate amount of RMB23.6 million was approved to declare to all equity shareholders of the Company and paid during the year ended 31 December 2024. The dividend was attributable to the year of 2023.

At the Qiyue Trading's shareholders' meeting held on 27 November 2025, the cash dividend of RMB35 million was approved to declare to all equity shareholders and paid during the year ended 31 December 2025.

At the Qiyue Trading's shareholders' meeting held on 6 June 2024, the cash dividend of RMB10 million was approved to declare to all equity shareholders and paid during the year ended 31 December 2024. The dividend was attributable to the year of 2023.

(c) Share capital

As at 31 December 2025, the share capital represented 1,180,000,000 ordinary shares of the Company at RMB1 each.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve represents the increase of equity interest in Jinhui Micro-finance and Qiyue Trading arising from the capital injection to Jinhui Micro-finance and acquiring equity interest in Jinhui Micro-finance and Qiyue Trading from non-controlling shareholders. For details, please see note 13.

(ii) Surplus reserve

The surplus reserve represents statutory surplus reserve fund. The Group is required to appropriate 10% of its net profit as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the Ministry of Finance of the PRC ("MOF"), to the statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserves may be used to net off with 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 offset previous years' losses, if any, and may be converted into capital.

(iii) General risk reserve

Pursuant to relevant regulations, the Company and its subsidiaries in the PRC engaged in micro-finance business are required to set aside a general risk reserve through appropriations of profit after tax according to 1.5% of the ending balance of gross risk-bearing assets to cover potential losses against these assets.

(e) Appropriation of profits

(i) In accordance with the resolution of the Company's board of directors meeting on 20 March 2026, the proposed profit appropriations for the year ended 31 December 2025 are as follows:

- Appropriate RMB1.8 million (10% of the net profit of the Company) to surplus reserve;
- Appropriate RMB0.2 million from general risk reserve to retained profits.

The profit appropriation resolution mentioned above has yet to be approved by the Company's shareholders.

(ii) At the Annual General Meeting of shareholders held on 13 June 2025, the shareholders approved the following profit appropriations for the year ended 31 December 2024:

- Appropriate RMB1.4 million (10% of the net profit of the Company) to surplus reserve;
- Appropriate RMB1.1 million from general risk reserve to retained profits.

(f) Distributable reserves

At 31 December 2025 and 31 December 2024, the aggregate amounts of reserves available for distribution to shareholders of the Company, as calculated under the provisions of Company Law of the PRC, were RMB39.9 million and RMB38.5 million respectively.

(g) 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 commensurate 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 shareholders returns that might be possible with higher levels of borrowings and the advantages and stability resulted from a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes in the Group's approach to capital management during the years ended 31 December 2025 and 2024.

Particularly for credit loan business, the Group monitors regularly the residual balance of outstanding credit loans for single customers and multiples of the total outstanding credit loans in relation to share capital of the Group, so as to keep the capital risk within an acceptable limit. The decision to manage the share capital of the Group to meet the needs of developing credit loans business rests with the directors.

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest and currency 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 arises from a customer's inability or unwillingness to meet its financial obligations or commitment to the Group provided. It arises primarily from the Group's micro-finance business and treasury business such as investment in wealth management products.

Credit risk arising from micro-finance business

The Group's credit risk mainly arises from micro-finance business. The Group has established relevant mechanism to cover credit risk in key operational phases of micro-finance business, including pre-lending evaluations, credit approval, and post-lending monitoring. The Group conducts customer acceptance and due diligence by business and marketing department and risk management department in pre-lending evaluations. In the credit approval phase, all loan applications are subject to the assessment and approval of the Group's deputy general manager, general manager or loan assessment committee, depending on the amount of the loans. During the post-lending monitoring, the Group conducts on-site inspections and off-site inquiries to detect potential risks by evaluating various aspects, including but not limited to the customers' operational and financial conditions, status of collaterals and other sources of repayment.

The Group adopts a loan risk classification approach to manage its loan portfolio risk. Loans are generally classified as normal, special mention, substandard, doubtful and loss according to their levels of risk. Substandard, doubtful and loss loans are considered to be impaired loans and advances. They are classified as such when one or more events demonstrate that there is objective evidence of a loss event. The impairment loss of the loan portfolio is assessed collectively or individually as appropriate.

After adopting HKFR 9 at 1 January 2018, loans and advances to customers are also categorised into the following stages by the Group:

Stage 1

Loans and advances to customers have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months expected credit losses (12-month ECLs).

Stage 2

Loans and advances to customers have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses (Lifetime ECLs non credit-impaired).

Stage 3

Loans and advances to customers that are in default and considered credit impaired (Lifetime ECLs credit-impaired).

The Group applies the ECL model to measure the impairment loss of the loans and advances to customers.

When a certain number of customers undertake the same business activities, stay in the same geographical locations, or bear similar economic features for 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 a particular industry or geographic location. As the Group mainly conducts micro-finance business in Zhejiang Province, a certain level of geographical concentration risk exists for its loan portfolios in that it might be affected by changes of economic conditions. At 31 December 2025, 1.91% (31 December 2024: 1.89%) and 6.72% (31 December 2024: 7.42%) of the total loans and advances to customers was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk of loans and advances to customers for each stage is represented by the net carrying amount of each type of financial assets as at the end of the reporting periods. For details, please see note 11.

Other credit risk

The Group adopts a credit rating approach in managing the credit risk of the treasury business, counterparties' rating are evaluated before transactions with reference to major rating agencies generally recognised by the People's Bank of China.

