
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from _____ to ____

Commission file number: 001-34958

**EASON TECHNOLOGY
LIMITED**

(FORMERLY KNOWN AS
DUNXIN FINANCIAL HOLDINGS LIMITED)

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into
English)

Cayman Islands
(Jurisdiction of incorporation or
organization)

Room 612, 6/F, KaiYue Comm Building, No. 2C,
Argyle Street, Mongkok Kowloon, Hong Kong,
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Exchange on which registered</u>
Ordinary shares, par value \$0.00005 per share		NYSE American LLC *
American depositary shares, each representing 60,000 ordinary shares	DXF	NYSE American LLC

* Not for trading but only in connection with the listing on NYSE American LLC depositary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2024: 13,492,655,803 Class A ordinary shares, par value \$0.00005 per share; 512,232,237 Class B ordinary shares, par value US\$0.00005 each.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See definition of "accelerated filer and large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒
Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act. ☐

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive- based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. International Financial Reporting Standards as issued by the International Other ☐
GAAP ☐ Accounting Standards Board ☒

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

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CONVENTIONS THAT APPLY TO THIS ANNUAL REPORT

Unless otherwise indicated, references in this annual report to:

- “ADRs” refer to the American depositary receipts that evidence our ADSs;
- “ADSs” refer to our American depositary shares, each ADS representing the right to sixty thousand(60000) Class A ordinary shares, par value \$0.00005 per share;
- “CBRC” refers to the China Banking Regulatory Commission;
- “China” or the “PRC” refers to the People’s Republic of China, excluding Taiwan, for the purpose of this annual report only;
- “CSRC” refers to the China Securities Regulatory Commission;
- “Chutian” refers to Hubei Chutian Microfinance Co., Ltd., a PRC company, and a variable interest entity of the Company;
- “Chutian Holding” refers to Wuhan Chutian Investment Holding Limited, a PRC company and our wholly foreign owned enterprise with business license No. 91420100MA4KPA0H54;
- “Eason” refers to Eason Technology Limited (formerly known as Dunxin Financial Holdings Limited), a Cayman Islands exempted company;
- “Exchange Act” refers to the Securities Exchange Act of 1934, as amended;
- “Honest Plus” refers to Honest Plus Investments Limited, a British Virgin Islands company;
- “HK\$” and “HKD” refer to the legal currency of Hong Kong;
- “Hong Kong” refers to the Hong Kong Special Administrative Region of the People’s Republic of China;
- “Hong Kong Four Divisions” refers to Hong Kong Four Divisions International Limited, a Hong Kong company;
- “Hong Kong Three Entities” refers to Hong Kong Three Entities Digital Technology Limited, a Hong Kong company;
- “Hong Kong Yiyou” refers to Hong Kong YiYou Digital Technology Development Co., Ltd., a Hong Kong company;

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- “IFRS” refers to International Financial Reporting Standards are issued by the International Accounting Standards Board (“IASB”);
- “Microfinance” refers to regulated private lending market for improving financial services to individuals, small and medium-sized enterprises (“SMEs”), expanding financing channels, making efforts to ease the difficulties in financing faced by SMEs and to encourage the innovation of financial products and services;
- “MOFCOM” refers to the Ministry of Commerce of People’s Republic of China;
- “PBOC” refers to the People’s Bank of China;
- “Perfect Lead” refers to Perfect Lead International Limited, a British Virgin Islands company;
- “RMB” and “Renminbi” refer to the legal currency of the People’s Republic of China;
- “SAFE” refers to the State Administration of Foreign Exchange;
- “SEC” refers to the Securities and Exchange Commission;
- “Securities Act” refers to the Securities Act of 1933, as amended;
- “Shares” or “ordinary shares” refer to our Class A ordinary shares, par value \$0.00005 per share;
- “Shenzhen Four Divisions” refers to Shenzhen Four Divisions Global Industrial Management Co., Ltd, a PRC company;
- “True Silver” refers to True Silver Limited, a British Virgin Islands company;
- “U.S. dollars,” “US\$” and “\$” refer to the legal currency of the United States;
- “VIE” refers to variable interest entity, Hubei Chutian Microfinance Co., Ltd., a PRC company and the former operating company of Eason in microfinance business which was disposed in 2024; and
- “we,” “us,” “our,” or the “Company” refers to Eason Technology Limited and its subsidiaries, unless the context requires otherwise. When used herein to describe events prior to the CIB Transaction, the terms “Company,” “Xiniya,” “we” and “us” refers to Dunxin Financial Holdings Limited (formerly known as China Xiniya Fashion Limited) and its consolidated subsidiaries before such time.

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Presentation of Our Financial and Operating Data

This annual report includes our audited consolidated statements of profit or loss and other comprehensive income (loss) for the years ended December 31, 2022, 2023 and 2024, and consolidated statements of financial position data as of December 31, 2023 and 2024.

Eason's predecessor, China Xiniya Fashion Limited, completed the initial public offering of 8,000,000 ADSs, each representing the right to receive four (4) ordinary shares, on November 29, 2010. On November 23, 2010, we listed our ADSs on the New York Stock Exchange under the symbol "XNY" and on December 28, 2017, we transitioned to the NYSE American LLC ("NYSE American") and began trading under our new symbol "DXF" on March 5, 2018. Prior to December 17, 2014, each ADS represented the right to receive four (4) Shares, from December 18, 2014, the right to receive sixteen (16) Shares, from December 28, 2017, the right to receive forty-eight (48) Shares, from July 25, 2023, the right to receive four hundred and eighty (480) Shares and from January 10, 2025 the right to receive sixty thousand (60,000) Shares.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at a rate of RMB7.2993 to \$1.00, the exchange rate in effect as of December 31, 2024 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. Unless otherwise noted, all other financial and other data related to the company in this annual report is presented in U.S. dollars. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. This annual report contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader.

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FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements, within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act with respect to our business, operating results and financial condition as well as our current expectations, assumptions, estimates and projections about our industry. All statements other than statements of historical fact in this annual report are forward-looking statements. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors,” which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “aim,” “predict,” “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “is/are likely to,” “could,” “may,” “plan,” “potential,” “will” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the potential impact of the economic, political and social conditions of the PRC on our business;
- any changes in the laws of the PRC or local province that may affect our operation;
- the impact of COVID-19 on our operations and business plans;
- inflation and fluctuations in foreign currency exchange rates;
- our ability to operate as a going concern;
- the liquidity of our securities;
- our ability to develop and market our real estate operation management and digital security technology business in the future;
- our on-going ability to obtain all mandatory and voluntary government and other industry certifications, approvals, and/or licenses to conduct our business;
- our ability to maintain effective internal control over financial reporting;
- our ability to maintain or increase our market share in the competitive markets in which we do business;
- our dependence on the growth in demand for our services and products;
- our ability to diversify our products and services offerings and capture new market opportunities;
- the costs and losses we may incur as a result of current ongoing and future litigation and claims;
- our estimates of expenses, capital requirements and needs for additional financing and our ability to fund our current and future operations;
- the costs we may incur in the future from complying with current and future governmental regulations and the impact of any changes in the regulations on our operations; and

- the loss of key members of our senior management.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we reference in this annual report and/or file as exhibits to this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

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ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Investing in our securities is highly speculative and involves a significant degree of risk. You should carefully consider the following risks as well as all other information contained in this annual report, including the matters discussed under the headings “Forward-Looking Statements” and “Operating and Financial Review and Prospects” before you decide to make an investment in our securities. Eason is a Cayman Islands holding company with substantial operations in China and is subject to a legal and regulatory environment that in many respects differs from the United States. The risks discussed below could materially and adversely affect our business, prospects, financial condition, results of operations, cash flows, ability to pay dividends and the trading price of our ordinary shares. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, prospects, financial condition, results of operations, cash flows and ability to pay dividends, and you may lose all or part of your investment.

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RISK FACTORS SUMMARY

Our business is subject to numerous risks described in the section titled “Risk Factors” and elsewhere in this annual report. The main risks set forth below and others you should consider are discussed more fully in the section entitled “Item 3.D. Risk Factors” beginning on page 7, which you should read in its entirety.

Risks Related to Doing Business in China

We face risks and uncertainties relating to doing business in China in general, including, but not limited to, the following:

- Changes in China’s economic, political or social conditions or government policies or in relations between China and the United States could have a material adverse effect on our business, financial condition and operations; and may result in our inability to sustain our growth and expansion strategies;
- There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations, which could result in a material adverse change in our operations and the value of our ADSs;
- The PRC government has increasingly strengthened oversight in offerings conducted overseas or on foreign investment in China-based issuers, which could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless;
- The approval and/or other requirements of the CSRC or other PRC governmental authorities may be required in connection with an offering under PRC rules, regulations or policies, and, if required, we cannot predict whether or how soon we will be able to obtain such approval. Any failure to obtain or delay in obtaining the requisite governmental approval for an offering, or a rescission of such approval, would subject us to sanctions imposed by the relevant PRC regulatory authority;
- The PRC government’s significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs. The Chinese government may intervene or influence our operations at any time, or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers. Any actions by the Chinese government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or become worthless; and
- Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.
- All of our officers and our Chairman reside within China and substantially all of the assets of those persons are located outside of the United States. It may be difficult for investors to enforce judgments obtained in U.S. courts based on civil liability provisions of the U.S. federal securities laws against us and our officers and directors, as none of them currently resides in the U.S. or has substantial assets in the U.S.

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Risks Factors Related to Our Business

Risks and uncertainties related to our business and industry include, but not limited to, the following:

- Our failure to pay taxes may result in penalties, which may materially and adversely affect our business, financial condition and results of operation;
- Our independent auditors have expressed substantial doubt about our ability to continue as a going concern;
- If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud;
- Our limited operating history makes it difficult to evaluate our business and prospects;
- We have very limited cash and we need additional capital which, if obtained, could result in dilution or significant debt service obligations. We may not be able to obtain additional capital on commercially reasonable terms, which could adversely affect our liquidity and financial position;
- Our current operations in China are territorially limited to the Hubei Province and Shenzhen, and we lack product and business diversification;

Risks Related to our Ordinary Shares and ADSs

We face risks and uncertainties related to our ordinary shares and ADSs, including, but not limited to, the following:

- The trading prices of our ADSs are likely to be volatile, which could result in substantial losses to investors;
- If securities or industry analysts publish negative reports about our business, the price and trading volume of our ADSs could decline;
- Our ADSs would be subject to delisting from the NYSE American if we are unable to achieve and maintain compliance with the NYSE American's continued listing standards;
- Substantial future sales or perceived sales of our ADSs in the public market could cause the price of our ADSs to decline;

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- Our articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ADSs and ordinary shares;
- You may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you; and
- Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings and you may not receive distributions with respect to the underlying ordinary shares if it is impractical to make them available to you.

There are many risks and uncertainties that may affect our operations, performance, development and results. Many of these risks are beyond our control. The following is a description of the important risk factors that may affect our business. If any of these risks were to actually occur, our business, financial condition or results of operations could be materially adversely affected. Additional risks and uncertainties not currently known to us or that we currently consider to be immaterial may also materially adversely affect our business, financial condition or results of operations.

Risks Related to Doing Business in China

Substantial uncertainties and restrictions with respect to the political and economic policies of the PRC government and PRC laws and regulations could have a significant impact upon the business we may be able to conduct in the PRC and accordingly on the results of our operations and financial condition.

Our business operations may be adversely affected by the current and future political environment in the PRC. The Chinese government exerts substantial influence and control over the manner in which we must conduct our business activities. Our ability to operate in China may be adversely affected by changes in Chinese laws and regulations. Under the current government leadership, the government of the PRC has been pursuing economic reform policies that encourage private economic activities and greater economic decentralization. However, the government of the PRC may not continue to pursue these policies, or may significantly alter these policies from time to time without notice.

There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including, but not limited to, the laws and regulations governing our business, or the enforcement and performance of our arrangements with borrowers in the event of the imposition of statutory liens, death, bankruptcy or criminal proceedings. Only after 1979 did the Chinese government begin to promulgate a comprehensive system of laws that regulate economic affairs in general, deal with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, as well as encourage foreign investment in China. Although the influence of the law has been increasing, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. Also, because these laws and regulations are relatively new, and because of the limited volume of published cases and judicial interpretation and their lack of force as precedents, interpretation and enforcement of these laws and regulations involve significant uncertainties. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. In addition, there have been constant changes and amendments of laws and regulations over the past 30 years in order to keep up with the rapidly changing society and economy in China. Because government agencies and courts provide interpretations of laws and regulations and decide contractual disputes and issues, their inexperience in adjudicating new business and new policies or regulations in certain less developed areas causes uncertainty and may affect our business. Consequently, we cannot clearly foresee the future direction of Chinese legislative activities with respect to either businesses with foreign investment or the effectiveness on enforcement of laws and regulations in China. The uncertainties, including new laws and regulations and changes of existing laws, as well as judicial interpretation by inexperienced officials in the agencies and courts in certain areas, may cause possible problems to foreign investors.

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The Second Session of the Thirteen National People's Congress of the People's Republic of China voted to adopt the Foreign Investment Law of the People's Republic of China ("the Foreign Investment Law") on March 15, 2019 which came into effective as of January 1, 2020. The current three major foreign investment laws (the Sino-Foreign Equity Joint Venture Law, Sino-Foreign Cooperative Joint Venture Law and Wholly Foreign Owned Enterprise Law) were replaced by the Foreign Investment Law on January 1, 2020.

The Foreign Investment Law expressly stipulated that "the State protects foreign investors' investment, earnings and other legitimate rights and interests within the territory of China pursuant to the present Law"; "foreign investors may, according to the present Law, freely remit into or out of China, in Renminbi or any other foreign currency, their contributions, profits, capital gains, income from asset proposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and so on within the territory of China"; "Foreign investors shall not invest in any field with investment prohibited by the negative list for foreign investment access. Foreign investors shall meet the investment conditions stipulated under the negative list for any field with investment restricted by the negative list for foreign investment access"; "In formulating normative documents concerning foreign investment, the people's governments at all levels and their departments concerned shall comply with laws and regulations, and if there are no laws or administrative regulations to serve as the basis, they shall not impair foreign-funded enterprises' legitimate rights and interests or increase their obligations, set any market access and exit conditions, or intervene the normal production and operation activities of any foreign-funded enterprise."

The PRC government exerts substantial influence over the manner in which we conduct our business activities. The PRC government may also intervene or influence our operations at any time, which could result in a material change in our operations and our ADSs could decline in value or become worthless.

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Our ability to operate in China may be harmed by changes in its laws and regulations, including those relating to taxation, environmental regulations, land use rights, property and other matters. The central or local governments of these jurisdictions may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof, and could require us to divest ourselves of any interest we then hold in our operations in China.

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For example, the Chinese cybersecurity regulator announced on July 2, 2021, that it had begun an investigation of Didi Global Inc. (NYSE: DIDI) and two days later ordered that the company's app be removed from smartphone app stores. Similarly, our business segments may be subject to various government and regulatory interference in the regions in which we operate. We could be subject to regulation by various political and regulatory entities, including various local and municipal agencies and government sub-divisions. We may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply.

Our microfinance, real estate operation management and digital security technology business is subject to extensive regulation and supervision by state, provincial and local government authorities, which may interfere with the way we conduct our business and may negatively impact our financial results.

We are subject to extensive and complex state, provincial and local laws, rules and regulations with regard to our operations, capital structure, and allowance for loan losses, among other things. These laws, rules and regulations are issued by different central government ministries and departments, provincial and local governments while enforced by different local authorities.

In addition, it is not clear whether microfinance companies are subject to certain banking regulations that the state-owned and commercial banks are subject to, including the regulation with regard to loan loss reserves. Therefore the interpretation and implementation of such laws, rules and regulations may not be clear and occasionally we have to depend on oral inquiries with local government authorities. As a result of the complexity, uncertainties and constant changes in these laws, rules and regulations, including changes in interpretation and implementation of such, our business activities and growth may be adversely affected if we do not respond to the changes in a timely manner or are found to be in violation of the applicable laws, regulations and policies as a result of a different position from ours taken by the competent authority in the interpretation of such applicable laws, regulations and policies. If we were found not to be in compliance with these laws and regulations, we may be subject to sanctions by regulatory authorities, monetary penalties and/or reputation damage, which could have a material adverse effect on our business operation and profitability.

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Fluctuations in the foreign currency exchange rate between U.S. Dollars and Renminbi could adversely affect our financial condition.

The value of the RMB against the U.S. dollar and other currencies may fluctuate. Exchange rates are affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of foreign currencies. Following the removal of the U.S. dollar peg, the RMB appreciated more than 20% against the U.S. dollar over three years. From July 2008 until June 2010, however, the RMB traded stably within a narrow range against the U.S. dollar. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in a further and more significant appreciation of the RMB against foreign currencies. On June 20, 2010, the PBOC announced that the PRC government would reform the RMB exchange rate regime and increase the flexibility of the exchange rate. On August 11, 2015, the PBOC led central parity quoting banks to further improve the formation mechanism of the RMB against the US dollar, indicating that the central parity quoting price shall be decided with reference to the closing price on the previous trading day. On December 11, 2015, the China Foreign Exchange Trade System launched the RMB exchange-rate index, which strengthened the reference to a currency basket to better maintain the stability of the RMB exchange rate against the currencies in the basket. As a result, the CNY/USD central parity formation mechanism of “closing rate + exchange-rate movements of a basket of currencies” was developed. In June 2016, the Foreign Exchange Self-Disciplinary Mechanism was established, allowing financial institutions to play a more important role in maintaining orderly operations in the foreign-exchange market and in an environment for fair competition. In February 2017, the Foreign Exchange Self-Disciplinary Mechanism adjusted the reference period for the central parity against the currency basket from 24 hours ahead of submitting the quotes to 15 hours between the closing on the previous trading day and the submission of the quotes, which avoided repeated references to the daily movements of the USD exchange rate in the central parity of the following day. According to the Annual Report on Exchange Rate Arrangements and Exchange Restrictions (2019), which was published in August 2020 by the International Monetary Fund China’s exchange rate regime was classified as “other management floating arrangements” (comparing to prior to June 2018, which was classified as “crawl-like arrangements”). This exchange rate arrangement has medium to high intensive elasticity. In fact, the current daily fluctuation range of the RMB exchange rate against the US dollar limits to 2% up and down, and the formation mechanism of the intermediate exchange rate is not completely marketized. The flexibility of the RMB exchange rate against the US dollar may exhibit farther two-way fluctuations. We cannot predict how this new policy and mechanism will affect the RMB exchange rate.

Our revenues and costs are mostly denominated in the RMB, and substantially all of our financial assets are also denominated in the RMB. Any significant fluctuations in the exchange rate between the RMB and the U.S. dollar may materially adversely affect our cash flows, revenues, earnings and financial position, and the amount of and any dividends we may pay on our ordinary shares in U.S. dollars. In addition, any fluctuations in the exchange rate between the RMB and the U.S. dollar could result in foreign currency translation losses for financial reporting purposes.

You may face difficulties in protecting your interests and exercising your rights as a shareholder since we conduct all of our operations in China, and all of our officers and our Chairman reside outside the United States. It may also be difficult for you or overseas regulators to conduct investigations or collect evidence within China.

Eason was incorporated in the Cayman Islands and we conduct most of our operations in China through our subsidiaries. In addition, all of our officers and our chairman reside outside the United States and substantially all of the assets of those persons are located outside of the United States. As a result, it may be difficult for you to conduct due diligence on the business or attend shareholders meetings if such meetings are held in China, and it may be difficult for you to effect service of process upon those persons inside mainland China. It may be difficult for you to enforce judgments obtained in U.S. courts based on civil liability provisions of the U.S. federal securities laws against us and our officers and directors, as none of them currently resides in the U.S. or has substantial assets in the U.S. As a result of all of the above, our public shareholders may have more difficulty in protecting their interests through actions against our management, or major shareholders than would shareholders of a corporation doing business entirely or predominantly within the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands

or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security, or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

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In 2017, Wuhan Intermediate People's Court in Wuhan, where the city Chutian, the VIE in China located, recognized for the first time the validity of a commercial judgment made by an American court in accordance with the principle of reciprocity.

It may also be difficult for you or overseas regulators to conduct investigations or collect evidence within China. For example, in China, there are significant legal and other obstacles to obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. Although the authorities in China may establish a regulatory cooperation mechanism with its counterparts of another country or region to monitor and oversee cross-border securities activities, such regulatory cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of a practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or “Article 177,” which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigations or evidence collection activities within the territory of the PRC. Article 177 further provides that Chinese entities and individuals are not allowed to provide documents or materials related to securities business activities to foreign agencies without prior consent from the securities regulatory authority of the State Council and the competent departments of the State Council. While detailed interpretation of or implementing rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

A severe and prolonged global financial crisis, or economic recession and the slowdown in the Chinese economy may adversely affect our business, results of operations and financial condition.

We operate our business in the PRC. The growth of the Chinese economy has slowed down since 2012 compared to the previous decade and the trend may continue. According to the National Bureau of Statistics of China, China’s gross domestic product (GDP) growth was 5.0% in 2024. There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies, including the United States and China. In addition, there have also been concerns on the relationship between China and the U.S. following rounds of tariffs imposed by the U.S and retaliatory tariffs imposed by China. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any prolonged slowdown in the global or Chinese economy may have a negative impact on our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs in a number of ways, including:

- we may face severe challenges, loss of customers and other operation risks during the global financial crisis and economic downturn;
- financing and other sources of liquidity may not be available on reasonable terms or at all.

These risks may be exacerbated in the event of a prolonged economic downturn or financial crisis. Our customers may reduce or delay their borrowings, while we may have difficulty expanding our borrowers fast enough, or at all, to offset the impact of decreased loans. In addition, to the extent borrowers’ experiences financial difficulties due to the economic slowdown, we could have difficulty collecting payment from the borrower.

Any adverse changes in political policies of the PRC government could negatively impact China’s overall economic growth, which could materially adversely affect our business.

Eason is a holding company with substantial operations in the PRC. China’s economy differs from the economies of most other countries in many respects, including the amount of government involvement in the economy, the general level of economic development, growth rates and government control of foreign exchange and the allocation of resources. The PRC government exercises significant control over China’s economic growth by allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy

and providing preferential treatment to particular industries or companies. Any actions and policies adopted by the PRC government could negatively impact the Chinese economy, which could materially adversely affect our business.

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China moves to liberalize interest rates and deposit rates may create more competition.

China has been slowly liberalizing its interest rate and deposit rate policies to a market driven policy to try to move away from a policy based on artificially imposed ceiling or floor to a market system policy-based market demands for financial services. This marketization of interest rates and deposit rates may result in increased competition from banks and competitors and the narrowing of the interest rate spread for loan products which may materially adversely affect our business and results of operations.

Future inflation in China may inhibit economic activity and adversely affect our operations.

The Chinese economy has experienced periods of rapid expansion in recent years which can lead to high rates of inflation or deflation. This has caused the PRC government to, from time to time, enact various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC government to once again impose controls on credit and/or prices, or to take other action, which could inhibit economic activity in China. Any action on the part of the PRC government that seeks to control credit and/or prices may materially adversely affect our business operations.

PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may delay or prevent Eason from using proceeds from future financing activities to make loans or additional capital contributions to its PRC operating subsidiary.

As an offshore holding company with PRC subsidiary, Eason may transfer funds to its PRC subsidiary or finance its operating entity by means of shareholder loans or capital contributions. Any loans to Eason's PRC subsidiary, which are foreign-invested enterprises, shall be limited to within the margin between the total investment and registered capital approved by the examination and approval authorities. Within the scope of the aforementioned margin foreign-invested enterprises may voluntarily contract foreign debts. Where the margin is exceeded, the original examination and approval authorities shall re-conduct appraisal and determination of total investment. Such loan shall be registered with SAFE, or its local counterparts. Furthermore, any capital increase contributions we make to the Company's PRC subsidiary, which are foreign-invested enterprises, shall be subject to record-filing via the Comprehensive Management System of the MOFCOM. We may not be able to obtain these government registrations or approvals on a timely basis, if at all. If we fail to receive such registrations or approvals, our ability to provide loans or capital increase contributions to the Company's PRC subsidiary may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

In addition, SAFE promulgated a Notice on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investments on November 19, 2012, or Circular 59, as amended on May 4, 2015, which requires the authenticity of settlement of net proceeds from offshore offerings to be closely examined and the net proceeds to be settled in the manner described in the offering documents. Furthermore, SAFE promulgated a Notice on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises, or Circular 19 (partially invalid on December 30, 2019), promulgated on March 30, 2015 and taken effect from June 1, 2015, pursuant to which the foreign-invested enterprises shall be allowed to settle their foreign exchange capitals on a discretionary basis, the RMB funds obtained by foreign-invested enterprises from the discretionary settlement of their foreign exchange capitals shall be managed under the accounts for foreign exchange settlement pending payment, and a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business and it shall not, unless otherwise prescribed by laws and regulations use the foregoing funds for investment in securities etc. Besides, SAFE further promulgated a Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement, or Circular 16, on June 9, 2016, according to which a domestic institution shall use foreign exchange earnings under capital account within its business scope and in a truthful manner for proprietary purposes and a bank shall not process foreign exchange settlement or payment formalities for a domestic institution that applies for the payment and settlement of all of its foreign exchange earnings under capital account in one lump-sum or the payment of all RMB funds in its Account for Foreign Exchange Settlement Pending Payment, if the domestic institution is unable to provide relevant materials in proof of transaction authenticity.

Circular 59, Circular 19 and Circular 16 may significantly limit our ability to effectively use the proceeds from future financing activities as the Wholly Foreign Owned Enterprise (“WFOE”) may not convert the funds received from us in foreign currencies into RMB or may not use the RMB funds obtained from foreign exchange settlement for certain purposes, which may materially adversely affect our liquidity and our ability to fund and expand our business in the PRC.

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The disclosures in our reports and other filings with the SEC and our other public pronouncements are not subject to the scrutiny of any regulatory bodies in the PRC.

We are regulated by the SEC and our reports and other filings with the SEC are subject to SEC review in accordance with the rules and regulations promulgated by the SEC under the Securities Act and the Exchange Act. Our SEC filings and other disclosure and public pronouncements are not subject to the review or scrutiny of any PRC regulatory authority. For example, the disclosure in our SEC reports and other filings are not subject to the review by CSRC, a PRC regulator that is tasked with oversight of the capital markets in China. Accordingly, you should review our SEC reports, filings and our other public pronouncements with the understanding that no local regulator has done any review of the Company, our SEC reports, other filings or any of our other public pronouncements.

The PRC government has increasingly strengthened oversight in offerings conducted overseas or on foreign investment in China-based issuers, which could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless.

The PRC government has recently indicated an intent to take actions to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. For example, on July 6, 2021, the relevant PRC government authorities made public the Opinions on Strictly Scrutinizing Illegal Securities Activities in Accordance with the Law, or the Opinions. These Opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision of overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On December 24, 2021, the CSRC issued the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments), collectively the Draft Overseas Listing Regulations, for public comment until January 23, 2022.

Following issuance of the Draft Overseas Listing Regulations, on February 17, 2023, the CSRC issued the Notice on Filing Arrangements for Overseas Securities Offering and Listing by Domestic Companies (the “CSRC Filing Notice”), stating that the CSRC has published the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Trial Measures”) and five supporting guidelines (the “Listing Guidelines”), collectively the Trial Measures and Listing Guidelines. Among others, the Trial Measures and Listing Guidelines provide that overseas offerings and listings by PRC domestic companies shall:

- (i) require submission of relevant materials that contain a filing report and a legal opinion, providing truthful, accurate and complete information on matters including but not limited to the shareholders of the issuer. Where the filing documents are complete and in compliance with stipulated requirements, the CSRC shall, within 20 working days after receipt of filing documents, conclude the filing procedure and publish filing results on the CSRC website. Where filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five working days after receipt of the filing documents. The issuer should then complete supplementation and amendment within 30 working days;
- (ii) abide by laws, administrative regulations and relevant state rules concerning foreign investment in China, state-owned asset administration, industry regulation and outbound investment, and shall not disrupt the PRC domestic market order, harm state or public interests or undermine the lawful rights and interests of PRC domestic investors;
- (iii) abide by national secrecy laws and relevant provisions. Necessary measures shall be taken to fulfill confidentiality obligations. Divulgence of state secrets or working secrets of government agencies is strictly prohibited. Provision of personal information and important data, etc., to overseas parties in relation to

overseas offering and listing of PRC domestic companies shall be in compliance with applicable laws, administrative regulations and relevant state rules; and

- (iv) be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in the spheres of foreign investment, cybersecurity, data security, etc., and issuers shall duly fulfill their obligations to protect national security. If the intended overseas offering and listing necessitates a national security review, relevant security review procedures shall be completed according to the law before the application for such offering and listing is submitted to any overseas parties such as securities regulatory agencies and trading venues;

The Trial Measures have been implemented on March 31, 2023. PRC domestic companies seeking to offer and list securities (which, for the purposes of the Trial Measures, are defined thereunder as equity shares, depository receipts, corporate bonds convertible to equity shares, and other equity securities that are offered and listed overseas, either directly or indirectly, by PRC domestic companies) in overseas markets, either via direct or indirect means, must file with the CSRC within three working days after their application for an overseas listing is submitted.

The Trial Measures provide that where a PRC domestic company seeks to indirectly offer and list securities in overseas markets, the issuer shall designate a major domestic operating entity, which shall, as the domestic entity responsible, file with the CSRC. The Trial Measures stipulate that an overseas listing will be determined as “indirect” if the issuer meets both of the following conditions: (1) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year are accounted for by PRC domestic companies (“Condition I”), and (2) the main parts of the issuer’s business activities are conducted in the PRC, or its main places of business are located in the PRC, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in the PRC (“Condition II”); whether Chinese citizens from Taiwan, Hong Kong, and Macau are included in the foregoing specification is not specified. The determination as to whether or not an overseas offering and listing by PRC domestic companies is indirect shall be made on a ‘substance over form’ basis; the Listing Guidelines further stipulate that if an issuer not satisfying Condition I submits an application for issuance and listing in overseas markets in accordance with relevant non-PRC issuance regulations requiring such issuer to disclose risk factors mainly related to the PRC, the securities firm(s) and the issuer’s PRC counsel should follow the principle of ‘substance over form’ in order to identify and argue whether the issuer should complete a filing under the Trial Measures.

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Subsequent securities offerings of an issuer in (i) the same overseas market where it has previously offered and listed securities, and (ii) an overseas market other than one where the issuer has previously offered and listed securities shall be filed with the CSRC within three working days after offerings are completed. Additionally, the Trial Measures stipulate that after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting.

The CSRC Filing Notice states that, beginning from March 31, 2023, PRC domestic enterprises which have already issued and listed securities overseas and fall within the scope of filing under the Trial Measures shall be considered “existing enterprises” (“Existing Listed Enterprises”). Existing Listed Enterprises are not required to complete filings immediately; rather, Existing Listed Enterprises should complete filings if they are subsequently involved in matters require filings, such as follow-on financing activities, in accordance with the Trial Measures.

There is a possibility that we may be deemed as an Existing Listed Enterprise as defined under the CSRC Filing Notice, and that future offerings of listed securities or listings outside China by us may be subject to CSRC filing requirements in accordance with the Trial Measures. Given that the Trial Measures and Listing Guidelines have been introduced recently, and that there remain substantial uncertainties surrounding the enforcement thereof, we cannot assure you that, if required, we would be able to complete the filings and fully comply with the relevant new rules on a timely basis, if at all. Further, as of the date of this annual report, the aforementioned Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) issued on December 24, 2021 remain in draft form and final and effective versions are yet to be published.

In addition, the Measures for Cybersecurity Review, which took effect on February 15, 2022, requires, among others, prior cybersecurity review for online platform operators holding over one million users’ personal information before any public listing in a foreign country. The Measures on Security Assessment of Cross-border Data Transfer, effective on September 1, 2022, specify that data controllers and/or critical information infrastructure operators will be subject to security assessment. There remain uncertainties as to whether such measures are applicable to our business.

On February 24, 2023, the CSRC and other PRC governmental authorities jointly issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the “Confidentiality Provisions”), which came into effect on March 31, 2023. According to the Confidentiality Provisions, PRC domestic companies that directly or indirectly conduct overseas offerings and listings shall strictly abide by the laws and regulations on confidentiality when providing or publicly disclosing, whether directly or through their overseas listed entities, materials to securities services providers. In the event such materials contain state secrets or working secrets of government agencies, PRC domestic companies shall first obtain approval from authorities, and file with the secrecy administrative department at the same level with the approving authority; in the event that such materials, if divulged, will jeopardize national security or public interest, PRC domestic companies shall comply with procedures stipulated by national regulations. PRC domestic companies shall also provide a written statement of the specific sensitive information provided when providing materials to securities service providers, and such written statements shall be retained for inspection. Although the Confidentiality Provisions have been implemented, however the interpretation and implementation remain substantially uncertain.

If (i) we mistakenly conclude that certain regulatory filings, permissions and approvals are not required or (ii) applicable laws, regulations, or interpretations change and (iii) we are required to obtain such filings, permissions or approvals in the future, we may be unable to obtain them in a timely manner, or at all, and such filings, permissions or approvals may be denied or rescinded even if obtained. We may face adverse actions or sanctions by the CSRC or other PRC regulatory agencies if we are unable to comply with such requirements, which may result in fines and penalties, restrictions on our operations, having to delist from a stock exchange outside of China, the halting of securities offerings to foreign investors and other actions that could materially and adversely affect our operations and the interest of our investors and cause a significant depreciation in the price of our ordinary shares and ADSs.

The approval and/or other requirements of the CSRC or other PRC governmental authorities may be required in connection with an offering under PRC rules, regulations or policies, and, if required, we cannot predict whether or how soon we will be able to obtain such approval.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to publicly listing their securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear. If a governmental approval is required, it is uncertain how long it will take for us to obtain such approval, and, even if we obtain such approval, the approval could be rescinded. Any failure to obtain or a delay in obtaining the requisite governmental approval for an offering, or a rescission of such CSRC approval if obtained by us, may subject us to sanctions imposed by the relevant PRC regulatory authority, which could include fines and penalties on our and the VIE's operations in China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

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Our PRC counsel, Hubei Lifeng Law Firm (“Hubei Lifeng”), has advised us that, based on its understanding of the current PRC laws and regulations, we will not be required to submit an application to the CSRC for the approval under the M&A Rules for an offering because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether any securities offerings that are conducted in the United States are subject to this regulation; and (ii) we did not acquire any equity interests or assets of a “PRC domestic company” as such terms are defined under the M&A Rules.

However, our PRC counsel has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering, and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC governmental authorities, including the CSRC, would reach the same conclusion as our PRC counsel, and hence, we may face regulatory actions or other sanctions from them. Furthermore, relevant PRC governmental authorities promulgated the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law, which provided that the administration and supervision of overseas-listed China-based companies will be strengthened, and the special provisions of the State Council on overseas issuance and listing of shares by such companies will be revised, clarifying the responsibilities of domestic industry competent authorities and regulatory authorities. However, the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law were only issued recently, leaving uncertainties regarding the interpretation and implementation of these opinions. It is possible that any new rules or regulations may impose additional requirements on us. In addition, on July 10, 2021, the Cyberspace Administration of China issued a revised draft of the Measures for Cybersecurity Review for public comments, according to which, among others, operators of “critical information infrastructure” or data processors holding over one million users’ personal information shall apply to the Cybersecurity Review Office for a cybersecurity review before any listing on a foreign stock exchange. It is uncertain when the final measures will be issued and take effect, how they will be enacted, interpreted or implemented, and whether they will affect us. If it is determined in the future that CSRC approval or other procedural requirements are required to be met for and prior to an offering, it is uncertain whether we can or how long it will take us to obtain such approval or complete such procedures and any such approval could be rescinded. Any failure to obtain or delay in obtaining such approval or completing such procedures for an offering, or a rescission of any such approval, could subject us to sanctions by the relevant PRC governmental authorities. The governmental authorities may impose restrictions and penalties on the Company’s operations in China, such as the suspension of our services, revocation of our licenses, or shutting down part or all of our operations, limit our ability to pay dividends outside of China, delay or restrict the repatriation of the proceeds from an offering into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs. The PRC governmental authorities may also take actions requiring us, or making it advisable for us, to halt an offering before settlement and delivery of the ADSs offered therein. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the PRC governmental authorities later promulgate new rules or explanations requiring that we obtain their approvals for filings, registrations or other kinds of authorizations for an offering, we cannot assure you that we can obtain the approval, authorizations, or complete required procedures or other requirements in a timely manner, or at all, or obtain a waiver of the requisite requirements if and when procedures are established to obtain such a waiver.

The M&A Rules set forth complex procedures for acquisitions conducted by foreign investors, which could make it more difficult to pursue growth through acquisitions.

The M&A Rules and recently adopted PRC regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Mergers or acquisitions that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to MOFCOM when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the

“Prior Notification Rules,” issued by the State Council in August 2008 is triggered. In addition, the Provisions of the Ministry of Commerce on the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “Security Review Rules”) issued by MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by MOFCOM, and the Security Review Rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. In the future, we may grow our business in part by acquiring complementary businesses, including acquisition of businesses related to supply chain finance. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. Any delay or inability to obtain applicable approvals to complete acquisitions could affect our ability to expand our business or maintain our market share. It is clear that our PRC subsidiaries’ business would not be deemed to be in an industry that raises “national defense and security” or “national security” concerns. MOFCOM or other government agencies, however, may publish explanations in the future determining that the business of our PRC subsidiary and the VIE is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. In addition, in the future, if any of our acquisitions were subject to the M&A Rules and were found not to be in compliance with the requirements of the M&A Rules, relevant PRC regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

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PRC regulations relating to offshore investment activities by PRC residents and PRC citizens may increase the administrative burden we face and may subject our PRC resident beneficial owners or employees who are stock option holders to personal liabilities, limit the Company's subsidiary's abilities to increase its registered capital or distribute profits to us, limit our ability to inject capital into the Company's PRC subsidiary, or may otherwise expose us to liability under PRC law.

SAFE has promulgated regulations that require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. These regulations may apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future. In accordance with the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37 (partially invalid on December 30, 2019), any PRC resident who is a direct or indirect shareholder of an offshore company is required to update his or her registration with the relevant SAFE branches, with respect to that offshore company, any material change involving an increase or decrease of capital, transfer or swap of shares, merger, division or other material event. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment in February 2015, which took effect on June 1, 2015. This notice has amended SAFE Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. At the same time, the registration content is simplified and the registration no longer restricted.

There is uncertainty concerning under what circumstances residents of other countries and regions can be classified as a PRC resident. The PRC government authorities may interpret our beneficial owners' status differently or their status may change in the future. Moreover, we may not be fully informed of the identities of the beneficial owners of the Company and we cannot assure you that all of our PRC resident beneficial owners will comply with SAFE regulations. The failure of our beneficial owners who are PRC residents to make any required registrations may subject us to fines and legal sanctions, and prevent us from being able to make distributions or pay dividends, as a result of which our business operations and our ability to distribute profits to you could be materially adversely affected.

On February 15, 2012, SAFE promulgated the Circular on Issues related to Foreign Exchange Administration of Domestic Individuals Participating in Share Incentive Plans of Overseas Listed Companies, or Circular 7. Circular 7 streamlines the foreign exchange control process applicable to share incentive plans implemented by offshore listed companies and extends the foreign exchange registration requirement to a wider range of share incentive plan types and certain foreign nationals residing in China. We and our PRC or foreign employees who may be granted various stock options will be subject to Circular 7 because the Company is an overseas publicly listed company. If we or our PRC or foreign employees fail to comply with such regulation, we or our employees may be subject to fines and legal sanctions.

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Restrictions on foreign exchange under PRC laws may limit our ability to convert cash derived from our operating activities into foreign currencies and may materially and adversely affect the value of your investment.

Substantially all of our revenues and operating expenses are denominated in Renminbi. Under the relevant foreign exchange regulations in the PRC, conversion of the Renminbi is permitted, without the need for SAFE approval, for “current account” transactions, which includes dividends, trade, and service-related foreign exchange transactions, subject to procedural requirements including presenting relevant documentary evidence of such transactions and conducting such transactions at designated foreign exchange banks within China who have the licenses to carry out foreign exchange business. Conversion of the Renminbi for “capital account” transactions, which includes foreign direct investment, loans and investment in negotiable instruments, is still subject to significant limitations and requires approvals from and registration with SAFE and other PRC regulatory authorities. Under the Company’s current structure, our source of funds primarily consists of dividend payments from the Company’s subsidiary in the PRC. We cannot assure you that we will be able to meet all of our foreign currency obligations or to remit profits out of China. If future changes in relevant regulations were to place restrictions on the ability of the Company’s subsidiary to remit dividend payments to us, our liquidity and ability to satisfy our third-party payment obligations and our ability to distribute dividends in respect of the ADSs could be materially adversely affected.

The PRC government’s significant oversight over our business operation could result in a material adverse change in our operations and the value of our ADSs.

We conduct our business in China primarily through our PRC subsidiaries. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight over the conduct of our business, and it regulates and may intervene our operations, which could result in a material adverse change in our operation and/or the value of our ADSs. Also, the PRC government has recently indicated an intent to exert more oversight over offerings that are conducted overseas and/or foreign investment in China-based issuers. Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. In addition, implementation of industry-wide regulations directly targeting our operations could cause our securities to significantly decline in value or become worthless. Therefore, investors of Eason face potential uncertainty from actions taken by the PRC government affecting our business.

Eason may rely on dividends and other distributions on equity paid by the Company’s wholly-owned subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of the Company’s subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

Eason is a holding company, and it may rely on dividends from its wholly-owned subsidiaries and service, license and other fees paid to its wholly-owned subsidiary in China for its cash requirements, including any debt it may incur. Current PRC regulations permit the Company’s PRC subsidiary to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, the Company’s PRC subsidiary is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital, and each of the Company’s subsidiaries is required to further set aside a portion of its after-tax profits to fund the employee welfare fund at the discretion of its board of directors. These reserves are not distributable as cash dividends. Furthermore, if the Company’s PRC subsidiary incurs debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements we currently have in place in a manner that would materially and adversely affect the Company’s PRC subsidiary’s ability to pay dividends and other distributions to us. Any limitation on the ability of the Company’s subsidiaries to distribute dividends to us or on the ability to make payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, or otherwise fund and conduct our business.

We may be treated as a resident enterprise for PRC tax purposes under the EIT Law, which may subject us to PRC income tax for our global income and withholding for any dividends we pay to our non-PRC shareholders and ADS holders.