In respect of interest receivables and other assets, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

(b) Liquidity risk

Management regularly monitors the Group's liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The following tables provide an analysis of the remaining contractual maturities, which are based on contractual undiscounted cash flows (including interest payments, computed using contractual rates) of the financial assets and liabilities of the Group at the end of the reporting periods:

	31 December 2025					
	Overdue/ Repayment on demand RMB'000	Within three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	Total RMB'000	Carrying amount RMB'000
Assets						
Cash and cash equivalents	23,495	—	—	—	23,495	23,495
Interest receivables	39	—	—	—	39	39
Loans and advances to customers	101,785	324,217	2,250,224	12,624	2,688,850	2,444,125
Other assets	533	—	—	—	533	533
Total	<u>125,852</u>	<u>324,217</u>	<u>2,250,224</u>	<u>12,624</u>	<u>2,712,917</u>	<u>2,468,192</u>
Liabilities						
Interest-bearing borrowings	—	(16,853)	(291,001)	(163,549)	(471,403)	(439,676)
Lease liabilities	—	(596)	—	—	(596)	(594)
Accruals and other payables	(45,497)	—	—	—	(45,497)	(45,497)
Total	<u>(45,497)</u>	<u>(17,449)</u>	<u>(291,001)</u>	<u>(163,549)</u>	<u>(517,496)</u>	<u>(485,767)</u>
	<u>80,355</u>	<u>306,768</u>	<u>1,959,223</u>	<u>(150,925)</u>	<u>2,195,421</u>	<u>1,982,425</u>

31 December 2024

	Overdue/ Repayment on demand <i>RMB'000</i>	Within three months <i>RMB'000</i>	Between three months and one year <i>RMB'000</i>	Between one year and five years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Assets						
Cash and cash equivalents	10,515	—	—	—	10,515	10,515
Interest receivables	367	—	—	—	367	367
Loans and advances to customers	104,956	335,708	2,264,110	20,317	2,725,091	2,462,054
Other assets	439	—	—	—	439	439
Total	<u>116,277</u>	<u>335,708</u>	<u>2,264,110</u>	<u>20,317</u>	<u>2,736,412</u>	<u>2,473,375</u>
Liabilities						
Interest-bearing borrowings	—	(3,807)	(337,593)	(180,012)	(521,412)	(488,287)
Lease liabilities	—	(596)	(726)	(596)	(1,918)	(1,847)
Accruals and other payables	(14,925)	—	—	—	(14,925)	(14,925)
Total	<u>(14,925)</u>	<u>(4,403)</u>	<u>(338,319)</u>	<u>(180,608)</u>	<u>(538,255)</u>	<u>(505,059)</u>
	<u>101,352</u>	<u>331,305</u>	<u>1,925,791</u>	<u>(160,291)</u>	<u>2,198,157</u>	<u>1,968,316</u>

(c) **Interest risk**

The Group is principally engaged in the provision of micro-finance services. Its interest rate risk arises primarily from deposits with banks, loans and advances to customers and interest-bearing borrowings.

(i) **Interest rate profile**

The following tables details the interest rate profile of the Group's assets and liabilities as at the end of the reporting periods:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Fixed interest rate		
Financial asset		
— Loans and advances to customers	2,444,125	2,462,054
Financial liabilities		
— Interest-bearing borrowings	(439,676)	(488,287)
— Leased liabilities	(594)	(1,847)
Net	<u>2,003,855</u>	<u>1,971,920</u>
Variable interest rate		
Financial asset		
— Cash and cash equivalent	23,321	10,372
Net	<u>23,321</u>	<u>10,372</u>
Net fixed rate borrowings as a percentage of total borrowings	<u>100.00%</u>	<u>100.00%</u>

(ii) **Sensitivity analysis**

At 31 December 2025 and 31 December 2024, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would have increased the Group's net profit during the next 12 months by approximately RMB87,000 and RMB39,000 respectively.

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.

(d) **Currency risk**

The Group is exposed to currency risk primarily through obtaining interest-bearing borrowings that are denominated in Euros. The currencies giving rise to this risk are primarily Euros.

(i) **Exposure to currency risk**

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	Exposure to foreign currencies	
	2025	2024
	Euros	Euros
	RMB'000	RMB'000
Interest-bearing borrowings	—	(124,527)
	<u>—</u>	<u>(124,527)</u>

(ii) **Sensitivity analysis**

The following table indicates the instantaneous change in the Group's profit after tax that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the list of foreign currency and the RMB would be materially unaffected by any changes in movement in value of the list of foreign currency against other currencies.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
	<i>bps</i>	<i>RMB'000</i>	<i>bps</i>	<i>RMB'000</i>
Euros	—	—	100	(934)
	—	—	(100)	934

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the Group's profit after tax in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

(e) **Fair value measurement**

(i) ***Financial assets and liabilities measured at fair value***

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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.

As at 31 December 2025 and 31 December 2024, there were no financial instruments measured at fair value of the Group.

(ii) ***Fair value of financial assets and liabilities carried at other than fair value***

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values at 31 December 2025 and 31 December 2024.

22 COMMITMENTS

As at 31 December 2025 and 31 December 2024, there is no capital commitment of the Group.

23 MATERIAL RELATED PARTY TRANSACTIONS

(a) **Transactions with key management personnel**

	2025	2024
	RMB'000	RMB'000
Key management personnel remuneration (<i>Note (i)</i>)	2,971	2,930
Receiving guarantees for bank loans (<i>Note (ii)</i>)	25,000	25,000
Releasing guarantees for bank loans (<i>Note (ii)</i>)	(25,000)	(25,000)
Releasing guarantees for borrowing from third parties (<i>Note (iii)</i>)	—	(41,110)

Notes:

- (i) Remuneration of key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 7 and certain of the highest payment employs as disclosed in note 8. Total remuneration is included in "Staff cost" (see note 5(a)).
- (ii) The guarantees for bank loans during the year ended 31 December 2025 were provided by the Chairman of the Board without charges. For the details of bank loans, please refer to note 16(i).
- (iii) The guarantees for borrowings from third parties during the year ended 31 December 2024 were provided by the Chairman of the Board without charges.

(b) Balances with key management personnel

	31 December 2025 RMB'000	31 December 2024 RMB'000
Guarantees received for bank loans	25,000	25,000

(c) Other related party transactions

	2025 RMB'000	2024 RMB'000
Administrative expenses (<i>Note (i)</i>)	973	1,004
Depreciation expense of right-of-use assets (<i>Note (ii)</i>)	1,088	1,088
Interest expense of lease liabilities (<i>Note (ii)</i>)	66	146
Receiving guarantees for bank loans (<i>Note (iii)</i>)	25,000	25,000
Receiving guarantees for borrowings from Euro zone (<i>Note (iv)</i>)	—	32,504
Releasing guarantees for bank loans (<i>Note (iii)</i>)	(25,000)	(25,000)
Releasing guarantees for borrowing from third parties (<i>Note (v)</i>)	—	(41,110)

Notes:

- (i) The utilities and entertainment fees were paid to Zuoli Holdings Group Company Limited and its subsidiary.
- (ii) On 6 July 2023, the Company and Zuoli Holdings Group Company Limited entered into a new lease agreement, pursuant to which Zuoli Holdings Group Company Limited agreed to lease a property to the Group for a term of 3 years commencing from 7 July 2023 and ending on 6 July 2026.
- (iii) The guarantees for bank loans during the year ended 31 December 2025 were provided by other related parties of the Group without charges. For the details of bank loans, please refer to note 16(i).
- (iv) The guarantees for borrowings from Euro zone during the year ended 31 December 2025 were provided by other related parties of the Group without charges. For the details of borrowings from Euro zone, please refer to note 16(ii).