Under the Enterprise Income Tax Law (“EIT Law”), enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises,” and will generally be subject to the uniform 25% enterprise income tax rate for their global income. Although the term “de facto management bodies” is defined as “management bodies which has substantial and overall management and control power on the operation, human resources, accounting and assets of the enterprise,” the circumstances under which an enterprise’s “de facto management body” would be considered to be located in China are currently unclear. A circular issued by the State Administration of Taxation on April 22, 2009, partially invalid on December 29, 2017, which provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a “resident enterprise” with its “de facto management bodies” located within China if the following requirements are satisfied: (1) the senior management and core management departments in charge of its daily operations function mainly in the PRC; (2) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (3) its major assets, accounting books, company seals, and minutes and files of its board and shareholders’ meetings are located or kept in the PRC; and (4) at least half of the enterprise’s directors or senior management with voting rights reside in the PRC. In addition, the State Administration of Taxation recently promulgated the Interim Provisions on Administration of Income Tax of Chinese-Controlled Resident Enterprise Registered Overseas, effective from September 1, 2011, as subsequently amended on June 1, 2015 and June 15, 2018, which clarified certain matters concerning the determination of resident status, administrative matters following this determination, and competent tax authorities. These interim provisions also specify that when an enterprise which is both Chinese-controlled and incorporated outside of mainland China receives PRC-sourced incomes such as dividends and interests, no PRC withholding tax is applicable if such enterprise has obtained a certificate evidencing its status as a PRC resident enterprise which is registered overseas and controlled by Chinese.

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Most members of our management team are based in China and are expected to remain in China. Although our offshore holding companies are not controlled by any PRC company or company group, we cannot assure you that we will not be deemed to be a PRC resident enterprise under the EIT Law and its implementation rules. If we are deemed to be a PRC resident enterprise, we will be subject to PRC enterprise income tax at the rate of 25% on our global income. In that case, however, dividend income we receive from the Company's PRC subsidiary may be exempt from PRC enterprise income tax because the EIT Law and its implementation rules generally provide that dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise is exempt from enterprise income tax. Accordingly, if we are deemed to be a PRC resident enterprise and earn income other than dividends from the Company's PRC subsidiary, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

In addition, the EIT Law and its implementation rules are relatively new and ambiguities exist with respect to the interpretation of the provisions relating to identification of PRC-sourced income. If we are deemed to be a PRC resident enterprise, dividends distributed to our non-PRC entity investors by us, or the gain our non-PRC entity investors may realize from the transfer of our common shares or ADSs, may be treated as PRC-sourced income and therefore be subject to a 10% PRC withholding tax pursuant to the EIT Law and, as a result, the value of your investment may be materially and adversely affected.

We may have exposure to greater than anticipated tax liabilities.

Under PRC laws and regulations, arrangements and transactions among business entities may be subject to audit or challenge by the PRC tax authorities. The tax laws applicable to our business activities are subject to interpretation. We could face material and adverse tax consequences if the PRC tax authorities determine that some of our business activities are not based on arm's-length prices and adjust our taxable income accordingly. In addition, the PRC tax authorities may impose late payment fees and other penalties to us for under-paid taxes. Our consolidated net profit in the future may be materially and adversely affected if we are subject to greater than anticipated tax liabilities.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations. Complying with evolving PRC laws and regulations regarding cybersecurity, information security, privacy and data protection and other related laws and requirements may have a material adverse effect on our business, operating results and reputation as well as the trading price of our ADSs, and could also create uncertainties for any securities offerings that are conducted in the United States and affect our ability to offer or continue to offer securities to investors outside China.

We receive and process information about our employees, customers and partners, and we may store (or contract with third parties to store) our customers' data. There are numerous laws governing privacy and the storage, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable and other confidential information is increasingly subject to legislation and regulations in numerous domestic and international jurisdictions. We could be adversely affected if legislation or regulations in China and elsewhere on the world where we have business operations are expanded to require changes in business practices or privacy policies, or if the relevant governmental authorities in China and elsewhere on the world where we have business operations interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations.

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In addition, we may face additional burdens in connection with the PRC laws and regulations regarding cybersecurity, information security, privacy and data protection. Regulatory authorities in China have been considering a number of legislative proposals to heighten data protection and cybersecurity regulatory requirements. Since the promulgation of the PRC Cybersecurity Law, which became effective in June 2017, numerous regulations, guidelines and other measures have been and are expected to be adopted under the PRC Cybersecurity Law. In April 2020, the Cyberspace Administration of China and certain other PRC regulatory authorities promulgated the Measures for Cybersecurity Review, which requires that operators of critical information infrastructure must pass a cybersecurity review when purchasing network products and services which do or may affect national security.

The PRC Data Security Law, which took effect on September 1, 2021, imposes data security and privacy obligations on entities and individuals that carry out data activities, provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information. On August 20, 2021, the Standing Committee of the People's Congress promulgated the PRC Personal Information Protection Law (the "PIPL"), which took effect on November 1, 2021. The PIPL sets out the regulatory framework for handling and protection of personal information and transmission of personal information overseas.

On November 14, 2021, the Cyberspace Administration of China released the Regulations on Network Data Security (draft for public comments) and accepted public comments until December 13, 2021. The draft Regulations on Network Data Security provide that data processors refer to individuals or organizations that autonomously determine the purpose and the manner of processing data. If a data processor that processes personal data of more than one million users intends to list overseas, it shall apply for a cybersecurity review. In addition, data processors that process important data or are listed overseas shall carry out an annual data security assessment on their own or by engaging a data security services institution, and the data security assessment report for the prior year should be submitted to the local cyberspace affairs administration department before January 31 of each year.

On December 28, 2021, the Measures for Cybersecurity Review (2021 version) was promulgated and became effective on February 15, 2022, which iterates that any "online platform operators" controlling personal information of more than one million users which seeks to list in a foreign stock exchange should also be subject to cybersecurity review. We do not believe we are among the "operator of critical information infrastructure" or "data processor" as mentioned above, however, Measures for Cybersecurity Review (2021 version) was recently adopted and the Network Internet Data Protection Draft Regulations (draft for comments) is in the process of being formulated and the Opinions remain unclear on how it will be interpreted, amended and implemented by the relevant PRC governmental authorities.

Moreover, the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on July 6, 2021 call for strengthened regulation over illegal securities activities and supervision of overseas listings by China-based companies and propose to take effective measures, such as promoting the development of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. As of the date of this annual report, no official guidance and related implementation rules have been issued in relation to these recently issued opinions and the interpretation and implementation of the Opinions remain unclear at this stage.

We do not believe we are required to obtain any permission from any PRC governmental authorities to offer securities to foreign investors. We have been closely monitoring regulatory developments in China regarding any necessary approvals from the CSRC or other PRC governmental authorities required for overseas listings, including offering securities to foreign investors. As of the date of this annual report, we have not received any inquiry, notice, warning, sanctions or regulatory objection to any securities offerings that are conducted in the United States from the CSRC or other PRC governmental authorities. However, there remains significant uncertainty as to the enactment, interpretation and implementation of regulatory requirements related to overseas securities offerings and other capital markets activities. If it is determined in the future that the approval of the CSRC, the Cyberspace Administration of China or any other regulatory authority is required for any securities offerings that are conducted in the United States, we may face sanctions by the CSRC, the Cyberspace Administration of China or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operations in China, delay or restrict the repatriation of the proceeds from an securities

offering that is conducted in the United States into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of our securities. The CSRC, the Cyberspace Administration of China or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt any securities offerings that are conducted in the United States before settlement and delivery of our securities. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC, the Cyberspace Administration of China or other regulatory PRC agencies later promulgate new rules requiring that we obtain their approvals for any securities offerings that are conducted in the United States, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such an approval requirement could have a material adverse effect on the trading price of our securities.

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If we become directly subject to the recent scrutiny, criticism and negative publicity involving U.S.-listed Chinese companies, we may have to expend significant resources to investigate and resolve any related issues, which could materially adversely impact our business operations, our reputation, and the trading price of its ADSs.

Certain U.S. public companies that have substantially all of their operations in China have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has been centered around financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result of the scrutiny, criticism and negative publicity, the publicly traded stock of certain U.S.-listed Chinese companies has sharply decreased in value. Certain companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. It is not clear what effect this scrutiny, criticism and negative publicity will have on our business and the trading price of our ADSs. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend the Company. This situation will be costly and time consuming and distract our management from growing the company. Such allegations may materially adversely impact our business operations, our reputation, and the trading price of our ADSs.

U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of the Company's operations in China.

Any disclosure of documents or information located in China by foreign agencies may be subject to jurisdiction constraints and must comply with China's state secrecy laws, which broadly define the scope of "state secrets" to include matters involving economic interests and technologies. There is no guarantee that requests from U.S. federal or state regulators or agencies to investigate or inspect our operations will be honored by us, by entities who provide services to us or with whom we associate, without violating PRC legal requirements, especially as those entities are located in China. Furthermore, under the current PRC laws, an on-site inspection of our facilities by any of these regulators may be limited or prohibited.

Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.

On April 21, 2020, SEC Chairman Jay Clayton and the Public Company Accounting Oversight Board (United States) (the "PCAOB") Chairman William D. Duhnke III, along with other senior SEC staff, released a joint statement highlighting the risks associated with investing in companies based in or have substantial operations in emerging markets including China. The joint statement emphasized the risks associated with lack of access for the PCAOB to inspect auditors and audit work papers in China and higher risks of fraud in emerging markets.

On May 18, 2020, Nasdaq filed three proposals with the SEC to (i) apply a minimum offering size requirement for companies primarily operating in a "Restrictive Market," (ii) adopt a new requirement relating to the qualification of management or the board of directors for Restrictive Market companies, and (iii) apply additional and more stringent criteria to an applicant or listed company based on the qualifications of the company's auditor. On October 4, 2021, the SEC approved Nasdaq's revised proposal for the rule changes.

On May 20, 2020, the U.S. Senate passed the Holding Foreign Companies Accountable Act (the "HFCA Act") requiring a foreign company to certify it is not owned or controlled by a foreign government if the PCAOB is unable to audit specified reports because the company uses a foreign auditor not subject to PCAOB inspection. If the PCAOB is unable to inspect the company's auditors for three consecutive years, the issuer's securities are prohibited to trade on a national exchange. On December 2, 2020, the U.S. House of Representatives approved the HFCA Act. On December 18, 2020, the HFCA Act was signed into law.

On March 24, 2021, the SEC announced the adoption of interim final amendments to implement the submission and disclosure requirements of the HFCA Act. In the announcement, the SEC clarifies that before any issuer will have to comply with the interim final amendments, the SEC must implement a process for identifying covered issuers. The announcement also states that the SEC staff is actively assessing how best to implement the other requirements of the HFCA Act, including the identification process and the trading prohibition requirements.

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On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, and on December 29, 2022, the Consolidated Appropriations Act was signed into law by President Biden, which contained, among other things, an identical provision to the Accelerating Holding Foreign Companies Accountable Act and amended the HFCA Act by requiring the SEC to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three, thus reducing the time period for triggering the delisting of our Company and the prohibition of trading in our securities if the PCAOB is unable to inspect our accounting firm at such future time.

On September 22, 2021, the PCAOB adopted a final rule implementing the HFCA Act, which provides a framework for the PCAOB to use when determining, as contemplated under the HFCA Act, whether the board of directors of a company is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction.

On December 2, 2021, the SEC adopted amendments to finalize rules implementing the submission and disclosure requirements in the HFCA Act, which became effective on January 10, 2022. The rules apply to registrants that the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that the PCAOB is unable to inspect or investigate completely because of a position taken by an authority in foreign jurisdictions. For example, on December 16, 2021, the PCAOB issued a report on its determinations that it is unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong, because of positions taken by PRC authorities in those jurisdictions.

On December 16, 2021, the PCAOB issued a report on its determinations that the Board is unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong, because of positions taken by PRC authorities in those jurisdictions. The Board made these determinations pursuant to PCAOB Rule 6100, which provides a framework for how the PCAOB fulfills its responsibilities under the HFCA Act.

The lack of access to the PCAOB inspection in China prevents the PCAOB from fully evaluating audits and quality control procedures of the auditors based in China. As a result, investors may be deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of these accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause existing and potential investors in our Ordinary Shares to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our auditor, Enrome LLP ("Enrome"), the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Our auditor is headquartered in Singapore, and subject to PCAOB inspection on a regular basis. The PCAOB currently has access to inspect the working papers of our auditor and our auditor is not subject to the determinations announced by the PCAOB on December 16, 2021. However, the recent developments would add uncertainties to the listing and trading of our securities and we cannot assure you whether regulatory authorities would apply additional and more stringent criteria to us since the majority of our operations are conducted in China. Furthermore, if the PCAOB is unable to inspect our accounting firm in the future, the HFCA Act, which requires that the PCAOB be permitted to inspect an issuer's public accounting firm within two years, as amended, will prohibit trading in our securities, and, as a result, an exchange may determine to delist our securities and trading in our securities could be prohibited.

On August 26, 2022, the CSRC, the MOF, and the PCAOB signed the Protocol, governing inspections and investigations of accounting firms based in mainland China and Hong Kong, taking the first step toward opening access for the PCAOB to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong. Pursuant to the fact sheet with respect to the Protocol disclosed by the SEC, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation and has the unfettered ability to

transfer information to the SEC. On December 15, 2022, the PCAOB Board determined that the PCAOB was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and voted to vacate its previous determinations to the contrary. However, should PRC authorities obstruct or otherwise fail to facilitate the PCAOB's access in the future, the PCAOB Board will consider the need to issue a new determination.

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Changes in U.S. and Chinese regulations or in relations between the United States and China may adversely impact our business, our operating results, our ability to raise capital and the market price of our ADSs. Any such changes may take place quickly and with very little notice.

The U.S. government, including the SEC, has recently made statements and taken certain actions that may lead to significant changes to U.S. and international relations, and will impact companies with connections to the United States or China. It is unknown whether and to what extent new tariffs (or other new laws or regulations will be adopted, or the effect that any such actions would have on us or our industry and users. Although cross-border business may not be an area of our major focus, if we increase the selling of our products internationally in the future, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact the competitive position of our products or prevent us from being able to sell products in certain countries. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition, results of operations.

In response to the SEC's July 30, 2021 statement, the CSRC announced on August 1, 2021, that "[i]t is our belief that Chinese and U.S. regulators shall continue to enhance communication with the principle of mutual respect and cooperation, and properly address the issues related to the supervision of China-based companies listed in the U.S. so as to form stable policy expectations and create benign rules framework for the market." While the CSRC will continue to collaborate "closely with different stakeholders including investors, companies, and relevant authorities to further promote transparency and certainty of policies and implementing measures," it emphasized that it "has always been open to companies' choices to list their securities on international or domestic markets in compliance with relevant laws and regulations." If any new legislation, executive orders, laws and/or regulations are implemented, if the U.S. or Chinese governments take retaliatory actions due to the recent U.S.-China tension or if the Chinese government exerts more oversight and control over securities offerings that are conducted in the United States, such changes could have an adverse effect on our business, financial condition and results of operations, our ability to raise capital and the market price of our ADSs.

Risk Factors Related to Our Business

Due to severe financial constraints, we have been unable to pay our employees on regularly scheduled payment dates. Non-compliance with labor-related laws and regulations of the PRC may have an adverse impact on our financial condition and results of operation.

We are subject to the PRC Labor Contract Law, which governs how and when wages are paid to our employees. Due to the severe financial constraints, we did not pay our employees on regularly scheduled payment dates. If we are found not to be in compliance with the Labor Contract Law and were to assess a penalty against us for our failure to pay the wages we owe on a timely basis, our actual liability could be in excess of due amount. We also might be subject to claims from employees due to late payment of their wages.

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If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud, and investor confidence and the market price of our ADSs may be adversely impacted.

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, an independent registered public accounting firm may audit and report on the effectiveness of a public company's internal control over financial reporting except where the public company is a non-accelerated filer. We are currently a non-accelerated filer.

Our management has concluded that our internal control over financial reporting was effective as of December 31, 2024. See "Item 15. Controls and Procedures." Such management report was not subject to attestation by our independent registered public accounting firm, as we are a non-accelerated filer. We may fail to maintain effective internal control over financial reporting and our management and our independent registered public accounting firm may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level in the future. This could in turn result in the loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our ADSs. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs and use significant management time and other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

We have previously identified material weaknesses in our internal control over financial reporting that, if not remediated, could result in additional material misstatements in our financial statements.

Historically, our management identified and evaluated the control deficiencies that gave rise to the accounting errors, and concluded that those deficiencies, collectively, represented material weaknesses in our internal control over financial reporting as of December 31, 2018. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We cannot assure you that those material weaknesses identified in 2018 will not be recurring in future.

If material weaknesses in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could materially and adversely affect our business, results of operations and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weakness, subject us to fines, penalties or judgments, harm our reputation or otherwise cause a decline in investor confidence.

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Our independent auditors have expressed substantial doubt about our ability to continue as a going concern.

In their audit report issued in connection with our financial statements as of and for the year ended December 31, 2024, our independent registered public accounting firm included a going concern explanatory paragraph which stated there was substantial doubt about our ability to continue as a going concern. The Company incurred a net loss of RMB 502.1 million (US\$69.8 million) during the year ended December 31, 2024. The Company recorded net negative operating cashflow of RMB9.1 million (US\$1.3 million) during the year ended December 31, 2024, and net current liabilities of RMB18.2 million (US\$2.5 million) and an accumulated loss of RMB535.2 million (US\$73.3 million) as of December 31, 2024. There is also uncertainty related to the outcome of the lawsuits filed against the Company. We have prepared our financial statements on a going concern basis that contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. Our financial statements do not include any adjustments that would be necessary should we be unable to continue as a going concern and, therefore, be required to liquidate our assets and discharge our liabilities in other than the normal course of business and at amounts different from those reflected in our financial statements. If we are unable to continue as a going concern, our stockholders may lose all or a substantial portion or all of their investment.

Our limited operating history makes it difficult to evaluate our business and prospects.

We commenced operations in early 2013 and have a limited operating history. Our revenue was RMB44.8 million (\$6.6 million), RMB11.2 million (US\$1.6 million) and RMB12.3 million (US\$1.7 million) in 2022, 2023 and 2024, respectively. It is difficult to evaluate our prospects, as we may not have sufficient experience in addressing the risks to which companies operating in new and rapidly evolving markets such as the real estate operation management and digital security technology business may be exposed. We will continue to encounter risks and difficulties that companies at a similar stage of development frequently experience, including the potential failure to:

- obtain sufficient working capital and increase our registered and paid-up capital to support expansion of our loan portfolio;
- comply with any changes in the laws and regulations of the PRC or local province that may affect our real estate operation management and digital security technology business;
- maintain adequate control of default risks and expenses allowing us to realize anticipated revenue growth;
- implement our customer development, risk management and acquisition strategies and adapt and modify them as needed;
- integrate any future acquisitions; and
- anticipate and adapt to changing conditions in the Chinese real estate operation management and digital security technology industry resulting from changes in government regulations, mergers and acquisitions involving our competitors, and other significant competitive and market dynamics.

If we are unable to address any or all of the foregoing risks, our business and results of operations may be materially and adversely affected.

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We have very limited cash and we need additional capital which, if obtained, could result in dilution or significant debt service obligations. We may not be able to obtain additional capital on commercially reasonable terms, which could adversely affect our liquidity and financial position.

As of December 31, 2024, we had cash balances totaled RMB79,000 (US\$11,000), compared to RMB2.5 million (US\$0.4 million) as of December 31, 2023.

We have historically met our cash needs through a combination of cash flows from operating activities, loans payable from third parties raised through various securities exchanges, loans from shareholders and related parties, as well as equity and debts financing. The cash requirements are generally for operating activities and repayments of loans from third parties, related parties and shareholders. Ever since, securities exchanges have ceased offering any form of financing to us through their platforms and our loan receivables were credit-impaired, the Company ran into severe liquidity issue. In the beginning of 2019, the Company began to default in certain loans payable, even though certain loans payable were negotiated for revised repayment terms. With loans receivables continued to be further credit-impaired, all obligations of loans payable were defaulted. The liquidity issue of the Company has further severely affected its ability to pay its taxes, service providers, employees and others. Due to non-payment of its obligations when due, multiple significant legal proceedings were initiated by its shareholders, service providers and others against the Company (see Note 32 of the Consolidated Financial Statements - Commitments and contingencies for detailed disclosure). As a result, we require additional cash resources due to changed business conditions or other future developments. If our current resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations and liquidity.

In addition, our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including conditions of the market, our future results of operations, financial condition and cash flows, and PRC governmental regulation of foreign investment in microfinance service companies in China.

We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Any failure to raise additional funds on favorable terms could have a material adverse effect on our liquidity and financial condition.

Although we developed new business line in 2023, we still lack product and business diversification. Accordingly, our future revenues and earnings are more susceptible to fluctuations than a more diversified company.

Historically, our primary business activities were offering direct loans to our customers prior to the suspension of our microfinance lending business. From 2023, we developed new business, including digital security technology services and real estate operation management, etc. If we are unable to maintain and grow the operating revenues from our business, our future revenues and earnings are not likely to grow and could decline. Our lack of product and business diversification could inhibit the opportunities for growth of our business, revenues and profits.

Our business depends on the continuing efforts of our management. If we lose their services, our business may be severely disrupted.

Our business operations depend on the continuing efforts of our management, particularly the executive officers named in this annual report. If one or more of our management were unable or unwilling to continue their employment with us, we might not be able to replace them in a timely manner, or at all. We may incur additional expenses to recruit and retain qualified replacements. Our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected. In addition, our management may join a competitor or form a competing company. We may not be able to successfully enforce any contractual rights we have with our management team, in particular in China, where all of these individuals reside and where our business is operated through our PRC subsidiaries. As a result, our business may be negatively affected due to the loss of one or more members of our management.

We require highly qualified personnel and if we are unable to hire or retain qualified personnel, we may not be able to grow effectively.

Our future success also depends upon our ability to attract and retain highly qualified personnel. Expansion of our business and our management will require additional managers and employees with industry experience, and our success will be highly dependent on our ability to attract and retain skilled management personnel and other employees. We may not be able to attract or retain highly qualified personnel. Competition for skilled personnel is significant in China. This competition may make it more difficult and expensive to attract, hire and retain qualified managers and employees.

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We may have difficulty in establishing adequate management and financial controls in China.

China has only recently begun to adopt the management and financial reporting concepts and practices that investors in the United States are familiar with. We may have difficulty in hiring and retaining employees in China who have the experience necessary to implement the kind of management and financial controls that are required of a United States public company. If we cannot establish such controls, or if we are unable to collect the financial data required for the preparation of our financial statements, or if we are unable to keep our books and accounts in accordance with IFRS for business, we may not be able to continue to file required reports with the SEC, which would likely have a material adverse effect on the performance of our ADSs.

We do not foresee paying cash dividends in the foreseeable future and, as a result, our investors' sole source of gain will depend on capital appreciation, if any.

We do not plan to declare or pay any cash dividends on our ordinary shares in the foreseeable future and currently intend to retain any future earnings for funding growth. As a result, investors should not rely on an investment in our securities if they require the investment to produce dividend income. Capital appreciation, if any, of our shares may be investors' sole source of gain for the foreseeable future.

Our bank accounts are not insured or protected against loss.

We maintain our cash primarily with China Merchants Bank, which is one of the top six commercial banks in China according to the ranking by China Banking Association. Under *Regulations on Deposit Insurance* (Order No. 660 of the State Council of the People's Republic of China) that were effective on May 1, 2015:

- Commercial banks established in PRC are required to purchase deposit insurance;
- The deposit insurance has reimbursement limits, with the maximum reimbursement limit set at RMB 500,000; and
- Where the total amount of the principal and interest of the deposits in all the insured deposit accounts opened by the same depositor with the same Insured Institution is within the maximum reimbursement limit, the depositor shall be reimbursed in full amount; and, any portion in excess of the maximum reimbursement limit shall be paid from the liquidation assets of the Insured Institution pursuant to the law.

However, our cash accounts are not insured or otherwise protected. Should any bank or trust company holding our cash deposits become insolvent, or if we are otherwise unable to withdraw funds, we could lose the cash on deposit with that particular bank or trust company.

If we grant employee stock options or other share-based compensation in the future, our net profit could be materially adversely affected.

Share-based compensation is important to attract and retain key personnel. We may adopt equity incentive plans in the future. Grants of share-based awards under such plans may lead to incurrence of share-based compensation expenses. We will account for compensation costs for all share-based awards using the fair value method and recognize the expenses in our consolidated statement of operations in accordance with the accounting guidance of share-based payment under IFRS, which may materially adversely affect our net profit. Moreover, the additional expenses associated with share-based compensation may reduce the attractiveness of our current and future equity incentive plans.

Transition of our operations to new products, services and technologies, including content categories, is inherently risky and may subject us to additional business, legal, financial and competitive risks.

We historically primarily engaged in the business of providing loan facilities to micro sized enterprises, SMEs, sole proprietors and individuals in Hubei province of the People's Republic of China. Transition of our operations to and development of digital security technology services and real estate operation management related business involves numerous risks and challenges, including potential new competition, increased capital requirements and increased marketing spent to achieve customer awareness of these new products and services.

Growth into additional content, product and service areas requires changes to our existing business model and cost structure and modifications to our infrastructure and may expose us to new regulatory and legal risks, any of which may require expertise in areas in which we have little or no experience. There is no guarantee that we will be able to generate sufficient revenue from sales of such products and services to offset the costs of developing, acquiring, managing and monetizing such products and services and our business may be adversely affected.

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Risks Related to Our Corporate Structure

PRC laws and regulations governing our businesses and the validity of certain of the Company's contractual arrangements are uncertain. If we are found to be in violation, we could be subject to sanctions. In addition, changes in PRC laws and regulations or changes in interpretations thereof may materially and adversely affect our business.

Eason is a Cayman Islands holding company. Investors in our ordinary shares or the ADSs thus are not purchasing equity interest in our subsidiaries in China but instead are purchasing equity interest in a Cayman Islands holding company.

There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including, but not limited to, the laws and regulations governing our business, or the enforcement and performance of the Company's contractual arrangements with the VIE, and their shareholders. These laws and regulations may be subject to change, and their official interpretation and enforcement may involve substantial uncertainty. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively.

Although we believe we, our PRC subsidiary are not in violation of current PRC laws and regulations, we cannot assure you that the PRC government would agree that the Company's contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. If the PRC government determines that we do not comply with applicable law, the competent PRC regulatory authorities would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our PRC subsidiary;
- imposing fines, confiscating the income from our PRC subsidiary, or imposing other requirements with which we may not be able to comply;
- restricting or prohibiting our use of the proceeds to finance our business and operations in China.

Any of these or similar occurrences could significantly disrupt the Company's business operations or restrict the PRC subsidiaries from conducting a substantial portion of its business operations, which could materially and adversely affect the Company's business, financial condition and results of operations.

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Risks Related to our Ordinary Shares and ADSs

The trading prices of our ADSs are likely to be volatile, which could result in substantial losses to investors.

The market price for our ADSs has fluctuated significantly since our ADSs became listed on the New York Stock Exchange, or the NYSE, on November 23, 2010, and listed on NYSE American as of December 28, 2017. The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors such as:

- variations in our revenues, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships, or joint ventures;
- announcements of new services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- ongoing litigation, potential litigation or regulatory investigations.

In addition, the stock market in general, and the market prices for companies with operations in China in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade. We cannot assure you that these factors will not occur in the future.

If securities or industry analysts publish negative reports about our business, the price and trading volume of our ADSs could decline.

The trading market for our ADSs is influenced by the research reports and ratings that securities or industry analysts or ratings agencies publish about us, our business and the microfinancing lending market in China in general. We do not have any control over these analysts or agencies. If one or more of the analysts or agencies who cover us downgrades us or our securities, the price of our ADSs may decline. If one or more of these analysts cease coverage of the Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the price of our ADSs or trading volume to decline.

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Our ADSs would be subject to delisting from the NYSE American if we are unable to achieve and maintain compliance with the NYSE American's continued listing standards.

Under the NYSE American LLC Company Guide (the "Company Guide"), we are required to maintain a minimum continued listing standards on the NYSE American. If we are unable to maintain compliance with such Company Guide for continued listing, our ADSs would be subject to suspension and delisting. For example, failure to meet the continued listing requirement may exist if low selling price issues provided under the Company Guide occur. If we are unable to comply with the NYSE American's continued listing standards, there may be a significant decline in the trading price, trading volume and liquidity of our ADSs. In addition, the suspension and delisting of our ADSs would lead to decreases in analyst coverage and market-making activity relating to our ADSs, as well as reduced information about trading prices and volume. As a result, it could become significantly more difficult for our ADSs holders to sell their ADSs at prices comparable to those in effect prior to delisting or at all.

Substantial future sales or perceived sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. All ADSs are freely transferable without restriction or additional registration under the Securities Act of 1933, as amended, or the Securities Act. The remaining ordinary shares outstanding will be available for sale and, in the case of the ordinary shares that certain option holders will receive when they exercise their share options, until the later of (i) the first anniversary of the grant date, and (ii) the expiration of any relevant lock-up periods, subject to volume and other restrictions that may be applicable under Rule 144 and Rule 701 under the Securities Act. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

Our articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ADSs and ordinary shares.

Our currently effective articles of association is our second amended and restated memorandum and articles of association which limit the ability of third parties to acquire control of the Company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of the Company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of the Company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited, because Eason was incorporated under Cayman Islands law.

Eason is an exempted company incorporated under the laws of the Cayman Islands. Eason's corporate affairs are governed by its second amended and restated memorandum and articles of association, the Companies Act of the Cayman Islands (As Revised) (the "Companies Act") and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of Eason's directors to it under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of Eason's shareholders and the fiduciary responsibilities of Eason's directors under Cayman Islands law are not as clearly established as they would be under

statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands have a less developed body of securities laws as compared to the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

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There is uncertainty as to whether the courts of the Cayman Islands would:

- recognize or enforce judgments of courts of the United States obtained against us based on certain civil liability provisions of U.S. securities laws; and
- entertain original actions brought against us predicated upon certain civil liability provisions of U.S. securities laws.

There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will in certain circumstances recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

Certain judgments obtained against us by our shareholders may not be enforceable.

Eason is a Cayman Islands company and all of its assets are located outside of the United States. Substantially all of its current operations are conducted in the PRC. In addition, most of Eason's directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the United States federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of the PRC may render you unable to enforce a judgment against Eason's assets or the assets of its directors and officers.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to vote your ordinary shares.

As a holder of our ADSs, you will only be able to exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will vote the underlying ordinary shares in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying shares unless you withdraw the shares. Under our currently effective articles of association, the minimum notice period required for convening a general meeting is seven days. When a general meeting is convened, you may not receive sufficient advance notice to withdraw the shares underlying your ADSs to allow you to vote with respect to any specific matter. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to vote and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.

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The depositary for our ADSs will give us a discretionary proxy to vote our ordinary shares underlying your ADSs if you do not vote at shareholders' meetings, except in limited circumstances, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if you do not vote at shareholders' meetings, the depositary will give us a discretionary proxy to vote our ordinary shares underlying your ADSs at shareholders' meetings unless:

- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting; or
- a matter to be voted on at the meeting would have a material adverse impact on shareholders.

The effect of this discretionary proxy is that if you do not vote at shareholders' meetings, you cannot prevent our ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of the Company. Holders of our ordinary shares are not subject to this discretionary proxy.

You may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

You may be subject to limitations on transfer of your ADSs.

Your ADSs represented by ADRs, are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings and you may not receive distributions with respect to the underlying ordinary shares if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary will not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

In addition, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property and you will not receive such distribution.

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ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our holding company, Eason Technology Limited (formerly known as Dunxin Financial Holdings Limited and China Xiniya Fashion Limited), was incorporated in the Cayman Islands as an exempted limited liability company on June 24, 2010.

Before June 2024, we were primarily engaged in the business of providing loan facilities to micro sized enterprises, SMEs, sole proprietors and individuals in Hubei province of the People’s Republic of China. Substantially all of our operations are conducted in the PRC through Chutian, which holds all the certificates, business license and other requisite licenses for the microfinance lending businesses. We mainly engaged in microfinance lending business and conducted our operations in China primarily through our PRC subsidiaries and the VIE. PRC laws and regulations restrict and impose conditions on foreign investment in microfinance lending businesses. Accordingly, we operated our microfinance lending business in China through the VIE. We have evaluated the guidance in IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities and consolidated the results of the VIE in our financial statements, for accounting purposes, based upon such contractual arrangements. Investors in our ordinary shares or ADSs are not purchasing equity interest in the VIE in China but instead are purchasing equity interest in a holding company incorporated in the Cayman Islands and investors may never directly hold equity interests in the VIE in China, Chutian.

We provided family-run businesses, farmers and individual borrowers with working capital and bridge financing support, primarily through means of short-term loans based upon their needs and qualifications. Due to the severe financial restraint, we suspended offering loans to our customers in the second half year of 2019.

On May 13, 2024, we entered into certain share purchase agreement (the “**Disposition SPA**”) with True Silver, Chutian HK, and Jianneng Holdings Limited, a British Virgin Islands company which is not affiliate of the Company of any of its directors or officers (the “**Purchaser**”). Pursuant to the Disposition SPA, the Purchaser agreed to purchase Chutian HK in exchange for nominal cash consideration of US\$1. Upon the closing of the transaction contemplated by the Disposition SPA, the Purchaser will become the sole shareholder of Chutian HK and as a result, assume all assets and liabilities of Chutian, Chutian HK and all subsidiaries owned or controlled by Chutian HK. Upon the transaction contemplated by the Disposition SPA closed on June 12, 2024, we divested microfinance lending business.

Separately, we established the headquarters and operate our digital security technology business in Hong Kong. Our technical team will focus on cutting-edge areas such as digital asset security, intellectual property security, AI computing power, etc., to develop application-level security products with proprietary intellectual property rights. Through this initiative, we aim to expand comprehensive strategic partnerships with financial institutions and smart technology enterprises, building a competitive advantage in the fintech and digital security sectors.

The following is a brief description of each of Eason’s subsidiaries:

- Hong Kong Four Divisions. Hong Kong Four Divisions International Limited, wholly owned by True Silver, is a limited liability company incorporated on September 27, 2023, under the Companies Ordinance of Hong Kong, with 10,000 ordinary shares.
- Hong Kong Three Entities. Hong Kong Three Digital Technology Limited, wholly owned by True Silver, is a limited liability company incorporated on September 27, 2023, under the Companies Ordinance of Hong Kong, with 10,000 ordinary shares.
- Hong Kong Yiyou. Hong Kong YiYou Digital Technology Development Co. Ltd., wholly owned by True Silver, is a limited liability company incorporated on August 2, 2023, under the Companies Ordinance of Hong Kong, with 100,000 ordinary shares.

- Shenzhen Four Divisions. Shenzhen Four Divisions Global Industrial Operation Co., Ltd. is a limit liability company incorporated under laws of PRC on November 1, 2023. Shenzhen Four Divisions currently holds a business license 91440300MAD18XDH75.

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The following is a brief description of the VIE entities and the VIE Agreements entered into on August 10, 2017, among Chutian Holding, Chutian and certain shareholders of Chutian, through which we seek to control 80% equity interests of Chutian. We have divested the following entities in June 2024.

- Chutian Holding. Chutian Holding is a wholly foreign owned enterprise and a limited liability company in China established by Chutian HK on November 4, 2016. Chutian Holding was disposed in June 2024.
- Chutian. Chutian is a joint stock company incorporated under laws of PRC on February 20, 2013. Chutian currently holds a business license issued by the Administrative Approval Bureau of Wuchang District, Wuhan Municipality on April 25, 2017, which allows it to operate a microfinance business and provides individual and business loans to persons residing in and businesses operating in Hubei Province, China.
- Through a series of contractual arrangements entered into among Chutian Holding, Chutian and certain shareholders of Chutian, which consist of the Exclusive Consigned Management Service Agreement, Exclusive Purchase Option Agreement, Shareholders' Voting Proxy Agreement, and Share Pledge Agreement the (collectively, the "VIE Agreements"), Chutian Holding is deemed to be the primary beneficiary of Chutian, for accounting purposes, and therefore can consolidate 80% of Chutian's financial results. Chutian was disposed in June 2024.
- Exclusive Consigned Management Service Agreement. Pursuant to the Exclusive Consigned Management Service Agreement between Chutian and Chutian Holding, Chutian Holding was appointed as the exclusive services provider to Chutian (including its subsidiaries, branches and any other invested entities) for the following services: comprehensive business support, including but not limited to, daily business management consulting, financial consulting, professionals and technical training during the term of this Agreement in accordance with the terms and conditions of this Agreement. For services rendered to Chutian by Chutian Holding under this Agreement, Chutian Holding is entitled to collect a service fee equal to 80% of the net operating income of Chutian (the "Service Fees"). The Service Fees are due and payable on a quarterly basis; provided, however, in principle, the payment of the Service Fees should not cause any difficulty to the operation of either party to this Agreement. The Exclusive Consigned Management Service Agreement has a term of five (5) years. Chutian is not entitled to unilaterally terminate this Agreement. Chutian Holding has the right to terminate this Agreement by giving a thirty (30) day prior notice to Chutian. This Agreement could be extended based on the originally agreed terms upon expiration if Chutian Holding gives written confirmation before expiration of the agreement. The period of extension will be decided by Chutian Holding, which Chutian is required to unconditionally accept.
- Exclusive Purchase Option Agreement. Under the Exclusive Purchase Option Agreement, Hubei New Nature Investment Co., Ltd, Ricky Qizhi Wei, Sizhi Yang, Yuyou Hu, Wanxin Deng, Jing Liang, Hailin Wang, and Wenting (Tina) Xiao (collectively "Shareholders holding 80% equity interests of Chutian") irrevocably granted to Chutian Holding, or any third party designated by WFOE, an exclusive purchase option right, at any time to purchase all or part of such shareholders' current and future equity interests in Chutian, to the extent permitted by PRC laws and regulations. Apart from Chutian Holding or any third party designated by Chutian Holding, no other person has the right to purchase such equity interests in Chutian. Shareholders holding 80% equity interests of Chutian are required to transfer their respective equity interests in Chutian to Chutian Holding in accordance with their percentage ownership of such equity interests provided Chutian Holding selects to purchase such shareholders' equity interests. Chutian irrevocably granted to Chutian Holding or any third party designated by Chutian Holding an exclusive purchase option right, at any time to purchase all or substantially all of Chutian's assets, to the extent permitted by PRC laws and regulations.
- Shareholders' Voting Proxy Agreement. Under the Voting Proxy Agreement, the Shareholders holding 80% equity interests of Chutian irrevocably granted and entrusted Chutian Holding or their designee to be their exclusive proxy to exercise their voting rights that they would have at a shareholders' meeting or by written consent for the maximum period permitted pursuant to the PRC laws and in accordance with and

within the limitations of the PRC laws and the then effective articles of association of Chutian, including but not limited to, the following rights:

- (a) to attend and participate in the shareholders' meetings of Chutian as the voting proxy of the Shareholders holding 80% equity interests of Chutian;
 - (b) to vote on the matters proposed at the shareholders' meetings, including, but not limited to, voting on the appointment and election of the directors and supervisors of Chutian;
 - (c) to suggest convening the shareholders' meetings of Chutian; and
 - (d) all other voting rights entitled to the shareholders of Chutian as stipulated in the articles of association of Chutian, as amended from time to time.
- Share Pledge Agreement. Under the Share Pledge Agreement, the Shareholders holding 80% equity interests of Chutian pledged all of their equity interests in Chutian to Chutian Holding to guarantee the performance of Chutian's obligations under the Exclusive Consigned Management Agreement, Shareholders Voting Proxy Agreement and Exclusive Purchase Option Agreement (the "Main Agreements"). The equity pledge under the agreement constitutes a continuous guarantee and remains effective before fulfillment of the obligations under the Main Agreements or full repayment of the guaranteed liability.

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As of the date of this annual report, we and our PRC subsidiaries have received from PRC and BVI authorities all requisite licenses, permissions or approvals needed to engage in the businesses currently conducted in China and BVI, and no permission or approval has been denied. The following table provides details of permissions held by our PRC subsidiaries.

Company	License and Permission	Issuing Authority	Validity
True Silver	Certificate of Incorporation	BVI Financial Services Commission	Long-term
Hong Kong Four Divisions	Certificate of Incorporation	Registrar of Companies, Hong Kong Special Administrative Region	Long-term
Hong Kong Three Entities	Certificate of Incorporation	Registrar of Companies, Hong Kong Special Administrative Region	Long-term
Hong Kong Yiyou	Certificate of Incorporation	Registrar of Companies, Hong Kong Special Administrative Region	Long-term
Shenzhen Four Divisions	Business license	<i>Market Supervision Administration of Shenzhen</i>	Long-term

As of the date of this annual report, our PRC counsel, Hubei Lifeng, has advised us that neither we nor our PRC subsidiaries (1) are required to obtain permission from any of the PRC authorities to operate and issue our Ordinary Shares to foreign investors, (2) are subject to approval requirements from the CSRC, the CAC, or any other entity to approve our operations, and (3) have been denied such permissions by any PRC authorities.

In recent years, however, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the “Opinions on Severely Cracking Down on Illegal Securities Activities According to Law,” or the “Opinions,” which were made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen the administration over illegal securities activities and the need to strengthen the supervision over overseas listings by Chinese companies. These Opinions proposed to take effective measures, such as promoting the construction of relevant regulatory systems, to deal with the risks and incidents facing China-concept overseas-listed companies and the demand for cybersecurity and data privacy protection. On February 17, 2023, the CSRC issued the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (“Announcement No. 43”), which will become effective on March 31, 2023. Under Announcement No. 43, we may be required to file with CSRC for this offering.

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We do not believe we are required to obtain any permission from any PRC governmental authorities to offer securities to foreign investors. We have been closely monitoring regulatory developments in China regarding any necessary approvals from the CSRC or other PRC governmental authorities required for overseas listings, including securities offerings that are conducted in the United States. As of the date of this annual report, we have not received any inquiry, notice, warning, sanctions or regulatory objection to securities offerings that are conducted in the United States from the CSRC or other PRC governmental authorities. However, recently, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the “Opinions on Severely Cracking Down on Illegal Securities Activities According to Law,” or the “Opinions,” which were made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen the administration over illegal securities activities and the need to strengthen the supervision over overseas listings by Chinese companies. These Opinions proposed to take effective measures, such as promoting the construction of relevant regulatory systems, to deal with the risks and incidents facing China-concept overseas-listed companies and the demand for cybersecurity and data privacy protection. On February 17, 2023, the CSRC issued the Trial Measures, which will become effective on March 31, 2023. Under the Trial Measures, we may be required to file with CSRC for future securities offering. If it is determined in the future that the approval of the CSRC, the Cyberspace Administration of China or any other regulatory authority is required for securities offerings that are conducted in the United States, we may face sanctions by the CSRC, the Cyberspace Administration of China or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operations in China, delay or restrict the repatriation of the proceeds from securities offerings that are conducted in the United States into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of our securities. The CSRC, the Cyberspace Administration of China or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt securities offerings that are conducted in the United States before settlement and delivery of our ordinary shares. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC, the Cyberspace Administration of China or other regulatory PRC agencies later promulgate new rules requiring that we obtain their approvals for securities offerings that are conducted in the United States, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such an approval requirement could have a material adverse effect on the trading price of our securities. See “Risk Factors - Risks Related to Doing Business in China-The PRC government has increasingly strengthened oversight in offerings conducted overseas or on foreign investment in China-based issuers, which could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and could cause the value of our securities to significantly decline or become worthless.” on page 16 of this annual report.