- (v) The guarantees for borrowings from third parties during the year ended 31 December 2024 were provided by other related parties of the Group without charges.

(d) Balances with other related parties

	31 December 2025 RMB'000	31 December 2024 RMB'000
Lease liabilities	594	1,719
Guarantees received for bank loans	25,000	25,000
Guarantees received for borrowing from Euro zone	32,504	32,504

24 ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, the key sources of estimation uncertainty are as follows:

(a) Impairment of financial assets measured at amortised cost

The Group reviews portfolios of financial assets measured at amortised cost to assess whether any impairment losses exist and the amount of impairment losses if there is any indication of impairment. Objective evidence for impairment includes observable data indicating that there is a measurable decrease in the estimated future cash flows for financial assets measured at amortised cost. It also includes observable data indicating adverse changes in the repayment status of the debtors, or change in national or local economic conditions that causes the default in payment.

The impairment loss for financial assets measured at amortised cost using the expected credit loss model is subjected to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. The expected credit losses for financial assets measured at amortised cost are derived from estimates whereby management takes into consideration historical data, the historical loss experience and other adjustment factors. Historical loss experience is adjusted on the basis of the relevant observable data that reflect current economic conditions and the judgment based on management's historical experience. Management reviews the selection of those parameters and the application of the assumptions regularly to reduce any difference between loss estimates and actual loss.

(b) Impairment of long-lived assets

If circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of long-lived assets as described in note 1(m). The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(c) Depreciation and amortisation

Fixed assets and intangible assets are depreciated and amortized using the straight-line method over their useful lives after taking into account estimated residual value. The useful lives and residual value are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives are determined based on historical experience of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation, the rate of depreciation is revised.

(d) Tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(e) Determining the lease term

As explained in policy note 1(i), 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 option, 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.

25 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	31 December 2025 RMB'000	31 December 2024 RMB'000
Assets			
Cash and cash equivalents		1,566	162
Fixed assets		14,847	17,098
Investments in subsidiaries		1,366,116	1,330,929
Deferred tax assets		8,251	6,594
Other assets		<u>363,081</u>	<u>410,485</u>
Total assets		<u><u>1,753,861</u></u>	<u><u>1,765,268</u></u>
Liabilities			
Interest-bearing borrowings		414,645	463,259
Accruals and other payables		40,336	5,652
Lease liabilities		<u>297</u>	<u>860</u>
Total liabilities		<u><u>455,278</u></u>	<u><u>469,771</u></u>
NET ASSETS		<u><u>1,298,583</u></u>	<u><u>1,295,497</u></u>
CAPITAL AND RESERVES			
Share capital	20	1,180,000	1,180,000
Reserves		<u>118,583</u>	<u>115,497</u>
TOTAL EQUITY		<u><u>1,298,583</u></u>	<u><u>1,295,497</u></u>

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

**Effective for
accounting periods
beginning on or after**

Amendments to HKFRS 9, <i>Financial instruments and HKFRS 7, Financial instruments: disclosures — Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

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 except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

We carried out our microfinance business in the PRC, and our business is mainly conducted in Deqing County, Huzhou City, Zhejiang Province. Zhejiang province is the important birthplace of President Xi Jinping's thought on ecological civilisation, and according to the Opinion on Supporting the High Quality Development and the Construction of a Common Prosperity Demonstration Zone in Zhejiang (《關於支持浙江高質量發展建設共同富裕示範區的意見》) issued by the State Council in May 2021, Zhejiang Province was endowed an important demonstration reform task of realizing common prosperity and a series of important decisions and deployment were proposed, which will be more favorable for the overall coordinated development of Zhejiang Province in terms of economy, society, culture, ecology, etc. Besides, Huzhou is the birthplace of the important thought that “lucid waters and lush mountains are invaluable assets” and the experimental area of the national green finance reform and innovation, and is one of the best cities in Zhejiang Province and even nationwide in respect of financial ecological environment, which brings the Company a unique advantage to explore green development. We seized the opportunity and became the first and the only green micro-finance company in Huzhou. Recently, the State Council granted approval to Huzhou City to construct a national sustainable development innovation zone under the theme of sustainable development in ecological resource-intensive areas driven by green innovation. In May 2022, the United Nations Global Geospatial Knowledge and Innovation Centre was inaugurated in Deqing. A number of new high-technology, bio-pharmaceutical and innovative enterprises have either selected Deqing as their headquarters or conducted business in Deqing. In 2025, Deqing was ranked on several lists of the top 100 counties in the PRC in terms of comprehensive strength, green development, science and technology innovation, and quality of new urbanization, which has promoted the development of the local financial services industry.

As of 31 December 2025, the number of microfinance companies in Zhejiang reached 234 in total. The average registered capital per microfinance company amounted to RMB0.179 billion. The average loan balance per microfinance company amounted to RMB0.195 billion.

As of 31 December 2025, apart from the Group, there were two other microfinance companies in Deqing. The accumulated aggregate amount of loans granted by the Group and the two microfinance companies for the year ended 31 December 2025 reached approximately RMB3.36 billion (2024: RMB3.63 billion), out of which the accumulated aggregate amount of loans granted by the Group accounted for approximately 82.7% (2024: 79%). As of 31 December 2025, the balance of loans (excluding accrued interest) of the Group and these two microfinance companies reached approximately RMB3.00 billion (2024: RMB3.03 billion), out of which the balance of loans (excluding accrued interest) of the Group accounted for approximately 87.5% (2024: 87%).

Business Overview

As at 31 December 2025, we were the largest licensed microfinance company in Zhejiang in terms of registered capital, according to the Local Financial Regulatory Bureau of Zhejiang* (浙江省地方金融管理局). We have been providing financing solutions and loan services to customers with flexible terms through quick and comprehensive loan assessment and approval processes.