Our ADSs were listed on the New York Stock Exchange on November 23, 2010 and transitioned to the NYSE American on December 28, 2017. Our current ratio of our ADS to Class A ordinary shares is 1:60,000. Our ADSs were traded under the symbol “XNY” from November 23, 2010 to March 4, 2018, and on March 5, 2018, our ADSs began trading under the symbol “DXF.” Effective on January 10, 2025, the Company changed its name to “Eason Technology Limited” and its dual foreign name in Chinese from “敦信金融控股有限公司” to “益生科技集团”. The trading symbol of the Company's ADSs and the CUSIP number remain unchanged.

Recent Developments

[Closing of January 2025 PIPE](#)

The Company entered into a certain securities purchase agreement (the “SPA”) with certain investors (the “Purchasers”) on January 8, 2025, pursuant to which the Company agreed to sell 6,000,000,000 Class A ordinary shares, par value \$0.00005 per share (the “Shares”), at a per share purchase price of \$0.00005, for an aggregate purchase price of approximately \$0.3 million (the “Offering”).

On January 14, 2025, the transaction contemplated by the SPA consummated when all the closing conditions of the SPA have been satisfied and the Company issued the Shares to the Purchasers pursuant to the SPA.

[Entry into a Real Property Purchase Agreement](#)

On January 14, 2025, the Company and Shenzhen Four Divisions Global Industrial Operations Co. Ltd. (“Shenzhen Four Divisions”), a subsidiary of the Company, entered into certain real property purchase agreement (the “Purchase Agreement”) with Hubei Fuxin Real Estate Co., Ltd. (the “Seller”), to acquire from the Seller a property located in Yunmeng County, Xiaogan City, Hubei, China (the “Property”), with a construction area of 1,487 square meters and a transaction value of RMB 8,532,700 (approximately USD 1.17 million) according to a real property appraisal report. Pursuant to the Purchase Agreement, the Company agreed to issue a total of 36,000,000,000 restricted Class A ordinary shares, par value \$0.00005 each, as consideration to Seller for the property (the “Property Acquisition”).

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The Purchase Agreement contains customary representations and warranties from both parties, and the closing of the Property Acquisition is subject to various closing conditions set forth therein.

On January 16, 2025, the Company consummated the Property Acquisition upon the satisfaction or waiver of all closing conditions set forth in the Purchase Agreement. The Company plans to commence operations in its real estate leasing business and associated management services, which focuses on acquiring and leasing properties to generate stable revenue streams while providing supplementary management services to tenants. The Company's strategy includes acquiring commercial center assets and industrial park properties, which are then leased to tenants such as medical institutions. This strategy will help the Company generate income through fixed rental agreements and, in certain cases, operational and management service fees based on tenant profitability.

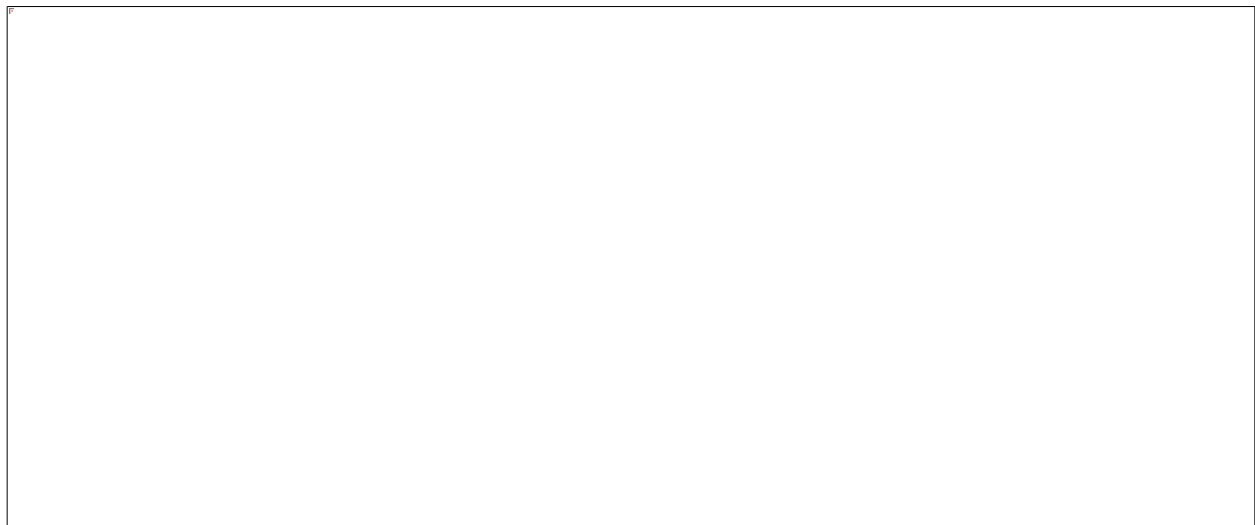
[Entry into a Lease Agreement](#)

On January 16, 2025, Shenzhen Four Divisions entered into certain Lease Agreement (the "Lease Agreement") with Hubei Zongyang Hospital Co., Ltd. (the "Tenant") to lease the Property to the Tenant for the operation of a traditional Chinese medicine hospital. Pursuant to the terms of the Lease Agreement, the Tenant shall pay a monthly rent of RMB 42,000, payable in six-month intervals, with a security deposit equivalent to three months' rent. Shenzhen Four Divisions is responsible for any major repairs, while the Tenant covers utilities and must adhere to approved property use. Renewals of the Lease Agreement shall require two months' prior notice, and unauthorized subleasing or misuse can result in penalties or termination. Any disputes between Shenzhen Four Division and the Tenant shall be resolved through negotiation or local courts.

[Entry into a Material Agreement](#)

On February 16, 2025, the Company entered into a purchase agreement to acquire 100% equity in Hongkong Starlux Intelligent Technology, a blockchain technology company focused on blockchain security and the application of blockchain technology. As of the date of this report, this acquisition was not consummated yet.

The following diagram illustrates our current corporate structure as of the date of this report:



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VIE Financial Information

Set forth below is selected Consolidated Statements of Operations and cash flows for the fiscal years ended December 31, 2022, 2023 and 2024, and selected balance sheet information as of December 31, 2023 and 2024 showing financial information for Eason, non-VIE subsidiaries and the VIE, eliminating entries and consolidated information (RMB in thousands). In the tables below, the column headings correspond to the following entities in the organizational diagram.

- “parent” refers to Eason Technology Limited, a Cayman Islands exempted company;
- “non-VIE subsidiaries” refer to, collectively, (i) True Silver Limited, our wholly owned Cayman Island subsidiary, (ii) Chutian Financial Holdings (Hong Kong) Limited., our wholly owned Hong Kong subsidiary, (iii) Hong Kong Four Divisions International Limited., our wholly owned Hong Kong subsidiary, (iv) Hong Kong Three Entities Digital Technology Limited, our wholly owned Hong Kong subsidiary, (v) Hong Kong YiYou Digital Technology Development Co., Ltd., our wholly owned Hong Kong subsidiary, (vi) Wuhan Chutian Investment Holding Limited., a wholly owned PRC subsidiary, and (vii) Shenzhen Four Divisions Global Industrial Operation Co., Ltd., a wholly owned PRC subsidiary;
- “VIE” refers to variable interest entity, Hubei Chutian Microfinance Co., Ltd., a PRC company and the operating company of Eason;

Consolidated Statements of Operations Information

	Year Ended December 31, 2024				
	Parent	Non-VIE subsidiaries	VIE	Eliminations	Consolidations
Revenue	-	12,315	-	-	12,315
Cost of goods sold	-	(2,744)	-	-	(2,744)
Gross profit	-	9,571	-	-	9,571
Interest income on loans	-	-	-	-	-
Interest expenses on loans	(839)	(17)	-	-	(856)
Net interest loss	(839)	(17)	-	-	(856)
Operating expenses					
General and administrative	(10,915)	(638)	-	-	(11,553)
Total operating expenses	(10,915)	(638)	-	-	(11,553)
Loss on disposal of discontinued operations and subsidiaries	(497,532)	-	-	-	(497,523)
Net (loss)/income before income tax	(509,286)	8,916	-	-	(500,370)
Income tax expenses	-	(1,711)	-	-	(1,711)
Net (loss)/income	(509,286)	7,205	-	-	(502,081)

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Year Ended December 31, 2023					
	Parent	Non-VIE subsidiaries	VIE	Eliminations	Consolidations
Consolidated Cash Flows Information	-	-	11,218	-	11,218
Interest expenses on loans	(632)	(363)	(17,725)	-	(18,720)
Business related taxes and surcharges	-	-	(405)	-	(405)
Total interest expense	(632)	(363)	(18,130)	-	(19,125)
Net interest loss	(632)	(363)	(6,912)	-	(7,907)
Credit impairment losses	-	-	(373,647)	-	(373,647)
Net interest loss after impairment loss	(632)	(363)	(380,559)	-	(381,554)
General and administrative	(9,689)	(79)	(4,481)	-	(14,249)
Total operating costs and expenses	(9,689)	(79)	(4,481)	-	(14,249)
Net loss	(10,321)	(442)	(385,040)	-	(395,803)

Year Ended December 31, 2022					
	Parent	Non-VIE subsidiaries	VIE	Eliminations	Consolidations
Interest income on loans	-	-	44,797	-	44,797
Interest expenses on loans	(360)	(361)	(20,575)	-	(21,296)
Business related taxes and surcharges	-	-	(405)	-	(405)
Total interest expense	(360)	(361)	(20,980)	-	(21,701)
Net interest income/(loss)	(360)	(361)	23,817	-	23,096
Credit impairment losses	-	-	(42,420)	-	(42,420)
Net interest loss after impairment loss	(360)	(361)	(18,603)	-	(19,324)
Sales and marketing	-	-	(514)	-	(514)
General and administrative	(5,654)	(22)	(4,830)	-	(10,506)
Total operating costs and expenses	(5,654)	(22)	(5,344)	-	(11,020)
Net loss	(6,014)	(383)	(23,947)	-	(30,344)

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Consolidated Balance Sheet Information

As of December 31, 2024					
	Parent	Non-VIE subsidiaries	VIE	Eliminations	Consolidations
Amount due from VIE	-	-	-	-	-
Amount due from Non-VIE	46,168	331	-	(46,499)	-
Loans receivable, net of credit impairment losses	-	-	-	-	-
Current assets	58,117	12,945	-	(46,499)	24,563
Amount due to VIE	-	-	-	-	-
Amount due to Non-VIE	(331)	(46,168)	-	46,499	-
Investment in non-VIE subsidiaries	365	9	-	(374)	-
Equity in the VIE through the VIE Agreements	-	-	-	-	-
Assets	58,482	59,249	-	(46,873)	70,858

As of December 31, 2023					
	Parent	Non-VIE subsidiaries	VIE	Eliminations	Consolidations
Amount due from VIE	-	1,555	-	(1,555)	-
Amount due from Non-VIE	44,871	350	16,297	(61,518)	-
Loans receivable, net of credit impairment losses	-	-	193,682	-	193,682
Current assets	51,862	2,734	209,266	(61,518)	202,344
Amount due to VIE	(15,483)	(813)	-	16,296	-
Amount due to Non-VIE	(350)	(44,872)	(1,555)	46,777	-
Investment in non-VIE subsidiaries	364	-	-	(364)	-
Equity in the VIE through the VIE Agreements	1,091,544	-	-	(1,091,544)	-
Assets	1,143,760	47,586	245,596	(1,153,426)	283,516

As of December 31, 2022					
	Parent	Non-VIE subsidiaries	VIE	Eliminations	Consolidations
Amount due from VIE	-	1,558	-	(1,558)	-
Amount due from Non-VIE	-	353	15,097	(15,450)	-
Loans receivable, net of credit impairment losses	-	-	556,112	-	556,112
Current assets	3,494	2,696	571,855	(17,009)	561,036
Amount due to VIE	(14,284)	(813)	-	15,097	-
Amount due to Non-VIE	(353)	-	(1,558)	1,911	-
Investment in non-VIE subsidiaries	354	-	-	(354)	-

Equity in the VIE through the				-	
VIE Agreements	1,060,381	-	-	(1,060,381)	-
Assets	1,064,219	2,705	611,088	(1,077,743)	600,269

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Consolidated Cash Flows Information

Year Ended December 31, 2024					
	Parent	Non-VIE subsidiaries	VIE	Eliminations	Consolidations
Total cash used in operating activities	(8,929)	(169)	-	-	(9,098)
Total cash generated by financing activities	8,272	-	-	-	8,272
Effect of exchange rate changes	(1,628)	-	-	-	(1,628)
Net decrease in cash, cash equivalents and restricted cash	(2,285)	(169)	-	-	(2,454)
Year Ended December 31, 2023					
	Parent	Non-VIE subsidiaries	VIE	Eliminations	Consolidations
Total cash used in operating activities	(11,017)	-	-	-	(11,017)
Total cash generated by financing activities	14,785	-	-	-	14,785
Effect of exchange rate changes	(1,530)	-	-	-	(1,530)
Net increase in cash, cash equivalents and restricted cash	2,238	-	-	-	2,238
Year Ended December 31, 2022					
	Parent	Non-VIE subsidiaries	VIE	Eliminations	Consolidations
Total cash used in operating activities	(7,385)	(50)	-	-	(7,435)
Total cash generated by/(used in) financing activities	6,758	(130)	-	-	6,628
Effect of exchange rate changes	706	-	-	-	706
Net increase/(decrease) in cash, cash equivalents and restricted cash	79	(180)	-	-	(101)

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Transfer of Cash Through our Organization

For the years ended December 31, 2023 and 2024, due to the severe financial restraint, we suspended offering loans to our customers and we primarily relied on debt/equity funding and the financial supporting from related company. Eason did not make any cash contributions to its VIE and non-VIE subsidiaries and there was no transfer of cash among Eason, VIE and non-VIE subsidiaries.

Dividends and Other Distributions

Eason is a holding company incorporated in the Cayman Islands and conducts businesses in China through its PRC subsidiaries and the VIE. We are permitted under PRC laws and regulations to provide funding to our subsidiaries only through loans or capital contributions, and to the VIE only through loans, and only if we satisfy the applicable government registration and approval requirements.

Eason may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders or holders of our ADSs or to service any debt we may incur. If our PRC subsidiaries incur debt on its own behalf in the future, the instruments governing such debt may restrict their ability to pay dividends to us. The Company's PRC subsidiary is permitted to pay dividends only out of its retained earnings. However, the Company's PRC subsidiary is required to set aside at least 10% of its after-tax profits each year, after making up for previous year's accumulated losses, if any, to fund certain statutory reserves, until the aggregate amount of such funds reaches 50% of its registered capital. This portion of the Company's PRC subsidiaries' net assets is prohibited from being distributed to its shareholders as dividends. To date, there have not been any such dividends or other distributions from our PRC subsidiaries or the VIE to our subsidiaries located outside of China. In addition, as of the date of this annual report, none of our subsidiaries and the VIE have ever issued any dividends or distributions to us or their respective shareholders outside of China. If our PRC subsidiaries incur debt on its own behalf in the future, the instruments governing such debt may restrict their ability to pay dividends to us. As of the date of this annual report, neither we nor any of our subsidiaries and the VIE have ever paid dividends or made distributions to U.S. investors. In the future, cash proceeds raised from overseas financing activities may be transferred by us to our PRC subsidiaries via capital contribution or shareholder loans, as the case may be.

We have maintained cash management policies which dictate the purpose, amount and procedure of cash transfers among Eason, the VIE and non-VIE subsidiaries. Cash transferred of less than RMB10.0 million (US\$1.6 million) must be reported to and reviewed by Eason's financial department and the PRC subsidiary's and the VIE's chief executive officer, and must be approved by the Chief Financial Officer and Chairman of Eason. Cash transfer in excess of RMB10 million (US\$1.6 million) must be approved by board of directors of Eason.

According to the Foreign Investment Law of the People's Republic of China and its implementing rules, which jointly established the legal framework for the administration of foreign-invested companies, a foreign investor may, in accordance with other applicable laws, freely transfer into or out of China its contributions, profits, capital earnings, income from asset disposal, intellectual property rights, royalties acquired, compensation or indemnity legally obtained, and income from liquidation, made or derived within the territory of China in RMB or any foreign currency, and any entity or individual shall not illegally restrict such transfer in terms of the currency, amount and frequency. According to the Company Law of the People's Republic of China and other Chinese laws and regulations, our PRC subsidiary may pay dividends only out of their respective accumulated profits as determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiary and the VIE is required to set aside at least 10% of its accumulated after-tax profits, if any, each year to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Where the statutory reserve fund is insufficient to cover any loss the PRC subsidiary incurred in the previous financial year, its current financial year's accumulated after-tax profits shall first be used to cover the loss before any statutory reserve fund is drawn therefrom. Such statutory reserve funds and the accumulated after-tax profits that are used for covering the loss cannot be distributed to us as dividends. At their discretion, our PRC subsidiary and the VIE may allocate a portion of their after-tax profits based on Chinese accounting standards to a discretionary reserve fund.

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Renminbi is not freely convertible into other currencies. As result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their potential future renminbi revenues to pay dividends to us. The Chinese government imposes controls on the convertibility of renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign-currency-denominated obligations. The renminbi is currently convertible under the “current account,” which includes dividends, trade and service-related foreign exchange transactions, but not under the “capital account,” which includes foreign direct investment and foreign currency debt, including loans we may secure for our onshore subsidiary. Currently, our PRC subsidiaries may purchase foreign currency for settlement of “current account transactions,” including payment of dividends to us, without the approval of the SAFE by complying with certain procedural requirements. However, the relevant Chinese governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. The Chinese government may continue to strengthen its capital controls, and additional restrictions and substantial vetting processes may be instituted by SAFE for cross-border transactions falling under both the current account and the capital account. Any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in renminbi to fund our business activities outside of China or pay dividends in foreign currencies to holders of our securities. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant Chinese governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries. In addition, ADS holders may potentially be subject to Chinese taxes on dividends paid by us in the event we are deemed a Chinese resident enterprise for Chinese tax purposes. See “Risk Factors-Risks Related to Doing Business in China-PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may delay or prevent us from using proceeds from future financing activities to make loans or additional capital contributions to our PRC operating subsidiary.” on page 15 of this annual report and “Risk Factors-Risks Related to Doing Business in China-Restrictions on foreign exchange under PRC laws may limit our ability to convert cash derived from our operating activities into foreign currencies and may materially and adversely affect the value of your investment.” on page 20 of this annual report.

Corporate information

Our principal executive offices are currently located at Room 612, 6/f, Kaiyue Comm Building, No. 2C, Argyle Street, Mongkok Kowloon, Hong Kong, the People’s Republic of China. The Company’s current telephone number is+852 92015035. The Company’s registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our current website is <http://www.fdvsglobal.com>. The information contained on our website or any third-party websites does not constitute a part of this annual report. Our agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, DE 19711.

B. Business Overview

Overview

Eason is not an operating company but a Cayman Islands holding company with operations primarily conducted by its subsidiaries in China. We historically were primarily engaged in the business of providing loan facilities to micro sized enterprises, SMEs, sole proprietors and individuals in Hubei province of the People’s Republic of China.

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We provided family-run businesses, farmers and individual borrowers with working capital and bridge financing support, primarily through means of short-term loans based upon their needs and qualifications. Due to the severe financial restraint, we suspended offering loans to our customers in the second half year of 2019 and we entered into business of digital security technology and real estate operation management and investment in 2023.

On May 13, 2024, we entered into certain share purchase agreement (the “**Disposition SPA**”) with True Silver, Chutian HK, and Jianneng Holdings Limited, a British Virgin Islands company which is not affiliate of the Company of any of its directors or officers (the “**Purchaser**”). Pursuant to the Disposition SPA, the Purchaser agreed to purchase Chutian HK in exchange for nominal cash consideration of US\$1. Upon the closing of the transaction contemplated by the Disposition SPA, the Purchaser will become the sole shareholder of Chutian HK and as a result, assume all assets and liabilities of Chutian, Chutian HK and subsidiaries owned or controlled by Chutian HK. Upon the transaction contemplated by the Disposition SPA closed on June 12, 2024, we divested the microfinance lending business.

We currently operate in the real estate operation management and investment business in the PRC, focusing on key industries such as medical and health services, commercial real estate, and emerging consumer sectors. Our professional team manages, operates, and conducts mergers and acquisitions of entrusted or self-owned assets to enhance the profitability of our asset portfolio and achieve stable growth in cash flow.

Separately, we established the headquarters for and operate our digital security technology business in Hong Kong and operate a global digital security technology business. Our technical team will focus on cutting-edge areas such as digital asset security, intellectual property security, AI computing power, etc., to develop application-level security products with proprietary intellectual property rights. Through this initiative, we aim to expand comprehensive strategic partnerships with financial institutions and smart technology enterprises, building a competitive advantage in the fintech and digital security sectors.

Our Business

Microfinance Lending Business

Historically, we offered loan facilities to micro sized enterprises, SMEs, sole proprietors and individuals. We used our website and our membership in certain industry associations to promote and to provide information about the Company and our products. After learning about the Company and our products, borrowers approached us to apply for their loans. We provided loans to individuals and companies through our credit teams.

Most of our borrowers were individuals and companies. Our typical size loans were around RMB 4.0 million (US\$0.6 million) for individuals, and were around RMB7.0 million (US\$1.1 million) for companies. Upon loan origination, our loans were either guaranteed or secured and have payment terms that were typically become due within twelve (12) months, subject to annual renewal of terms. In 2019, we began to experience defaults and suspended offering loans to our customers. In June 2024, we disposed 100% interests in VIE and divested all assets and liabilities of microfinance lending business.