Our customer base primarily consists of customers engaged in AFR (三農), the SMEs, micro enterprises and online retailers engaging in the businesses of lifestyle products, agricultural products, cultural supplies and industrial products, etc. Besides, as a green micro-finance company in Huzhou, we actively explored green micro-finance model, granted green finance to green industries or segments including ecology, agriculture, forestry, animal husbandry and fishery, development of new energy, technological improvement of energy conservation and emission reduction as well as economic transition.

Our gross loan balance (excluding accrued interest) decreased slightly from RMB2,640.5 million as at 31 December 2024 to RMB2,626.1 million as at 31 December 2025.

The following table sets out our registered capital, gross loans and advances to customers and leverage ratio as at the dates indicated:

	As at 31 December 2025	As at 31 December 2024
Registered capital (RMB'000)	1,180,000	1,180,000
Gross loans and advances to customers (excluding accrued interest, RMB'000)	2,626,064	2,640,534
Leverage ratio ⁽¹⁾	2.23	2.24

Note:

(1) Represents the gross loans and advances to customers (excluding accrued interest) divided by registered capital.

For the years ended 31 December 2024 and 2025, our average interest rates for loans were 7.4% and 6.6%, respectively. Our average loan interest rate decreased during the aforesaid period, mainly because we reduced the average interest rate on loans in line with the market, where interest rates on loans granted by banks and peers were continuously decreased, in order to ensure asset quality.

The following table sets out the number of our loans and advances by size as at the dates indicated:

	As at 31 December 2025	As at 31 December 2024
Up to RMB500,000	1,004	1,254
Over RMB500,000 to RMB1 million (inclusive)	31	46
Over RMB1 million to RMB5 million (inclusive)	246	222
Over RMB5 million	<u>144</u>	<u>160</u>
Total number of loans and advances to customers	<u>1,425</u>	<u>1,682</u>

As at 31 December 2024 and 2025, the maximum loan amount of approximately 77.3% and 72.6% of loan contracts were limited to RMB1 million, respectively. Among our loan contracts, the higher proportion of loans with amount up to RMB1 million was mainly due to the fact that we mainly target to serve SMEs and micro enterprises, individuals in the agricultural, industrial and service sectors in Huzhou City and Hangzhou City and online retailers engaging in the business of lifestyle products, agricultural products, cultural supplies and industrial products, etc., the loan amounts granted to whom are generally lower.

LOANS AND ADVANCES TO CUSTOMERS BY TYPE OF SECURITY

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

	As at 31 December 2025		As at 31 December 2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Unsecured loans ⁽¹⁾	23,747	0.9	27,870	1.1
Guaranteed loans	2,578,121	98.2	2,586,792	97.9
Collateralized loans	3,439	0.1	3,379	0.1
Pledged loans	<u>20,757</u>	<u>0.8</u>	<u>22,493</u>	<u>0.9</u>
Sub-total	2,626,064	100.0	2,640,534	100.0
Accrued interest	<u>12,990</u>		<u>15,734</u>	
Gross loans and advances to customers	<u>2,639,054</u>		<u>2,656,268</u>	

Note:

- (1) Our unsecured loans are generally of small amounts, with short terms, and granted to customers who have good credit history upon assessing the risks involved in the loans during our credit evaluation process.

The following table sets out the original maturity profile of our loans and advances to customers as at the dates indicated:

	As at 31 December 2025		As at 31 December 2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Within three months	1,000	0.1	1,000	0.1
Three to six months	15,472	0.6	24,270	0.9
Six months to one year	2,585,462	98.4	2,588,642	98.0
More than one year	<u>24,130</u>	<u>0.9</u>	<u>26,622</u>	<u>1.0</u>
Sub-total	2,626,064	100.0	2,640,534	100.0
Accrued interest	<u>12,990</u>		<u>15,734</u>	
Gross loans and advances to customers	<u>2,639,054</u>		<u>2,656,268</u>	

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

	As at 31 December 2025		As at 31 December 2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Up to RMB500,000	39,073	1.5	43,772	1.7
Over RMB500,000 to RMB1 million (inclusive)	25,765	1.0	37,712	1.4
Over RMB1 million to RMB5 million (inclusive)	874,996	33.3	811,700	30.7
Over RMB5 million	<u>1,686,230</u>	<u>64.2</u>	<u>1,747,350</u>	<u>66.2</u>
Sub-total	2,626,064	100.0	2,640,534	100.0
Accrued interest	<u>12,990</u>		<u>15,734</u>	
Gross loans and advances to customers	<u>2,639,054</u>		<u>2,656,268</u>	

The following table sets out our loans and advances to customers analysed by methods for assessing allowances for impairment losses as at the dates indicated:

	As at 31 December 2025			Total RMB'000
	12-month ECLs RMB'000	Lifetime ECLs non credit- impaired RMB'000	Lifetime ECLs credit- impaired RMB'000	
Gross loans and advances to customers	2,057,934	479,623	101,497	2,639,054
Less: Allowances for impairment losses	<u>(63,996)</u>	<u>(33,115)</u>	<u>(97,818)</u>	<u>(194,929)</u>
Net loans and advances to customers	<u>1,993,938</u>	<u>446,508</u>	<u>3,679</u>	<u>2,444,125</u>
	As at 31 December 2024			Total RMB'000
	12-month ECLs RMB'000	Lifetime ECLs non credit- impaired RMB'000	Lifetime ECLs credit- impaired RMB'000	
Gross loans and advances to customers	2,167,309	384,215	104,744	2,656,268
Less: Allowances for impairment losses	<u>(62,817)</u>	<u>(37,021)</u>	<u>(94,376)</u>	<u>(194,214)</u>
Net loans and advances to customers	<u>2,104,492</u>	<u>347,194</u>	<u>10,368</u>	<u>2,462,054</u>

The following table sets out our key operating data as at the dates indicated:

	As at 31 December 2025	As at 31 December 2024
Impaired loan ratio⁽¹⁾	3.8%	3.9%
Balance of impaired loans (RMB'000)	101,497	104,744
Gross loans and advances to customers (RMB'000)	2,639,054	2,656,268
Allowance coverage ratio⁽²⁾	192%	185%
Allowances for impairment losses ⁽³⁾ (RMB'000)	194,929	194,214
Balance of impaired loans (RMB'000)	101,497	104,744
Provision for impairment losses ratio⁽⁴⁾	7.4%	7.3%
Balance of overdue loans (RMB'000)	101,785	104,956
Gross loans and advances to customers (RMB'000)	2,639,054	2,656,268
Overdue loan ratio⁽⁵⁾	3.9%	4.0%