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The following is a general description of our loan products that were offered prior to the disposal of our microfinance lending business:

- **Consumer Loans.** We offered guarantee-backed personal loans, with terms ranging from three (3) months to six (6) months and with amounts ranging from RMB10,000 (US\$1,440) to RMB100,000 (US\$14,402), to working individuals. To qualify for this loan, the borrower must be domiciled in Wuhan and hold a Wuhan household registration. In addition, the borrower must have a reasonable loan purpose and a repayment plan. Borrowers were permitted to pay back the loan with their future salaries. We did not require any collateral for this loan; however, the borrower and a third-party guarantor were jointly and severally liable for the repayment of the loan.
- **Commercial Loans.** We offered secured loans, with terms ranging from three (3) months to twelve (12) months and with amounts ranging from RMB100,000 (US\$14,402) to RMB500,000 (US\$72,014), to private business owners or individual business owners operating within Wuhan. This loan was mainly offered to businesses that encountered temporary cash flow difficulties. In order to qualify, the borrower's business must be in good standing with the fixed operation office and registered office in Wuhan. In addition, the borrower must have a reasonable loan purpose and a repayment plan. This loan was either secured by assets as collateral or guaranteed by a third-party.
- **Collateral-Backed Loans.** We offered collateral-backed loans, with terms ranging from three (3) months to twelve (12) months and amounts ranging from RMB500,000 (US\$72,015) to RMB3,000,000 (US\$432,090) to individuals, private business owners, private enterprises, and other business entities in Hubei Province. The borrower was required to have a reasonable loan purpose and a repayment plan, and if the borrower was a business, the business must be in good standing with stable cash flow. The borrower must own real property or an automobile, and the loan was secured by assets as collateral.
- **Enterprise Loans.** We offered collateral-backed loans, with terms ranging from three (3) months to twelve (12) months and lines of credit ranging from RMB3,000,000 (US\$436,000) to RMB7,000,000 (US\$1.0 million), to small and SME borrowers operating businesses in Hubei Province. The main purpose of this loan was to satisfy the borrower's temporary cash flow needs. Borrowers were required to have a reasonable loan purpose, a repayment plan, and the business must be in good standing with stable cash flow. The loan was secured by assets as collateral with complete collateral ownership certification documents.

Real Estate Operation Management and Investment Business

We currently operate in the real estate operation management and investment business in the PRC, focusing on key industries such as medical and health services, commercial real estate, and emerging consumer sectors. Our professional team manages, operates, and conducts mergers and acquisitions of entrusted or self-owned assets to enhance the profitability of our asset portfolio and achieve stable growth in cash flow.

Digital Security Technology Business

Separately, we established the headquarters for and operate our digital security technology business in Hong Kong and operate a global digital security technology business. Our technical team will focus on cutting-edge areas such as digital asset security, intellectual property security, AI computing power, etc., to develop application-level security products with proprietary intellectual property rights. Through this initiative, we aim to expand comprehensive strategic partnerships with financial institutions and smart technology enterprises, building a competitive advantage in the fintech and digital security sectors.

Competitive Advantages

Professional Team

The members of our company's management and real estate business leadership team come from senior professional backgrounds in real estate investment, healthcare investment funds, investment banking, and related fields. Our technology development team hails from prominent internet companies, blockchain firms, and intelligent technology research areas, possessing experience in network communication security, low-level system development, AI algorithm research, and more.

Accumulated Resources in Mainland China's Real Estate Market

Our core team members have a deep history of involvement in real estate investment, particularly in healthcare services, commercial real estate, and chain-based consumer enterprises. With the backing of our publicly listed company's platform, our real estate business unit efficiently expands its asset portfolio through strategic mergers and acquisitions. Additionally, we offer comprehensive operational and management services to real estate investors, enhancing overall value and performance.

Influence as a Publicly Listed Company to Support Data Security Product Operations and Promotion

Our team leverages the communication advantages of being part of a publicly listed company to actively promote and maintain the brand of our data security technology products. This support enables us to more effectively reach and engage potential user groups in promoting and establishing our data science products within the market.

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Growth Strategies

Following market research, project evaluations, and industry consultations, our management team has established two new business lines: real estate operation management and digital security technology.

Real Estate Operation Management and Investment Business

We recognize that mainland China's commercial and economic activities are in a recovery phase post-pandemic, with the country's real estate industry facing liquidity challenges amidst a global trend of interest rate hikes, leading to a decline in commercial property prices. As the world's second-largest economy with a population of over 1.4 billion consumers, China's economic recovery and rising incomes are expected to drive significant increases in consumption and investment activities. Leveraging our strengths, our company aims to become a key player in real estate operations, management, and long-term investment.

We provide comprehensive management consulting services to property owners and businesses aimed at optimizing their asset management and operational strategies. These services assist clients in maximizing their investment returns and ensuring long-term asset appreciation. We generate revenue through consultancy fees for these services.

Additionally, we offer entrusted management services, assuming full responsibility for managing entrusted assets. This includes lease management, maintenance, and oversight of renovation projects. Our revenue primarily comes from management fees and profit sharing associated with asset appreciation.

As part of our real estate operations, we hold self-owned properties and assets, generating stable cash flow through rental income and investment returns. We actively seek investments in real estate projects with potential for growth to achieve long-term capital appreciation and returns.

Digital Security Technology Business

In the digital security technology business, rapid developments in artificial intelligence and digitization are widely integrating into everyday life and economic activities. Digital security is foundational to the growth of the digital economy, generating increased demand from both technology enterprises and individual users. Our company positions itself as an infrastructure services provider for the digital economy and digital assets, currently developing distinct digital security solutions for both consumer (To C) and business (To B) markets.

In our digital security technology business, we focus on providing digital security solutions to enterprises (To B) to help protect their critical data and information assets. Our consultancy revenue comes from customizing and implementing digital security strategies for businesses.

For the consumer market (To C), we offer digital security hardware products designed to safeguard personal user privacy and data security. The sales revenue from these products is a significant component of our digital security technology business.

Furthermore, our plan is to generate revenue by providing traffic diversion services to strategic partner enterprises, directing user traffic to their platforms and earning advertising revenue and profit sharing from these activities. We also actively invest in growth-stage enterprises in the digital security field to diversify our business and generate investment returns.

Through the integrated operation of these two business lines, we are committed to achieving sustained growth and value creation in the real estate and digital security technology sectors. Our diversified revenue streams and strategic investments provide a stable foundation for the company's development, fostering ongoing innovation and business expansion.

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Employees

As of December 31, 2024, we had 10 full-time employees. We have entered into written employment contracts with all of the employees in accordance with PRC Labor Law and Contract Law. None of our employees is covered by collective bargaining contracts. We enter into standard labor, confidentiality and non-compete agreements with our employees. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations.

As required by PRC regulations, we participate in various government statutory social security plans, including a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan and a housing provident fund. We are required under PRC law to contribute to social security plans at specified percentages of the salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local government from time to time.

We had 11, 10 and 14 full-time employees as of December 31, 2022, 2023 and 2024, respectively. The following table sets forth by function the number of our full-time employees as of December 31, 2024:

Function	As of December 31, 2024
Operations	2
Technical personnel	9
Finance and Administration	3
Total	14

Intellectual Property

As of December 31, 2024, we did not own or have any significant intellectual property rights other than our registered domain name (<http://www.fdvsglobal.com>). It was registered in November 2020 and will be renewed upon expiration. The Company is not materially dependent on any intellectual property.

Competition

Real Estate Operation Management and Investment Business

In the real estate operation management sector, our competitors are commercial property service providers and affiliate operating subsidiaries of real estate groups.

Digital Security Technology Business

In the digital security technology business, we face competition from traditional market players, such as Sangfor Technologies Inc. and Qi An Xin Technology Group Inc, etc.

Customers

Real Estate Operation Management and Investment Business

Shenzhen Four Divisions Global Industrial Operation Co., Ltd., our wholly owned PRC subsidiary, has entered into certain service agreement with Jiangsu Suqian Zhenming Enterprise Management LLC, pursuant to which we provide services including assisting in project acquisition, financing, fund management, project positioning, planning, and operational control. The total fee for these services is RMB1,800,000. The service agreement is effective from June 1, 2024 to September 1, 2024.

On November 8, 2024, Hong Kong Three Entities entered into certain consultancy agreement with Hong Kong Ren Ying Investment LLC, pursuant to which we provide services to develop digital assets management and operations systems, including purchase of hardware and servers and maintenance services for 12 months post product delivery. The total fee for these services is RMB 1,230,000. The development of the operations system was from November 15, 2024 to December 30, 2024, while the maintenance services extend for 12 months after the product delivery.

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GOVERNMENT REGULATIONS

Recent Regulatory Developments in China

Recently, the PRC government initiated a series of regulatory actions and made a number of public statements on the regulation of business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas, adopting new measures to extend the scope of cybersecurity reviews, and expanding efforts in anti-monopoly enforcement.

Among other things, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “M&A Rules”) and Anti-Monopoly Law of the People’s Republic of China promulgated by the Standing Committee of the National People’s Congress which became effective in 2008 (“Anti-Monopoly Law”), established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that State Administration for Market Regulation (“SAMR”) be notified in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions of the State Council on the Standard for Declaration of Concentration of Business Operators, issued by the State Council in 2008, are triggered. On August 1, 2022, the anti-monopoly Law of the People’s Republic of China has been amended to significantly increase the consequences of liability for violations. Moreover, the Anti-Monopoly Law requires that transactions which involve the national security, the examination on the national security shall also be conducted according to the relevant provisions of the State Council. In addition, the PRC Measures for the Security Review of Foreign Investment which became effective in January 2021 require acquisitions by foreign investors of PRC companies engaged in military-related or certain other industries that are crucial to national security be subject to security review before consummation of any such acquisition.

On July 6, 2021, the relevant PRC governmental authorities made public the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. As these opinions are recently issued, official guidance and related implementation rules have not been issued yet and the interpretation of these opinions remains unclear at this stage. See “Risk Factors-Risks Related to Doing Business in China-The approval and/or other requirements of the CSRC or other PRC governmental authorities may be required in connection with an offering under PRC rules, regulations or policies, and, if required, we cannot predict whether or how soon we will be able to obtain such approval.” As of the date of this annual report, we have not received any inquiry, notice, warning, or sanctions regarding offshore offering from the CSRC or any other PRC governmental authorities.

On July 10, 2021, the Cyberspace Administration of China published the Measures for Cybersecurity Review (Revised Draft for Comments), or the Measures, for public comments, which propose to authorize the relevant government authorities to conduct cybersecurity review on a range of activities that affect or may affect national security, including listings in foreign countries by companies that possess the personal data of more than one million users. On December 28, 2021, the Measures for Cybersecurity Review (2021 version) was promulgated and became effective on February 15, 2022, which iterates that any “online platform operators” controlling personal information of more than one million users which seeks to list in a foreign stock exchange should also be subject to cybersecurity review. The Measures for Cybersecurity Review (2021 version), further elaborates the factors to be considered when assessing the national security risks of the relevant activities, including, among others, (i) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or exited the country; and (ii) the risk of critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, or maliciously used by foreign governments after listing abroad. The Cyberspace Administration of China has said that under the proposed rules companies holding data on more than 1,000,000 users must now apply for cybersecurity approval when seeking listings in other nations because of the risk that such data and personal information could be “affected, controlled, and maliciously exploited by foreign governments.” The cybersecurity review will also look into the potential national security risks from overseas IPOs.

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As advised by our PRC legal counsel, the PRC governmental authorities may have wide discretion in the interpretation and enforcement of these laws, including the interpretation of the scope of “critical information infrastructure operators. In anticipation of the strengthened implementation of cybersecurity laws and regulations and the continued expansion of our business, we may face challenges in addressing its requirements and make necessary changes to our internal policies and practices in data processing. As of the date of this annual report, we have not been involved in any investigations on cybersecurity review made by the Cyberspace Administration of China on such basis, and we have not received any inquiry, notice, warning, or sanctions in such respect.

On December 24, 2021, the CSRC issued the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments), collectively the Draft Overseas Listing Regulations, for public comment until January 23, 2022.

The Administration Provisions and Measures for overseas listings lay out specific requirements for filing documents and include unified regulation management, strengthening regulatory coordination, and cross-border regulatory cooperation. Domestic companies seeking to list abroad must carry out relevant security screening procedures if their businesses involve such supervision. Companies endangering national security are among those off-limits for overseas listings.

On February 17, 2023, the CSRC released the Trial Measures and Listing Guidelines, which have been implemented on March 31, 2023. On the same date of the issuance of the Trial Measures and Listing Guidelines, the CSRC circulated No.1 to No.5 Supporting Guidance Rules, the Notes on the Trial Measures and Listing Guidelines, the Notice on Administration Arrangements for the Filing of Overseas Listings by Domestic Enterprises and the relevant CSRC Answers to Reporter Questions on the official website of CSRC, or collectively, the Guidance Rules and Notice. The Trial Measures and Listing Guidelines, together with the Guidance Rules and Notice, reiterate the basic supervision principles as reflected in the Administration Provisions and Measures by providing substantially the same requirements for filings of overseas offering and listing by domestic companies. Under the Trial Measures and Listing Guidelines and the Guidance Rules and Notice, domestic companies conducting overseas securities offering and listing activities, either in direct or indirect form, shall complete filing procedures with the CSRC pursuant to the requirements of the Trial Measures within three working days following its submission of initial public offerings or listing application. The companies that have already been listed on overseas stock exchanges or have obtained the approval from overseas supervision administrations or stock exchanges for its offering and listing and will complete their overseas offering and listing prior to September 30, 2023 are not required to make immediate filings for its listing yet need to make filings for subsequent offerings in accordance with the Trial Measures and Listing Guidelines. The companies that have already submitted an application for an initial public offering to overseas supervision administrations prior to the effective date of the Overseas Listings Rules but have not yet obtained the approval from overseas supervision administrations or stock exchanges for the offering and listing may arrange for the filing within a reasonable time period and should complete the filing procedure before such companies’ overseas issuance and listing.

As of the date of this annual report, we have not received any formal inquiry, notice, warning, sanction, or any regulatory objection from the CSRC with respect to our listing or subsequent offerings. As the Trial Measures and Listing Guidelines were newly published and there exists uncertainty with respect to the filing requirements and its implementation, if we are required to submit to the CRSC and complete the filing procedure of our subsequent overseas public offerings, we cannot be sure that we will be able to complete such filings in a timely manner. Any failure or perceived failure by us to comply with such filing requirements under the Trial Measures and Listing Guidelines may result in forced corrections, warnings and fines against us and could materially hinder our ability to offer or continue to offer our securities.

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Regulations Related to Internet Information Security and Privacy Protection

Regulations on Information Security

The PRC government has enacted laws and regulations with respect to internet information security. Internet information in China is regulated and restricted from a national security standpoint. On December 28, 2000, the Standing Committee of the National People's Congress enacted the Decision on the Protection of Internet Security, as amended on August 27, 2009, which impose criminal penalties for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. In addition, the Ministry of Public Security has promulgated the Administrative Measures on Security Protection for International Connections to Computer Information Networks on December 16, 1997, and amended it on January 8, 2011, prohibiting use of the internet in ways which result in a leak of state secrets or a spread of socially destabilizing content, among other things. If an internet information service provider violates any of these measures, competent authorities may revoke its operating license and shut down its websites.

The PRC Cyber Security Law, which was promulgated on November 7, 2016, and took effect on June 1, 2017, requires a network operator, including internet information services providers among others, to adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The PRC Cyber Security Law emphasizes that any individuals and organizations that use networks must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and the social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. Any violation of the provisions and requirements under the PRC Cyber Security Law may subject an internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

On August 20, 2021, the Standing Committee of the National People's Congress promulgated the Personal Information Protection Law, or the PIPL, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. The PIPL aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. Personal information, as defined in the PIPL, refers to information related to identified or identifiable natural persons and recorded by electronic or other means, but excluding the anonymized information. The PIPL provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation. The PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021, and took effect on September 1, 2021, requires data processing (which includes the collection, storage, use, processing, transmission, provision, publication of data, etc.) to be conducted in a legitimate and proper manner. The PRC Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The PRC Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it shall cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data is required to designate the personnel and the management body responsible for data security, carry out risk assessments of its data processing activities and file the risk assessment reports with the competent authorities. Moreover, the PRC Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information.

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On December 28, 2021, the Cyberspace Administration of China and several other regulatory authorities in China jointly promulgated the Cybersecurity Review Measures, which came into effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, (i) where the relevant activity affects or may affect national security, a critical information infrastructure operators (CII) that purchases network products and services, or an internet platform operator that conducts data process activities, shall be subject to the cybersecurity review, (ii) an application for cybersecurity review shall be made by an issuer who is an internet platform operator holding personal information of more than one million users before such issuer applies to list its securities on a foreign stock exchange, and (iii) relevant governmental authorities in the PRC may initiate cybersecurity review if they determine an operator's network products or services or data processing activities affect or may affect national security. Namely, the scope of review under the Cybersecurity Review Measures extend to CII, online platform operators carrying out data processing activities, and national security risks related to a non-PRC listing, especially the "risks of core data, important data or substantial personal information being stolen, leaked, damaged, illegally used or exported; risks of Critical Information Infrastructure, core data, important data or substantial personal information data being affected, controlled and maliciously used by foreign governments after a foreign listing."

Regulations on Personal Information Protection

In December 2012, the Standing Committee of the NPC promulgated the Decision on Strengthening Network Information Protection, or the Network Information Protection Decision, to enhance the legal protection of information security and privacy on the internet. The Network Information Protection Decision also requires internet operators to take measures to ensure confidentiality of information of users. In July 2013, the Ministry of Industry and Information Technology promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users to regulate the collection and use of users' personal information in the provision of telecommunication service and internet information service in China. In August 2015, the Standing Committee of the NPC promulgated the Ninth Amendment to the Criminal Law, which became effective in November 2015 and amended the standards of crime of infringing citizens' personal information and reinforced the criminal culpability of unlawful collection, transaction, and provision of personal information. It further provides that any network service provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders will be subject to criminal liability. In November 2016, the Standing Committee of the NPC promulgated the PRC Cyber Security Law, which requires, among others, that network operators take security measures to protect the network from unauthorized interference, damage and unauthorized access and prevent data from being divulged, stolen or tampered with. Network operators are also required to collect and use personal information in compliance with the principles of legitimacy, properness and necessity, and strictly within the scope of authorization by the subject of personal information unless otherwise prescribed by laws or regulations. The Civil Code promulgated in 2020 also provides specific provisions regarding the protection of personal information.

On July 30, 2021, the State Council Promulgated the Provisions on Protection of Critical Information Infrastructure, or the CII Regulation, which became effective on September 1, 2021. According to the CII regulation, a critical information infrastructure, or CII, refers to an important network facility or information system in important industries and fields such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, and national defense technology industry, among others. CII also refers to other important network facilities and information systems that may seriously endanger national security, national economy, people's livelihood, and public interests in the event of damage, loss of function, or data leakage. The competent departments and supervision and management departments of the aforementioned important industries and fields are the departments responsible for the CII security protection work. They will be responsible for organizing the identification of CII in their respective industries or fields in accordance with the identification rules, promptly notifying the CII operators of the identification results, and notifying the public security department of the State Council.

The Standing Committee of the National People's Congress promulgated the Personal Information Protection Law of the People's Republic of China, or the Personal Information Protection Law, on August 20, 2021, which entered into force on November 1, 2021. According to the Personal Information Protection Law, personal information refers to all kinds of information, recorded by electronic or other means, that is related to identified or identifiable

natural persons, but excludes anonymized information. Personal information handling should follow the principles of legality, rightness, necessity, and integrity. Moreover, the Personal Information Protection Law specifies the rules for handling sensitive personal information, which refers to personal information that, once leaked or illegally used, may easily cause harm to the dignity of natural persons or cause grave harm to personal or property security, including biometric characteristics, financial accounts, individual location tracking, and personal information of minors under the age of 14, among others. Personal information handlers shall bear the responsibility for their personal information handling activities, and adopt necessary measures to safeguard the personal information they handle. Otherwise, the personal information handlers will be ordered to correct their behaviors, or suspend or terminate the provision of services, and may be subject to confiscation of illegal income, fines or other penalties.

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Labor Contract Law

The PRC Labor Contract Law was promulgated on June 29, 2007, as amended on December 28, 2012, became effective on July 1, 2013. According to the Labor Contract Law of PRC labor contracts shall be entered into if labor relationships are to be established between an entity and its employees. The entity cannot require the employees to work in excess of the time limit as permitted under the relevant labor laws and regulations and shall pay to the employees' wages which are no lower than local standards on minimum wages. The entity shall establish and perfect its system for labor safety and sanitation, strictly abide by rules and standards on labor safety and sanitation, educate employees in labor safety and sanitation in the PRC.

Social Insurance Regulations

According to the PRC Social Insurance Law and the Rules on Implementing the PRC Social Insurance Law, both effective as of July 1, 2011, and the PRC Social Insurance Law was amended on December 29, 2018, the state shall establish a social insurance system including basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and both employers and individuals shall pay social insurance premiums. Migrant workers shall participate in social insurance schemes, and foreigners employed within the territory of the PRC shall participate in social insurance as well. Violations of the PRC Social Insurance Law may result in the imposition of fines, and criminal liability may be incurred in serious cases.

According to Interim Regulations concerning the Levy of Social Insurance effective as of January 22, 1999, as amended on March 24, 2019, employers in the PRC shall conduct the registration of social insurance with the competent authorities, and make contributions to the basic pension insurance, basic medical insurance and unemployment insurance for their employees.

According to the Regulations on Occupational Injury Insurance, effective as of January 1, 2004, as subsequently amended on December 20, 2010, employers in the PRC shall pay the occupational injury insurance fees for their employees.

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Foreign Exchange Registration of Offshore Investment by PRC Residents

On July 4, 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (partially invalid on December 30, 2019), which took effect on June 1, 2015. This notice has amended SAFE Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. Several articles of this notice were abolished by SAFE on December 30, 2019, but these amended articles are not related to the foreign exchange registration of offshore investment by residents.