Notes:

- (1) Represents the balance of impaired loans divided by the gross loans and advances to customers. Impaired loan ratio indicates the quality of our loan portfolio.
- (2) Represents the allowances for impairment losses on all loans divided by the balance of impaired loans. Allowance coverage ratio indicates the level of provisions we set aside to cover probable loss in our loan portfolio.
- (3) Allowances for impairment losses reflect our management's estimate of the probable losses in our loan portfolio.
- (4) Represents the allowances for impairment losses divided by the gross loans and advances to customers. Provision for impairment losses ratio measures the cumulative level of provisions.
- (5) Represents the balance of overdue loans divided by the gross loans and advances to customers, among which the balance of loans overdue for 1 to 30 days was RMB12,707 thousand, the balance of loans overdue for 31 to 365 days was RMB12,309 thousand, and the balance of loans overdue for more than 365 days was RMB76,769 thousand.

Total impaired loans

As at 31 December 2024 and 31 December 2025, our balance of impaired loans amounted to RMB104.7 million and RMB101.5 million, respectively.

Total overdue loans

The following table sets out a breakdown of our overdue loans by type of security as at the dates indicated:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Unsecured loans	19,831	15,135
Guaranteed loans	71,113	87,042
Collateralized loans	<u>10,841</u>	<u>2,779</u>
Total overdue loans	<u><u>101,785</u></u>	<u><u>104,956</u></u>

We had overdue loans of RMB105.0 million and RMB101.8 million as at 31 December 2024 and 31 December 2025, respectively, accounting for 4.0% and 3.9% of our gross loan balance as at the respective dates. As at 20 March 2026, RMB1.1 million out of the overdue loans as of 31 December 2025 was recovered.

Financial Overview

Net interest income

We generate interest income from loans and advances we provide to customers and from our cash at banks. Our net interest income is net of interest and commission expenses. We incur interest and commission expenses on bank and other borrowings, which are principally used to expand our business and meet working capital requirements, as well as bank charges.

The following table sets out the breakdown of our net interest income by source for the years indicated:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from		
Loans and advances to customers	172,281	196,242
Cash at banks	<u>53</u>	<u>112</u>
Total interest income	<u>172,334</u>	<u>196,354</u>
Interest and commission expenses from		
Borrowings from banks	(1,017)	(1,010)
Borrowings from non-bank institutions	(28,229)	(39,251)
Lease liabilities	(69)	(150)
Bank charges	<u>(106)</u>	<u>(101)</u>
Total interest and commission expenses	<u>(29,421)</u>	<u>(40,512)</u>
Net interest income	<u>142,913</u>	<u>155,842</u>

Our interest income from loans and advances to customers is primarily affected by the size of our loan portfolio and the average interest rates that we charge on loans to our customers. Our balance of loans decreased during the reporting period, generally in line with the size of our capital base, which is in turn affected by the size of our net assets and financing. For the years ended 31 December 2024 and 2025, our average interest rates for loans were 7.4% and 6.6%, respectively. Our average loan interest rate decreased during the aforesaid period, mainly because we reduced the average interest rate on loans in line with the market, where interest rates on loans granted by banks and peers were continuously decreased, in order to ensure asset quality.

Our interest and commission expenses, comprising interests on borrowings from banks and non-bank institutions, lease liabilities as well as bank charges, were RMB40.5 million and RMB29.4 million for the years ended 31 December 2024 and 2025, respectively. Our incurred interest expenses were primarily attributable to the interest payment on bank borrowings and non-bank institutions borrowings, including borrowings from third parties and borrowings from Euro zone, which were principally applied to develop our loan business.

Our balance of bank borrowings (excluding accrued interest) as at 31 December 2024 and 2025 each amounted to RMB25.0 million. Our balance of borrowings from non-bank institutions (excluding accrued interest) amounted to RMB458.4 million and RMB409.4 million as at 31 December 2024 and 2025, respectively.

Our net interest income for the years ended 31 December 2024 and 2025 were RMB155.8 million and RMB142.9 million, respectively.

Other net (loss)/income

Our other net income/(loss) for the years ended 31 December 2024 and 2025 were RMB19.9 million and RMB1.6 million, respectively. Our other net income decreased RMB21.5 million during the aforesaid period, mainly due to the decrease in foreign exchange gains of RMB17.1 million in this year compared to the previous year.

Impairment losses

Impairment losses include provisions in relation to loans and advances to our customers, interests receivables and goodwill, etc. We review our portfolios of loans and advances, interests receivables and goodwill, etc. regularly to assess whether any impairment losses exist and the amount of impairment losses if there is any indication of impairment. Our management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any deviation between estimated loss and the actual loss.

For the years ended 31 December 2024 and 2025, our impairment losses were RMB38.2 million and RMB12.4 million, respectively.

Administrative expenses

Our administrative expenses mainly include: (i) tax and surcharge; (ii) staff costs, such as salaries, bonuses and allowances paid to employees, social insurance and other benefits; (iii) office expenditures and travel expenses; (iv) operating lease charges; (v) depreciation and amortization expenses; (vi) consulting and professional service fees; and (vii) other expenses, including business development expenses, advertising expenses and other miscellaneous expenses, such as stamp duty, conference fees and labor protection fees. The table below sets out the components of our administrative expenses by nature for the periods indicated:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Tax and surcharge	1,261	1,544
Staff costs	13,554	16,415
Office expenditures and travel expenses	4,215	4,371
Operating lease charges	3	10
Depreciation and amortization expenses	4,697	4,763
Consulting and professional service fees	9,913	11,005
Business development expenses	5,780	6,071
Advertising expenses	648	632
Others	1,063	1,097
	<u>41,134</u>	<u>45,908</u>
Total administrative expenses	<u>41,134</u>	<u>45,908</u>

Our staff costs accounted for approximately 35.8% and 33.0% of the total administrative expenses for the years ended 31 December 2024 and 2025, respectively. Our administrative expenses decreased from RMB45.9 million for the year ended 31 December 2024 to RMB41.1 million for the year ended 31 December 2025, which was mainly due to the decreases in administrative expenses such as staff costs, consulting and professional service fees for the year as compared with last year.

Income tax

Our income taxes for the years ended 31 December 2024 and 2025 were RMB26.2 million and RMB25.5 million, respectively, and our effective tax rates were 28.6% and 29.1%, respectively.

Profit and total comprehensive income for the year

We had profit and total comprehensive income for the year of RMB65.4 million and RMB62.2 million for the years ended 31 December 2024 and 2025, respectively.

Liquidity and capital resources

Our working capital and other capital requirements are mainly financed by equity investments from the shareholders, interest-bearing borrowings, and cash flows from operations. Our working capital and capital requirements are primarily related to extending loans and other working capital requirements. We monitor our cash flows and cash balance on a regular basis and strive to maintain an optimal liquidity level that can meet our working capital needs while supporting a healthy level of business scale and expansion. Other than the bank borrowings obtained from commercial banks, we may also consider offshore financing or other investments plans or choices. Nevertheless, as at the date of this announcement, we did not have any firm intention or formulate any specific plan on material external debt financing in the short term.

As at 31 December 2025, our balance of interest-bearing borrowings was approximately RMB439.7 million (31 December 2024: RMB488.3 million).

Working Capital Management

Cash flows

The following table sets out a selected summary of our cash flow statement for the years indicated:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents as at 1 January	10,515	17,478
Net cash generated from operating activities	134,316	160,848
Net cash (used in)/generated from investing activities	(63)	58
Net cash used in financing activities	(121,247)	(167,854)
Net increase/(decrease) in cash and cash equivalents	13,006	(6,948)
Effect of the change of exchange rate	(26)	(15)
Cash and cash equivalents as at 31 December	<u>23,495</u>	<u>10,515</u>

Net cash generated from operating activities

Our cash generated from operating activities primarily consisted of interest income from loans granted to customers. Our cash used in operating activities primarily consisted of our loans and advances to customers and various taxes.

We account equity investments from the Shareholders and interest-bearing borrowings as cash generated from financing activities, while we utilize such cash for granting new loans to customers and classify it as cash used in operating activities. Due to the loan granting nature of our business and the accounting method that deployment of cash for granting loans is accounted for as operating cash outflows, we typically experience net cash outflows from operating activities when we expand our loan portfolio, which is generally in line with the industry norm.

Our net cash generated from operating activities for the year ended 31 December 2025 was RMB134.3 million. Our net cash generated from operating activities reflect: (i) our profit before tax of RMB87.7 million, adjusted for non-cash and non-operating items, primarily including a provision of impairment losses of RMB12.5 million, depreciation and amortization of RMB5.1 million, interest expenses of RMB29.3 million, foreign exchange losses of RMB10.8 million and write-offs of leasehold improvements of RMB 3.7 million; (ii) the effect of changes in working capital, primarily including the decrease in total loans and advances to customers of RMB14.7 million, the increase in interest receivables and other assets of RMB0.5 million, and the decrease in accruals and other payables of RMB1.6 million; and (iii) income tax paid of RMB27.4 million.

Net cash used in investing activities

For the year ended 31 December 2025, our net cash used in investing activities was RMB63 thousand. Our net cash used in investing activities mainly consisted of payment of RMB73 thousand for the purchase of fixed assets, partially offset by the gains from disposal of fixed assets of RMB10 thousand.

Net cash used in financing activities

For the year ended 31 December 2025, our net cash used in financing activities was RMB121.2 million. Our net cash used in financing activities mainly consisted of (i) payment of interest on borrowings amounted to RMB30.4 million; (ii) payment of lease charge amounted to RMB1.4 million; (iii) payment of dividend to equity shareholders of the Company of RMB15.0 million and payment of dividend to non-controlling shareholders of the Company of RMB11.9 million; (iv) repayment of interest-bearing borrowings amounted to RMB327.8 million, partially offset by the financing from interest-bearing borrowings received of RMB265.3 million.

Cash management

As our business primarily relies on our available cash, we normally set aside a sufficient amount of cash for meeting general working capital needs, such as administrative expenses and payment of interests on borrowings from banks and other non-bank institutions, and use the remaining parts for granting loans to our customers. As at 31 December 2024 and 2025, the balance of cash and cash equivalents amounted to RMB10.5 million and RMB23.5 million, respectively.

Cash and cash equivalents

Cash and cash equivalents are primarily our cash at banks. The following table sets out our cash and cash equivalents as at the dates indicated:

	31 December 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cash in hand	2	2
Cash at banks	23,321	10,372
Other currencies in cash	<u>172</u>	<u>141</u>
Cash and cash equivalents	<u><u>23,495</u></u>	<u><u>10,515</u></u>

Loans and advances to customers

Our loans and advances to customers reflect the total balance of our loan portfolio. The following table sets out our loans and advances to customers by customer types as at the dates indicated:

	As at 31 December 2025	As at 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Corporate loans	1,170,426	1,219,180
Retail loans	1,434,699	1,395,888
Micro-loans granted online	<u>20,939</u>	<u>25,466</u>
Sub-total	2,626,064	2,640,534
Accrued interest	<u>12,990</u>	<u>15,734</u>
Gross loans and advances to customers	<u><u>2,639,054</u></u>	<u><u>2,656,268</u></u>
Total allowances for impairment losses	<u>(194,929)</u>	<u>(194,214)</u>
Net loans and advances to customers	<u><u>2,444,125</u></u>	<u><u>2,462,054</u></u>

We focus on providing short-term loans to minimise our risk exposure and, as a result, a substantial majority of our loans and advances to customers have a term of less than one year.

The following table sets out the maturity profile of the original term of our gross loans and advances to customers as at the dates indicated:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Within three months	1,000	1,000
Three to six months	15,472	24,270
Six months to one year	2,585,462	2,588,642
More than one year	<u>24,130</u>	<u>26,622</u>
Sub-total	2,626,064	2,640,534
Accrued interest	<u>12,990</u>	<u>15,734</u>
Gross loans and advances to customers	<u><u>2,639,054</u></u>	<u><u>2,656,268</u></u>

As at 31 December 2024 and 2025, our overdue loan amounted to RMB105.0 million and RMB101.8 million, respectively, accounting for 4.0% and 3.9% of our gross loans and advances to customers as at the same dates.

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

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Unsecured loans ⁽¹⁾	23,747	27,870
Guaranteed loans	2,578,121	2,586,792
Collateralized loans	3,439	3,379
Pledged loans	<u>20,757</u>	<u>22,493</u>
Sub-total	2,626,064	2,640,534
Accrued interest	<u>12,990</u>	<u>15,734</u>
Gross loans and advances to customers	<u><u>2,639,054</u></u>	<u><u>2,656,268</u></u>

Note:

- (1) Our unsecured loans are generally of small amounts, with short terms, and granted to customers who have good credit history upon assessing the risks involved in the loans during our credit evaluation process.