Foreign Currency Exchange

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Rules of the PRC, or the Foreign Exchange Administration Rules, promulgated on January 29, 1996, as subsequently amended on January 14, 1997 and August 1, 2008. Under these rules, RMB is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loan unless prior approval of SAFE is obtained.

Under the Foreign Exchange Administration Rules, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for paying dividends by providing certain evidencing documents, such as board resolutions and tax certificates, or for trade and services-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain foreign currency, subject to an approval by SAFE of a cap amount, to satisfy foreign exchange liabilities. In addition, foreign exchange transactions involving overseas direct investment or investment and exchange in securities and derivative products abroad are subject to registration with SAFE and approval or file with the relevant governmental authorities if necessary.

On November 19, 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, as amended on May 4, 2015, which substantially amends and simplifies the current foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013 (partially Invalid on December 30, 2019), which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be

conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

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On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Notice 13 (partially Invalid on December 30, 2019). After SAFE Notice 13 became effective on June 1, 2015, instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals will be required to apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, will directly examine the applications and conduct the registration.

Dividend Distribution

The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other PRC sourced passive income of non-resident enterprises. The Implementation Rules reduced the rate from 20% to 10%. The central government of the PRC and the government of Hong Kong signed the Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income on August 21, 2006, or the Arrangement. According to the Arrangement, no more than 5% withholding tax shall apply to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that holds at least 25% of the equity interests of the PRC company and is deemed as the “beneficial owner” under the Arrangement. Notice on the Implementation of the Fourth Protocol of Arrangement between Chinese Mainland and Hong Kong SAR on Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (Announcement [2016] No.12 of the State Administration of Taxation), Announcement of the State Administration of Taxation on the Implementation of the Third Protocol of Arrangement between Chinese Mainland and Hong Kong SAR on Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income, Announcement [2011] No.1, Notice on the Implementation of the Second Protocol of Arrangement between Chinese Mainland and Hong Kong SAR on Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (Guo Shui Han [2008] No. 685) and Circular of the State Administration of Taxation on Interpreting and Implementing Some Clauses in the Arrangement between Mainland China and Hong Kong SAR concerning Avoiding Double Taxation and Preventing Tax Evasion on Income (Guo Shui Han [2007] No. 403) have amended the Arrangement accordingly.

On February 3, 2018, the SAT promulgated Announcement of the State Administration of Taxation on Issues Relating to “Beneficial Owner” in Tax Treaties, State Administration of Taxation Announcement [2018] No. 9, Circular 9, which clarifies that a beneficial owner shall be a person who has ownership and control over the income and the rights and property from which the income is derived. To prove “beneficial owner” status, the applicant shall submit the materials pursuant to the provisions of Article 7 of the Announcement of the State Administration of Taxation on Promulgation of the “Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties” (State Administration of Taxation Announcement [2015] No. 60). Therein, where an applicant is a “beneficial owner” pursuant to the provisions of Article 3 of this Announcement, the applicant shall also provide, in addition to the tax resident identity of the applicant, the tax resident identity documents of the person who satisfies the criteria for “beneficial owner” and the person who satisfies the criteria, issued by the tax authorities in charge at the country (region) where he/she resides; where the applicant is a “beneficial owner” pursuant to the provisions of item (4) of Article 4 of this Announcement, the applicant shall also provide, in addition to the tax resident identity document of the applicant, the tax resident identity documents of the person who holds 100% of the applicant’s shares directly or indirectly and the multi-tier holders, issued by the tax authorities in charge at the country (region) for which the said person and the multi-tier holders are residents; the tax resident identity document shall prove that the person is a tax resident in the year in which the income is obtained or the preceding year.

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Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC and SAFE, jointly adopted the M&A Rules, which became effective on September 8, 2006 and were amended on June 26, 2009. The M&A Rules, among other things, include provisions that purport to require an offshore special purpose vehicle formed for the purpose of acquiring PRC domestic companies and controlled by PRC individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. The CSRC approval procedures require the filing of an application and supporting documents with the CSRC.

C. Organizational Structure

For a description of our organizational structure, see “Item 4. Information on the Company-A. History and Development of the Company.”

D. Property, Plants and Equipment

On November 13, 2013, we entered into land use right transfer agreement to acquire the land use right of a parcel of land located in Xinzhou District, Wuhan City, China, with a transaction value of \$6.3 million.

Our principal executive office is located at Room 612, 6/F, KaiYue Comm Building, No. 2C, Argyle Street, Mongkok Kowloon, Hong Kong, People's Republic of China, which is leased by the Hong Kong Three Entities, on February 1, 2024 for a term of one year, and has approximately 152 square meters of office space. If we require additional space, we expect to be able to obtain additional facilities on commercially reasonable terms.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3. Key Information-D. Risk Factors” and elsewhere in this annual report.

CIB Transaction

On December 28, 2017, Honest Plus acquired 91,997,543 Shares and Perfect Lead acquired 22,999,386 Shares for an aggregate purchase price of RMB86,426,660 (or approximately \$0.11 per share) pursuant to the Share Purchase Agreement, by and between Qiming Investment, Mr. Qiming Xu, Honest Plus, and Perfect Lead. Ricky Qizhi Wei, our former chairman and chief executive officer, is the sole director of Honest Plus and Perfect Lead.

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As a condition to the Share Purchase Agreement, on December 10, 2017, Xiniya entered into (1) a Share Transfer Agreement with Qiming Investment pursuant to which Xiniya sold Xiniya Holdings Limited, Xiniya's wholly-owned subsidiary in Hong Kong, to Mr. Qimin Xu in exchange for Divestiture, and (2) a Securities Purchase Agreement with True Silver, a British Virgin Islands company, and Honest Plus pursuant to which Xiniya acquired all of the issued and outstanding shares of True Silver owned by Honest Plus for a purchase price of \$34,588,428 and the issuance of 772,283,308 Shares at RMB1.00 (\$0.15) per share. True Silver, through a VIE structure, operates and consolidates eighty percent (80%) of the financial results of Chutian, a Chinese company that engages in the business of micro lending to customers in China). On December 28, 2017, the Divestiture and the Acquisition closed concurrently with the closing of the Share Purchase Agreement (collectively, the "CIB Transaction"). At the closing of the CIB Transaction, the Company discontinued its apparel business and became a microfinance lending business in Hubei Province.

As a result of the CIB Transaction, Honest Plus and Perfect Lead, the former shareholders of True Silver, became the shareholders of the Company. The CIB Transaction was accounted for as a reverse acquisition, wherein True Silver is considered the acquirer for accounting and financial reporting purposes.

Accordingly and except as otherwise provided, the historical financial statements of True Silver were treated as the historical financial statements of the Company. Unless the context otherwise indicates, references to "we," "our," "us" and the "Company" in Item 5 refer to the post-CIB Transaction combined company, its subsidiaries and the VIE on a consolidated basis.

A. Operating Results

Overview

Eason is not an operating company but a Cayman Islands holding company with operations primarily conducted by its subsidiaries in China. Historically, we were primarily engaged in the business of providing loan facilities to micro sized enterprises, SMEs, sole proprietors and individuals in Hubei province of the People's Republic of China. After we disposed 100% interests in VIE in June 2024, we focus on real estate management and digital technology business.

For microfinance lending business, we provided family-run businesses, farmers and individual borrowers with working capital and bridge financing support, primarily through means of short-term loans based upon their needs and qualifications. Due to the severe financial restraint, we suspended offering loans to our customers in the second half year of 2019 and we entered into business of digital security technology and real estate operation management and investment in 2023.

We currently operate in the real estate operation management and investment business in the PRC, focusing on key industries such as medical and health services, commercial real estate, and emerging consumer sectors. Our professional team manages, operates, and conducts mergers and acquisitions of entrusted or self-owned assets to enhance the profitability of our asset portfolio and achieve stable growth in cash flow.

Separately, we established the headquarters for and operate our digital security technology business in Hong Kong and operate a global digital security technology business. Our technical team will focus on cutting-edge areas such as digital asset security, intellectual property security, AI computing power, etc., to develop application-level security products with proprietary intellectual property rights. Through this initiative, we aim to expand comprehensive strategic partnerships with financial institutions and smart technology enterprises, building a competitive advantage in the fintech and digital security sectors.

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Recent Developments

Closing of January 2025 PIPE

The Company entered into a certain securities purchase agreement (the “SPA”) with certain investors (the “Purchasers”) on January 8, 2025, pursuant to which the Company agreed to sell 6,000,000,000 Class A ordinary shares, par value \$0.00005 per share (the “Shares”), at a per share purchase price of \$0.00005, for an aggregate purchase price of approximately \$0.3 million (the “Offering”).

On January 14, 2025, the transaction contemplated by the SPA consummated when all the closing conditions of the SPA have been satisfied and the Company issued the Shares to the Purchasers pursuant to the SPA.

Entry into a Real Property Purchase Agreement

On January 14, 2025, the Company and Shenzhen Four Divisions Global Industrial Operations Co. Ltd. (“Shenzhen Four Divisions”), a subsidiary of the Company, entered into certain real property purchase agreement (the “Purchase Agreement”) with Hubei Fuxin Real Estate Co., Ltd. (the “Seller”), to acquire from the Seller a property located in Yunmeng County, Xiaogan City, Hubei, China (the “Property”), with a construction area of 1,487 square meters and a transaction value of RMB 8,532,700 (approximately USD 1.17 million) according to a real property appraisal report. Pursuant to the Purchase Agreement, the Company agreed to issue a total of 36,000,000,000 restricted Class A ordinary shares, par value \$0.00005 each, as consideration to Seller for the property (the “Property Acquisition”).

The Purchase Agreement contains customary representations and warranties from both parties, and the closing of the Property Acquisition is subject to various closing conditions set forth therein.

On January 16, 2025, the Company consummated the Property Acquisition upon the satisfaction or waiver of all closing conditions set forth in the Purchase Agreement. The Company plans to commence operations in its real estate leasing business and associated management services, which focuses on acquiring and leasing properties to generate stable revenue streams while providing supplementary management services to tenants. The Company’s strategy includes acquiring commercial center assets and industrial park properties, which are then leased to tenants such as medical institutions. This strategy will help the Company generate income through fixed rental agreements and, in certain cases, operational and management service fees based on tenant profitability.

Entry into a Lease Agreement

On January 16, 2025, Shenzhen Four Divisions entered into certain Lease Agreement (the “Lease Agreement”) with Hubei Zongyang Hospital Co., Ltd. (the “Tenant”) to lease the Property to the Tenant for the operation of a traditional Chinese medicine hospital. Pursuant to the terms of the Lease Agreement, the Tenant shall pay a monthly rent of RMB 42,000, payable in six-month intervals, with a security deposit equivalent to three months’ rent. Shenzhen Four Divisions is responsible for any major repairs, while the Tenant covers utilities and must adhere to approved property use. Renewals of the Lease Agreement shall require two months’ prior notice, and unauthorized subleasing or misuse can result in penalties or termination. Any disputes between Shenzhen Four Division and the Tenant shall be resolved through negotiation or local courts.

Entry into a Material Agreement

On February 16, 2025, the Company acquired Hongkong Starlux Intelligent Technology, a blockchain technology company focused on blockchain security and the application of blockchain technology. As of the date of this report, this acquisition was not consummated yet.

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Key factors that affect operating results

Our operations and assets are located in China. Accordingly, our results of operations, financial condition and prospects maybe affected by China's economic and regulation conditions in the following aspects: (a) an economic downturn in China or any regional market in China; (b) economic policies and initiatives undertaken by the Chinese government; (c) changes to prevailing market interest rates; and (d) a higher rate of bankruptcy.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with IFRS. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We consider the policies discussed below to be critical to an understanding of our financial statements as their application places the most significant demands on our management's judgment. When reviewing our financial statements, you should take into account:

- our critical accounting policies discussed below;
- the related judgment made by our management and other uncertainties affecting the application of these policies;
- the sensitivity of our reported results to changes in prevailing facts and circumstances and our related estimates and assumptions; and
- the risks and uncertainties described under "Risk Factors."

Interest income and expense

Interest income and expense for all financial instruments are recognized in "Net interest income" as "Interest income" and "Interest expense" in the Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss) using the effective interest method. Interest income for financial assets held at amortized cost is recognized in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discount estimated future cash payments or receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. When calculating the effective interest rate, we estimate cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

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When we revise the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

The interest income / interest expense is calculated by applying the effective interest rate to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or at amortised cost of financial liabilities. Interest income for financial assets that are amortized cost that have become credit-impaired subsequent to initial recognition (Stage 3) is recognized using the credit adjusted effective interest rate. This rate is calculated in the same manner as the effective interest rate except that expected credit losses are included in the expected cash flows. Interest income is therefore recognized on the amortized cost of the financial asset including expected credit losses. Should the credit risk on a stage 3 financial asset improve such that the financial asset is no longer considered credit-impaired, interest income recognition reverts to a computation based on the rehabilitated gross carrying value of the financial asset.

Impairment measurement and recognition

IFRS 9 outlines a “three-stage” model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”.
- Financial instruments in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial instruments in Stages 2 or 3 have their expected credit loss measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring expected credit loss in accordance with IFRS 9 is that it should consider forward looking information.

Significant increase in credit risk

We monitor financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk we will measure the loss allowance based on lifetime rather than 12-month expected credit loss. Our accounting policy is not to use the practical expedient that financial assets with “low” credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, we monitor all financial assets that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, we compare the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, we consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on our historical experience and expert credit assessment including forward-looking information.

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The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime probability of default by comparing:

- the remaining lifetime probability of default at the reporting date; with
- the remaining lifetime probability of default for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The probability of defaults used are forward looking and we use the same methodologies and data used to measure the loss allowance for expected credit loss.

The qualitative factors that indicate significant increase in credit risk are reflected in probability of default models on a timely basis.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the probability of default will be more significant for a financial instrument with a lower initial probability of default than compared to a financial instrument with a higher probability of default.

As a back-stop when an asset becomes 30 days past due, we consider that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime expected credit loss.

Credit-impaired financial assets

A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event; or
- the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower’s financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) include unlikeliness to pay indicators.

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Definition of default

Critical to the determination of expected credit loss is the definition of default. The definition of default is used in measuring the amount of expected credit loss and in the determination of whether the loss allowance is based on 12-month or lifetime expected credit loss, as default is a component of the probability of default which affects both the measurement of expected credit losses and the identification of a significant increase in credit risk.

We consider the following as constituting an event of default:

- the borrower is past due more than nine months on any material credit obligation to us; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

When assessing if the borrower is unlikely to pay its credit obligation, we take into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. We use a variety of sources of information to assess default which are either developed internally or obtained from external sources.

We recognize loss allowance for expected credit loss on loan receivables.

Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- 12-month expected credit loss, i.e. lifetime expected credit loss that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime expected credit loss, i.e. lifetime expected credit loss that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime expected credit loss is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit loss.

Expected credit losses are computed as unbiased, a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to us under the contract and the cash flows that we expect to receive by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward-looking, discounted at the asset's effective interest rate.

For Stage 1 and 2 loans, the estimate of expected cash shortfalls over the life time of the loans is determined by multiplying the probability of default ("PD") with the loss given default ("LGD").

For credit-impaired financial instruments (Stage 3 loans), the estimate of cash shortfalls may require the use of expert credit judgment. Cash shortfalls are discounted using the effective interest rate on the financial instrument as calculated at initial recognition.

Our initial contractual loan terms are within 12 months. For simplification purpose, for Stage 1 and Stage 2 loans, we recognized the expected credit losses for the lifetime of the loans.

Stage 1: Expected credit losses are recognized at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events for the life of loan from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired.

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Stage 2: If a financial asset experiences a significant increase in credit risk since initial recognition, an expected credit loss provision is recognized for default events that may occur over the lifetime of the asset. Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Significant does not mean statistically significant nor is it assessed in the context of changes in expected credit loss. Whether a change in the risk of default is significant or not is assessed using a number of quantitative and qualitative factors, the weight of which depends on the type of product and counterparty. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Stage 3: Financial assets that are credit-impaired (or in default) represent those that are past due more than the historical average collection period for past due loans, but not to exceed the original contractual loan terms. Financial assets are also considered to be credit-impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit-impaired.

Loss provisions against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realization of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

Income taxes

We recognize deferred tax assets and liabilities for the expected future tax consequences of event that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates, applicable to the periods in which the differences are expected to affect taxable income. International Accounting Standard 12 Income Taxes ("IAS12") requires a one-step approach that provides a company to satisfy the probability criterion when assessing whether a deferred tax account should be recorded or not. Under this criterion, we record a deferred tax account only to the extent we can show it is probable that taxable profit will be available against which the deferred tax asset can be utilized.

Current IAS 12 does not have specific guidance on uncertain tax positions. We measure tax assets and liabilities at the amount expected to be paid, based on enacted or substantively enacted tax legislation. Interest and penalties related to uncertain tax position are recognized and recorded as necessary in the provision for income taxes. According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computation errors made by the taxpayer or the withholding agent. The statute of limitations is extended to five years under special circumstances, where the underpayment of taxes is more than RMB100,000. In the case of transfer pricing issues, the statute of limitation is ten years. There is no statute of limitation in the case of tax evasion. The PRC tax returns for our PRC subsidiary and the VIE are open to examination by tax authorities for the tax years beginning in 2018. There were no uncertain tax positions as of December 31, 2022, 2023 and 2024 and we do not believe that our unrecognized tax benefits will change over the next twelve months.

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RESULTS OF OPERATIONS

The following tables present our summary statements of operations for each of the years ended December 31, 2022, 2023 and 2024. Our historical results presented below are not necessarily indicative of the results for any future periods.

	For the Year Ended December 31,			
	2022 RMB	2023 RMB	2024 RMB	2024 \$
	(amount in thousands)			
Revenue	-	-	12,315	1,712
Cost of revenue	-	-	(2,744)	(381)
Gross profit	-	-	9,571	1,331
Interest income on loans	44,797	11,218	-	-
Interest expense				
Interest expenses on loans	(21,296)	(18,720)	(856)	(119)
Business related taxes and surcharges	(405)	(405)	-	-
Total interest expense	(21,701)	(19,125)	(856)	(119)
Net interest income/(loss)	23,096	(7,907)	(856)	(119)
Credit impairment losses	(42,420)	(373,647)	-	-
Net interest loss after credit impairment losses	(19,324)	(381,554)	(856)	(119)
Operating expenses				
Sales and marketing	(514)	-	-	-
General and administrative	(10,506)	(14,249)	(11,553)	(1,606)
Total operating expenses	(11,020)	(14,249)	(11,553)	(1,606)
Loss on disposal of discontinued operations and subsidiaries	-	-	(497,532)	(69,165)
Loss before tax	(30,344)	(395,803)	(500,370)	(69,559)
Income tax expense	-	-	(1,711)	(238)
Net loss	(30,344)	(395,803)	(502,081)	(69,797)
Loss attributable to:				
Equity holders of the Company	(24,275)	(316,642)	(502,081)	(69,797)
Non-controlling interest	(6,069)	(79,161)	-	-
Net loss	(30,344)	(395,803)	(502,081)	(69,797)

Loss attributable to owners of the Company and Non-controlling interests

Before we disposed 100% interest in VIE and subsidiaries in June 2024, profit/loss attributable to owners of the company represents 80% controlling interest of Chutian by us through the VIE arrangement. We are deemed to control 80% of Chutian and have rights to consolidate only 80% of Chutian's audited financial results, the remaining 20% non-controlling interests relates to 20% interest held by Hubei Daily.

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Comparison of results of operations for the years ended December 31, 2024 and 2023

Revenue

In 2024, our new business streams, digital security technology and real estate operation management, commenced to generate revenue and amounting to RMB9.0 million (\$1.2 million) and RMB3.3 million (\$0.5 million) respectively. No revenue was achieved from these two sectors in 2023.

Cost of sales

In 2024, cost of sales for real estate operation management and digital security technology business was RMB 2.7 million (\$0.4 million). Cost of sales mainly consisted of salary and cost paid for third party services. No cost was occurred for these two sectors in 2023.

Gross profit

In 2024, gross profit from real estate operation management and digital security technology business was RMB9.6 million (\$1.3 million) respectively and gross margin reaches 77.7%.

Interest income on loans

Interest income on loans primarily consists of the accrued interest of Stage 3 credit-impaired loans. Accrued interest is the present value of the estimated future cash flows of credit-impaired loans expected to be recovered, discounted at the loan's original effective interest rate. In 2024, the Company divested the microfinance business by selling off the VIE and relevant subsidiaries to third party.

Interest expenses on loans

Interest expenses on loans decreased by RMB17.9 million (\$0.25 million) in the year ended December 31, 2024, as compared to the year ended December 31, 2023. The decrease was primarily attributable to the divestiture of microfinance business in 2024.

Credit impairment losses

Historically, we maintain allowance for loan losses, as presented in our financial statements, at a level we consider to be reasonable by management to absorb probable losses inherent in the loan portfolio as of each balance sheet date. Our management evaluates the adequacy of the allowance for loan losses on a regular basis or more often as necessary. The allowance is based on our past loan loss history, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

Credit impairment losses was nil and RMB373.6 million (\$52.7 million) in 2024 and 2023 respectively. Such decline was attributable to the divestiture of microfinance business in 2024.

Loss on disposal of discontinued operations and subsidiaries

In June 2024, the Company divested the microfinance business by selling off VIE and subsidiaries to third party in exchange for nominal cash consideration of \$1. The Company recorded a loss amounting to RMB497.5 million (\$69.2 million) arising from the transaction.

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Business related taxes and surcharges

Business related taxes and surcharges remained decreased from RMB0.4 million (\$57,000) in 2023 to nil in 2024. It was mainly attributable to the disposal of microfinance business in 2024.