The majority of our loans were guaranteed loans, which accounted for 98.0% and 98.2% of our gross loans and advances to customers (excluding accrued interest) as at 31 December 2024 and 2025, respectively. The type of collateral for the collateralized loans provided by us to our customers is mainly real estate, which mainly represents properties. The type of collateral for the pledged loans provided by us to customers is mainly equity.

Other Assets

The following table sets out the breakdown of other assets by their nature as at the dates indicated:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Prepayment	508	654
Others	<u>533</u>	<u>439</u>
Total other assets	<u><u>1,041</u></u>	<u><u>1,093</u></u>

Accruals and other payables

The following table sets out a breakdown of our accruals and other payables by nature as at the dates indicated:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Staff costs payable	3,036	4,144
Value-added tax payable	1,842	2,161
Tax and surcharges and other taxation payable	1,045	980
Acquisition consideration payable	35,187	—
Guarantee deposit	5,117	5,117
Auditors' remuneration payable	2,198	2,198
Others	<u>2,995</u>	<u>7,610</u>
Total accruals and other payables	<u><u>51,420</u></u>	<u><u>22,210</u></u>

As at 31 December 2025, as compared to 31 December 2024, our total accrued expenses and other payables increased by RMB29.2 million, mainly due to an increase of RMB35.2 million in payables for the acquisition of a portion of equity interests of non-controlling shareholders of Qiyue Trading.

Current taxation

Our current taxation refers to our income tax payable, amounting to RMB25.1 million and RMB24.8 million as at 31 December 2024 and 2025, respectively.

Capital commitments

As of 31 December 2025, we have no capital commitment (31 December 2024: Nil).

Key Financial Indicators

The following tables set out certain key financial ratios as at the dates indicated:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Return on weighted average equity (%)	3.0	3.2
Average return on assets (%) ⁽¹⁾	2.4	2.5

Note:

(1) Represents profit for the year divided by average balance of total assets as at the beginning of the year and end of the year.

Our return on weighted average equity and average return on assets both slightly decreased mainly due to a slight decrease in our profit for the year as compared to the previous year.

Gearing Ratio

	As at 31 December 2025	As at 31 December 2024
Gearing Ratio (%) ⁽¹⁾	20.5	24.1

Note:

(1) Represents the interest-bearing borrowings less cash and cash equivalents, divided by total equity attributable to equity shareholders as at the end of the year.

Our gearing ratio decreased, which was mainly due to the decrease in balance of interest-bearing borrowings as at 31 December 2025 as compared to 31 December 2024.

Related Party Transactions

For the year ended 31 December 2025, Mr. Yu Yin, an executive Director and the Chairman of the Board, and other related parties had guaranteed some of our interest-bearing borrowings. As at 31 December 2025, the amount of guarantee provided by Mr. Yu Yin and other related parties amounted to RMB57.5 million. Such related party transactions constituted continuing connected transactions under Chapter 14A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As the guarantees were provided on normal commercial terms where no security over the assets of the Group was granted to Mr. Yu Yin and other related parties, the said provision of guarantees was fully exempt from Shareholders’ approval, annual review and all disclosure requirements.

The independent non-executive Directors have reviewed all the above continuing connected transactions and confirmed that these transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and conducted in accordance with the relevant agreements governing them on terms which are fair and reasonable and in the interests of the Shareholders as a whole.

For the year ended 31 December 2025, the Company and Jinhui Micro-finance (a non-wholly owned subsidiary of the Company) leased properties from Zuoli Holdings Group Company Limited* (佐力控股集團有限公司) (“**Zuoli Holdings**”) with a depreciation on right-of-use assets and interest expense of RMB1.2 million. The entering into of the lease agreements allow the Company and Jinhui Microfinance to satisfy their operational needs. Utilities and entertainment fees amounted to RMB1.0 million were paid to Zuoli Holdings and its subsidiaries. Deqing Puhua Energy Company Limited* (德清普華能源股份有限公司) (“**Puhua Energy**”) is a controlling shareholder and thus a connected person of the Company under the Listing Rules. Zuoli Holdings, being the holding company of Puhua Energy, is an associate of Puhua Energy and thus also a connected person of the Company under the Listing Rules. Such related party transaction constituted connected transaction under Chapter 14A of the Listing Rules. Please refer to the Company’s announcement dated 6 July 2023 for details.

Save as disclosed above, during the year ended 31 December 2025, there was no other connected transaction of the Company that required for the reporting, annual reviews, announcement and independent Shareholders’ approval under Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

INDEBTEDNESS

The following table sets forth our outstanding borrowings as at the dates indicated:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Interest-bearing borrowings	439,676	488,287

Our interest-bearing borrowings were the borrowings and interests required for our business operations.

OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2025, we did not have any off-balance sheet arrangements (31 December 2024: nil).

EMPLOYMENT AND EMOLUMENTS

As at 31 December 2025, the Company had approximately 63 employees (31 December 2024: 77). Employees' remuneration has been paid in accordance with relevant policies in the PRC. Appropriate salaries and bonuses were paid, which are commensurate with the actual practices of the Company. Other corresponding benefits include pension, unemployment insurance and housing allowance, etc.

SIGNIFICANT INVESTMENT

The Group had no significant investments held during the year ended 31 December 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2025.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2025, the Group had no share pledge (31 December 2024: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

Other than the bank loans we obtain from commercial banks, we may also consider offshore financing or other investments plans or choices. Nevertheless, as at the date of this announcement, we did not have any firm intention or formulate any specific plan on material external debt financing in the short term.

FOREIGN CURRENCY RISK

Foreign exchange risk arises when business transaction or recognised assets or liabilities are denominated in a currency that is not the entity’s functional currency.

The Group operates in the PRC. The exposure to foreign exchange risk mainly arises from bank deposit in EUR or HKD. The Group was not exposed to foreign exchange risk arising from any other currency risk. The management will continue to monitor the exposure to foreign exchange and adopt prudent measures to minimize exchange risk.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities (31 December 2024: nil).

PROSPECTS

With the establishment of China Micro-credit Companies Association (中國小額貸款公司協會) and the formulation of the Classification Standards of Financial Enterprises (《金融業企業劃型標準規定》), the role played by micro-finance companies in the PRC is being increasingly recognized by the relevant authorities. General Secretary Xi Jinping delivered an important speech at the symposium on private enterprises, proposing to solve the financing problem of private enterprises and broaden the financing channels for private enterprises, among which micro-finance companies and other financing channels should be brought into play.

In terms of our major market of offline business, Zhejiang province is the important birthplace of President Xi Jinping’s thought on ecological civilization, and according to the Opinion on Supporting the High Quality Development and the Construction of a Common Prosperity Demonstration Zone in Zhejiang (《關於支持浙江高質量發展建設共同富裕示範區的意見》) issued by the State Council in May 2021, Zhejiang Province was endowed an important demonstration reform task of realizing common prosperity and a series of important decisions and deployment were proposed, which will be more favorable for the overall coordinated development of Zhejiang Province in terms of economy, society, culture, ecology, etc.

Meanwhile, Huzhou is the birthplace of the important thought that “lucid waters and lush mountains are invaluable assets” and the experimental area of the national green finance reform and innovation as well as the national sustainable development innovation zone, and is one of the best cities in Zhejiang Province and even the country in respect of financial ecological environment. Huzhou City was selected as one of the second batch of national reclaimed water recycling pilot cities, and the ESG evaluation standardization pilot project of Huzhou small and micro enterprises was successfully selected as the national social management and public service comprehensive standardization pilot project, both of which are unique in the province. These bring us a better opportunity to explore green development.

Under the opportunity of constructing a common prosperity demonstration zone in Zhejiang province and led by the concept of “lucid waters and lush mountains are invaluable assets”, we seize the opportunity of reform and innovation to actively explore a sustainable development road of green credit and continue to introduce innovative loan products, broaden business channels, enhance our market penetration and increase our competitive advantages by utilizing the advantage of our capital base. Since being listed as the first pilot unit of green micro-finance company in Huzhou in April 2020, as the main drafter, we participated in the formulation of “Green Micro-finance Company Construction and Evaluation Standard” (Zhejiang Province Huzhou Local Standard) (《綠色小額貸款公司建設與評價規範》(浙江省湖州市地方標準)), which has been officially issued and implemented in June 2020. The pilot construction of green micro-finance and implementation of its standards will help the Group to (i) further discover the potential customers of green micro-finance; (ii) better serve the growth of AFR (三農), as well as small and micro enterprises which are low-carbon and environmental friendly; and (iii) further increase the market share.

In addition, to better discover and explore green finance market and achieve the goal of sustainable operation and development of inclusive and green finance, we cooperated with institutions including DEG, a wholly-owned subsidiary of KfW Bankengruppe and GCPF (Global Climate Partnership Fund), which inspired the Company with international-leading green finance ideas and provided technological support, assisting the Company in developing more green finance products, and thus enabling us to better serve our green finance customers.

In May 2023, we have passed the acceptance test for pilot green micro-finance company and became the first green micro-finance company in Huzhou City.

USE OF PROCEEDS

The H Shares of the Company became listed on the Main Board of the Stock Exchange on 13 January 2015 with net proceeds from the global offering of approximately HK\$338.4 million (after deducting underwriting commissions and related expenses). The net proceeds have been fully utilized for expanding the capital base of our loan business, in accordance with the manner as set out in the prospectus of the Company dated 30 December 2014.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance and protecting the interests of the Shareholders in an open manner.

As of the date of this announcement, the Board comprises four executive Directors, one non-executive Director and three independent non-executive Directors. The Board has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2025, the Company has fully complied with the CG Code (to the extent that such provisions are applicable).

MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct for carrying out securities transactions of the Company by the Directors and supervisors. After specific enquiry with all members of the Board and supervisors of the Company, they have confirmed full compliance with the relevant standards stipulated in the Model Code throughout the year ended 31 December 2025.

Pursuant to Rule B.13 of the Model Code, the Directors has also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or in a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in the securities of the Company when he would be prohibited from dealing by the Model Code as if he was a Director.

PURCHASE, SALE OR REDEMPTION BY THE COMPANY, OR ANY OF ITS SUBSIDIARIES, OF THE COMPANY’S LISTED SECURITIES

The Company has not purchased, sold or redeemed any of the Company’s listed securities for the year ended 31 December 2025.

PROPOSED FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: RMB0.0127 per share).

INTEREST OF DIRECTORS AND SUPERVISORS IN A COMPETING BUSINESS

None of the Directors, the supervisors of the Company or the management Shareholders and their respective close associates (as defined under the Listing Rules) has an interest in a business which competes or may compete with the business of the Company.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Group that have occurred from the end of the reporting period to the date of this announcement.

ANNUAL GENERAL MEETING

The AGM will be held at Conference Room, 3th Floor, Zuoli Building, No. 399 Deqing Avenue, Wukang Road, Deqing County, Huzhou City, Zhejiang Province, the PRC on Thursday, 18 June 2026. Notice of the AGM will be issued and disseminated to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the Shareholder's entitlement to attend and vote at the AGM, the H Share register of members of the Company will be closed from Tuesday, 19 May 2026 to Thursday, 18 June 2026, both days inclusive, during which period no share transfers will be registered. The holders of shares whose names appear on the register of members of the Company on Thursday, 18 June 2026 will be entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, holders of H Shares of the Company shall lodge transfer documents with the Company's H 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 not later than 4:30 p.m. on Monday, 18 May 2026.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, risk management and internal control systems and financial report matters including the review of the Group's annual results for the year ended 31 December 2025. The annual financial statements of the Group have been audited by the independent auditor of the Company, KPMG.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zlkcx.com). The annual report for the year ended 31 December 2025 containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as the Shareholders, customers, business associates and other professional parties for their continuous support to the Group throughout the year.

By order of the Board
佐力科創小額貸款股份有限公司
(**Zuoli Kechuang Micro-finance Company Limited***)
YU Yin
Chairman

Hong Kong, 20 March 2026

As at the date of this announcement, the executive Directors are Mr. Yu Yin, Mr. Zheng Xuegen, Mr. Yang Sheng and Ms. Hu Fangfang; the non-executive Director is Mr. Pan Zhongmin; and the independent non-executive Directors are Mr. Chan Kin Man, Mr. Zhao Xuqiang and Ms. Yang Jie.

* For identification purpose only