General and administrative expenses

General and administrative expenses decreased by RMB2.7 million (\$0.4 million) or 188.9% from RMB14.2 million (\$2.0 million) in 2023 to RMB11.5 million (\$1.6 million) in 2024. The decrease was primarily attributable to the disposal VIE and subsidiaries for spinning off the microfinance business. In 2023, the general and administrative expenses incurred by VIE was RMB4.5 million (\$0.6 million).

Income tax expenses

Our income tax expense was nil and RMB1.7 million (\$0.2 million) in 2023 and 2024. In 2024, both digital security technology and real estate operation management contributed positive profit margins and income tax expenses were provided accordingly.

Net loss

As a result of the foregoing, our net loss increased by RMB106.3 million (\$14.8 million) or 26.9% from RMB395.8 million (\$55.8 million) in 2023 to RMB502.1 million (\$69.8 million) in 2024.

Comparison of results of operations for the years ended December 31, 2023 and 2022

Interest income on loans

Interest income on loans primarily consists of the accrued interest of Stage 3 credit-impaired loans. Accrued interest is the present value of the estimated future cash flows of credit-impaired loans expected to be recovered, discounted at the loan's original effective interest rate. Interest income on loans decreased by RMB33.6 million (\$4.7 million) or 75.0% from RMB44.8 million (\$6.6 million) in 2022 to RMB11.2 million (\$1.6 million) in 2023. The decline was mainly attributable to the reason that the Company revalued the recoverability of the outstanding loan in 2023 and ceased to accrue interest income on those loans balance with 100% impairment loss provided.

Interest expenses on loans

Interest expenses on loans decreased by RMB2.6 million (\$0.4 million) or 12.1% in the year ended December 31, 2023, as compared to the year ended December 31, 2022. The decrease was primarily attributable to the fact that guarantee expense accrued in 2023 was nil (2022: RMB2.8 million).

Business related taxes and surcharges

Business related taxes and surcharges remained unchanged and was RMB0.4 million (\$57,000) in 2023 and 2022.

Credit impairment losses

We maintain allowance for loan losses, as presented in our financial statements, at a level we consider to be reasonable by management to absorb probable losses inherent in the loan portfolio as of each balance sheet date. Our management evaluates the adequacy of the allowance for loan losses on a regular basis or more often as necessary. The allowance is based on our past loan loss history, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

Allowance for loan losses increased by RMB331.2 million (\$46.7 million) or 780.8% from RMB42.4 million (\$6.3 million) in 2022 to RMB373.6 million (\$52.7 million) in 2023. We assessed credit loss allowance on these credit-impaired loans based on an assessment of the recoverable cash flows under a range of scenarios, including the realization of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment. After our assessment of practical circumstance of the debtors and recoverability of loan, we provided 100% impairment loss for those loans with long aging and unlikely to collect in future, and it led to increase of allowance for loan losses in 2023.

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Sales and marketing expenses

Sales and marketing expenses decreased from RMB514,000 (\$76,000) in 2022 to nil. The decrease was primarily attributable to sales function of microfinance business was not required in 2023.

General and administrative expenses

General and administrative expenses increased by RMB3.7 million (\$0.4 million) or 35.6% from RMB10.5 million (\$1.6 million) in 2022 to RMB14.2 million (\$2.0 million) in 2023. The increase was primarily attributable to increase of legal and other professional services fee, as well as the cost incurred for issuance of convertible notes and ADS.

Income tax expenses

Our income tax expense was nil in 2022 and 2023, primarily due to the fact that accrued interest of Stage 3 credit-impaired loans are not taxable income for tax purposes.

Net (loss)

As a result of the foregoing, our net loss increased by RMB365.5 million (\$51.3 million) or 1,204.4% from RMB30.3 million (\$4.5 million) in 2022 to RMB395.8 million (\$55.8 million) in 2023.

B. Liquidity and Capital Resources

Liquidity

Our ongoing cash requirements include development of new business, payments of our employees' salaries and benefits, office expenses, repayments of our borrowings, taxes and other operational expenses. We fund working capital and other capital requirements primarily by cash flow from operations and equity/debts financing.

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We had negative cash flows of RMB0.8 million (\$0.1 million) for the year ended December 31, 2024, and positive cash flows of RMB3.8 million (\$0.5 million) and negative cash flows RMB807,000 (\$119,000) for the years ended December 31, 2023 and 2022, respectively. We incurred a net loss of RMB 502.1 million (US\$69.8 million) and RMB395.8 million (US\$55.8 million) during the years ended December 31, 2024 and 2023, respectively. The cash balance, net current liabilities and accumulated loss was RMB79,000 (US\$11,000), RMB18.2 million (US\$2.5 million) and RMB535.2 million (US\$73.3 million) respectively as of December 31, 2024.

We have historically met our cash needs through a combination of cash flows from operating activities, loans payable from third parties raised through various securities exchanges, loans from shareholders and related parties, as well as issuance of convertible notes and shares. The cash requirements are generally for operating activities and repayments of loans from third parties, related parties and shareholders. Ever since, securities exchanges have ceased offering any form of financing to us through their platforms as well as loans receivable were credit-impaired, the Company ran into severe liquidity issue. In the beginning of 2019, the Company began to default on certain loans payable, even though certain loans payable were negotiated for revised repayment terms. With loans receivables continued to be further credit-impaired, all obligations of loans payable were defaulted. The liquidity issue of the Company has further severely affected its ability to pay its taxes, service providers, employees and others. Due to non-payment of its obligations when due, multiple significant legal proceedings were initiated by its shareholders, service providers and others against the Company (see Note 32 of the Consolidated Financial Statements - Commitments and contingencies for detailed disclosure).

The Company has taken an intensive review of operations and expenditures, including intensifying loan and interest collection initiative and monetizing collaterals of loans receivable. The Company has also acquired the financial support letter from Mr. Hao Xu, director of the Company, who has expressed the willingness and intention to provide the necessary financial support to the Company. Further, the Company plans to actively seek equity financing from private placements, so as to enable the Company to meet its liabilities and to carry on its business without a significant curtailment of operations for the next 12 months from the issuance date of this report.

The Company believes that available cash and cash equivalents, future cash provided by operating activities, together with the efforts from aforementioned management's plan and actions, should enable the Company to meet presently anticipated cash needs for at least the next 12 months after the date that the financial statements are issued and the Company has prepared the consolidated financial statements on a going concern basis. However, the Company continues to have ongoing obligations and it expects that it will require additional capital in order to execute its longer-term business plan. If the Company encounters unforeseen circumstances that place constraints on its capital resources, management will be required to take various measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing the Company's business development activities, suspending the pursuit of its business plan, controlling operating expenses and seeking to further dispose of non-core assets. Management cannot provide any assurance that the Company will raise additional capital if needed.

The following table sets forth a summary of our borrowings for the periods indicated.

	For the Years Ended December 31			
	2022 RMB	2023 RMB	2024 RMB	2023 \$
	(amount in thousands)			
Total borrowings	161,569	161,439	-	-
Effective interest rate	12.7%	12.7%	-	-
Average duration of borrowings	365 days	365 days	-	-

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The following table sets forth a summary of our cash flows for the periods indicated:

	For the Years Ended December 31		
	2023	2024	2024
	RMB	RMB	\$
Net cash used in operating activities	(11,017)	(9,098)	(1,264)
Net cash generated by financing activities	14,785	8,272	1,150
Net increase/(decrease) in cash, cash equivalents and restricted cash	3,768	(826)	(114)
Cash, cash equivalents and restricted cash at beginning of the year	295	2,533	357
Exchange losses on cash, cash equivalents and restricted cash	(1,530)	(1,628)	(227)
Cash, cash equivalents and restricted cash at end of the year	2,533	79	16

As of December 31, 2024, our cash, cash equivalents and restricted cash amounted to RMB79,000 (\$11,000 million). Our cash, cash equivalents and restricted cash consist of cash on hand, cash deposited in banks and restricted cash at bank.

Cash flow used in operating activities

Our net cash used in operating activities primarily consists of net loss, as adjusted by depreciation of property, plant and equipment, amortization of intangible asset and rights-of-use assets, credit impairment losses, and changes in assets and liabilities, which include loan receivables, prepaid expenses, salary and benefit payable, business and other taxes payable, interest payable, and other payable.

Our net cash used in operating activities for the year ended December 31, 2024 was RMB9.1 million (\$1.3 million), which mainly consisted of (i) net loss of RMB502.1 million (\$69.8 million) adjusted by loss from disposal of discontinued operation of RMB497.5 million (\$69.2 million), (ii) increase in trade receivable of RMB12.6 million (\$1.7 million) due to non-payment.

Our net cash used in operating activities for the year ended December 31, 2023 was RMB11.0 million (\$1.6 million), which mainly consisted of (i) loss before income tax of RMB395.8 million (\$55.8 million) adjusted by credit impairment losses for loans of RMB373.6 million (\$52.7 million), (ii) increase in interest payable of RMB18.1 million (\$2.6 million) due to non-payment.

Our net cash used in operating activities for the year ended December 31, 2022 was RMB7.4 million (\$1.1 million), which mainly consisted of (i) loss before income tax of RMB30.3 million (\$4.5 million) adjusted by credit impairment losses for loans of RMB42.4 million (\$6.3 million), (ii) increase in interest payable of RMB18.1 million (\$2.7 million) due to non-payment.

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Cash flow used in investing activities

There was no cash used in investing activities for the year ended December 31, 2022, 2023 and 2024.

Net cash generated by financing activities

Our net cash of RMB8.3 million (\$1.2 million) generated by financing activities for the year ended December 31, 2024 was mainly due to issuance of convertible notes.

Our net cash of RMB14.8 million (\$2.1 million) generated by financing activities for the year ended December 31, 2023 was mainly due to issuance of shares and convertible notes.

Our net cash of RMB6.6 million (\$1.0 million) generated by financing activities for the year ended December 31, 2022 was mainly due to the issuance of convertible note.

Capital Resources

We financed our operation primarily through issuance of convertible notes and share in 2023 and 2024.

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C. Research and Development

We have not made significant expenditures on research and development in recent years but consider to invest in this aspect for our new business.

D. Trend Information

Other than as disclosed elsewhere herein, we are not aware of any significant trends, uncertainties, demands, commitments or events for the year ended December 31, 2024 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

Not applicable

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

On September 23, 2024, Mr. Ai (Kosten) Mei resigned from his positions as the Chief Executive Officer and Chairman of the board of directors of the Company. Mr. Qi Chen resigned from his position as a director of the Board. On the same date, the Board appointed Mr. Longwen (Stanley) He, a current director of the Board, as the new Chief Executive Officer and the Chairman of the Board, and Mr. Siyuan Xu as a director of the Board.

On March 14, 2025, Mr. Weidong Xu resigned from his positions as a director of the Board.

On March 26, 2025, the Board ratified and appointed Mr. Jun Hu, Mr. Stephen Liao and Mr. Halen Fu as independent directors of the Board.

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The following table sets forth information regarding our directors and executive officers as of the date of this annual report. The business address of each of our directors and executive officers is c/o Eason Technology Limited, 27 Floor, Lianfa International Building, 128 Xudong Road, Wuchang District, Wuhan City, Hubei Province, the People's Republic of China.

Name	Age	Position
Longwen (Stanley) He	37	Director (Chairman); Chief Executive Officer
Yuan Gao	32	Director
Hao Xu	36	Director
Siyuan Xu	32	Independent director
Jun Hu	35	Independent director
Stephan Liao	40	Independent director
Halen Fu	51	Independent director
Xiang (Johnny) Zhou	49	Chief Financial Officer

Longwen (Stanley) He, CEO and Chairman of the Board. Mr. He was appointed as director of the Company on October 16, 2023. Mr. He has served as the director of investment and mergers of Zhongliang Holdings Group Co., Ltd. since August 2021. From March 2018 to June 2021, Mr. He served as the director of investment and financing of Shenzhen Baoneng Investment Group Co., Ltd. Between July 2014 and February 2018, Mr. He served as a corporate business manager at the Agricultural Bank of China, Shenzhen Branch. Mr. He received his bachelor's degree in economics from Chongqing Technology and Business University and his master's degree in economics from South China Normal University.

Yuan Gao, Director. Mr. Gao, our former CEO, has extensive experience in equity investment, investment banking, mergers and acquisitions, and asset reorganization, and maintains a keen interest in company operation, strategic planning and business administration. Mr. Gao was awarded the Hubei Venture Capital Investment Outstanding Contribution Award, and also serves as an expert adjudicator in the China Innovation & Entrepreneurship Competition. From November 2020 to April 2023, Mr. Gao served as the managing director at Wuhan Zhiyuanjunhe Medical Technology Ltd. From October 2017 to October 2020, Mr. Gao served as the investment director at Wuhan Jiupai Investment Management Ltd. Mr. Gao obtained his bachelor's degree in business and finance from University of Wales Trinity Saint David in 2015 and obtained his master's degree in "China and Globalization" from King's College London in 2016. .

Hao Xu, Director. Mr. Xu was appointed as director of the Company on October 16, 2023. Mr. Xu has served as the director of Shenzhen Zhongtong Rongzhi Business Consulting Co., Ltd. from August 2019 to July 2023. From May 2015 to July 2019, Mr. Xu served as the vice president of Shenzhen Qianhai Zhongzhao Capital Management Co., Ltd. Mr. Xu received his bachelor's degree in business administration from Wuhan University, and his bachelor's degree in economics from Zhongnan University of Economics and Law.

Siyuan Xu, Independent director. Mr. Xu has served as the president of Xinnuohan Investment Holding Shenzhen Co., Ltd. since August 2022, where he is responsible for the overall management of the company. From May 2020 to September 2024, he was the president of Guangdong Nuohan Non-performing Assets Disposal Co., Ltd., overseeing its daily operations. Before that, he held the position of vice president at Guangdong Nuohan Non-performing Assets Disposal Co., Ltd. from July 2019 to May 2020. Mr. Xu earned a bachelor's degree in marketing from Guangdong University of Finance in July 2016.

Jun Hu, Independent director. Mr. Hu is working as the president in TK Health Technology Co., Ltd., a pharmaceutical chain company, responsible for strategy and operational management from February 2024 until present. From October 2019 to January 2024, Mr. Jun He worked as a director in Stone Energy Technology Co., Ltd., responsible for business development and mergers and acquisitions business. Mr. Hu received his bachelor's degree of economics in accounting from Hubei University in 2013.

Stepphan Liao, Independent director Mr. Liao is working as the vice president of the South China Region in iSoftStone Information Technology (Group) Co., Ltd., a company in the software and information technology services industry, responsible for software development and digital technology service team management, key customer service and market expansion, from April 2014 until present. Mr. Liao obtained his bachelor's degree in computer science and technology from Jiangxi Normal University in 2008.

Halen Fu, Independent director Mr. Fu is working as the vice president of Zhengda Medical Group Co., Ltd. from February 2022 until present, responsible for risk and compliance management. Mr. Fu worked as the compliance director in Dezhao Capital Management Co., Ltd. from October 2017 to January 2022, responsible for project and investment review. Mr. Fu obtained his bachelor's degree of economics in finance from Hunan University of Finance and Economics in 1996, and his master's degree of business administration from Wuhan University in 2005.

Xiang (Johnny) Zhou, Chief Financial Officer. Mr. Zhou joined the Company as chief financial officer in March 2021. Mr. Zhou served as Vice General Manager of Neveen Assets Management Co., Ltd. from January to December 2020. From September 2017 to January 2020, Mr. Zhou served as Partner and CFO of Fengying Assets Management Co., Ltd., an assets management company. From July 2016 to August 2017, Mr. Zhou served as Secretary of the Board of Shandong Xinlv Food Corporation Limited, a food processing company. From October 2014 to June 2016, Mr. Zhou has served as CFO of American Lorain Corporation (NYSE American: PLAG), a food processing company. From March 2011 to February 2014, Mr. Zhou has served as Vice President of Halter Finance Group. From August 2002 to February 2011, Mr. Zhou has served as Audit Manager of Shu Lun Pan CPAs (BDO China). Mr. Zhou holds a Bachelor's degree in Finance from Shanghai University and a Master's degree in Accounting from University of Macquarie.

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B. Compensation

Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2024, we incurred an aggregate of approximately RMB1,287,000 (\$179,000) in compensation to our executive officers and our non-executive directors.

As required by PRC regulations, we participate in various government statutory social security plans, including a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan and a housing provident fund. We are required under PRC law to contribute to social security plans at specified percentages of the salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local government from time to time. Other than the above-mentioned statutory contributions mandated by applicable PRC law, we have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors.

2025 Equity Incentive Plan

Our board of directors adopted and the shareholders approved the 2025 Equity Incentive Plan (“2025 Plan”), effective on December 13, 2024, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. Under the 2025 Plan, the maximum aggregate number of shares that may be issued pursuant to all awards shall be 2,000,000,000 Class A ordinary shares.

As of the date of this annual report, we have not granted any Class A ordinary shares under the 2025 Plan.

The following describes the principal terms of the 2025 Plan.

Types of awards

The 2025 Plan permits the grant of Options, Share Appreciation Rights, Restricted Shares, Restricted Share Units, and Other Share Based Awards.

Plan administration

The 2025 Plan is administered by a committee of at least one member of the board of directors (the “Board”) of the Company as the Board may appoint or, if no such committee has been appointed by the Board, the Board.

Award agreement

Each award granted under the 2025 Plan shall be evidenced by an award agreement that sets forth terms, conditions, and restrictions, as the plan administrator may from time to time approve; provided, however, that in the event of any conflict between the provisions of the 2025 Plan and any such award agreements, the provisions of the 2025 Plan shall prevail.

Eligibility

We may grant awards to our employees, directors, and consultants, including any prospective employees, directors, or consultants who has accepted an offer of employment or service and will be employees, directors, or consultants after the commencement of their service.

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Vesting schedule

The plan administrator sets vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of RSUs that will be paid out to the plan participant. The plan administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the plan administrator in its discretion.

Exercise of options

Any option granted hereunder will be exercisable according to the terms of the 2025 Plan and at such times and under such conditions as determined by the plan administrator and set forth in the award agreement.

C. Board Practices

Board of Directors

Our board of directors currently consists of seven (7) directors, four (4) of whom are independent directors. We maintain a nominating and corporate governance committee and a compensation committee comprised solely of the independent director.

Terms of Directors and Executive Officers

Our directors are not subject to a term of office and hold office until such times as they resign or are removed from office by ordinary resolutions or as otherwise described below. Any director can be removed from office by ordinary resolution. A director will be removed from office automatically if, among other things, the director becomes (a) bankrupt or makes any arrangement or composition with his creditors, (b) dies or is found to be or becomes of unsound mind, (c) resigns his office by one month's notice in writing to the Company, (d) without special leave of absence from the board of directors, is absent from meetings of the board of directors for three consecutive meetings and the board of directors resolves that his office be vacated; and (e) is removed from office pursuant to any provision of our memorandum and articles of association. Our officers are appointed by and serve at the discretion of the Board of Directors.

Committees of the Board of Directors

Our Board of Directors currently has a standing audit committee, a compensation committee and a nominating and corporate governance committee. The Company Guide requires U.S. domestic listed companies to have an audit committee of at least three (3) members. These requirements differ from the Companies Act. As described below, our audit committee, compensation committee and nominating and corporate governance committees are composed of at least three(3) members, most of whom are independent directors.

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Audit Committee

Our audit committee consists of Hao Xu, Siyuan Xu, Halen Fu and Stephen Liao and is chaired by Hao Xu. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of the Company. The audit committee is responsible for, among other things:

- appointing our independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- reviewing with our independent auditors any audit issues and management's response;
- reviewing and approving all proposed related party transactions;
- discussing the annual audited financial statements with management and our independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of our current material weaknesses in internal control;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our Board of Directors from time to time;
- meeting separately and periodically with management and our internal and independent auditors; and
- reporting regularly to the full Board of Directors.

Compensation Committee

Our compensation committee consists of Stephen Liao, Halen Fu and Siyuan Xu and is chaired by Stephen Liao. The compensation committee assists the board in reviewing and approving the compensation structure of the directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. Members of the compensation committee are not prohibited from direct involvement in determining their own compensation. The compensation committee is responsible for, among other things:

- approving and overseeing the compensation package for our executive officers;
- reviewing and making recommendations to the board with respect to the compensation of our directors;
- reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives and setting the compensation level of our chief executive officer based on this evaluation; and
- reviewing periodically and making recommendations to the board regarding any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

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Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Halen Fu, Siyuan Xu and Stephen Liao, and is chaired by Halen Fu. The nominating and corporate governance committee assists the Board of Directors in identifying individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending to the board nominees for election or re-election to the board, or for appointment to fill any vacancy;
- reviewing annually with the board the current composition of the board in light of the characteristics of independence, age, skills, experience and availability of service to the company;
- identifying and recommending to the board the directors to serve as members of the board's committees;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations and making recommendations to the board on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Interested Transactions

A director may vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter, unless he or she is disqualified to vote by the chairman of the relevant board meeting.

Remuneration and Borrowing

The directors may determine remuneration to be paid to the directors. The compensation committee assists the directors in reviewing and approving the compensation structure for the directors. The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whether outright or as security for any debt obligations of the Company or of any third party.

Qualification

There is no shareholding qualification for directors.

Indemnification Matters

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences or committing a crime. Our memorandum and articles of association provide for indemnification of directors and officers for actions, costs, charges, losses, damages and expenses incurred or sustained in the execution of their duty in their capacities as such, except by reasons of their own dishonesty, gross negligence, willful misconduct, or fraud, including, among other things, costs, expenses, losses or liabilities incurred by such directors and officers in defending (whether successfully or otherwise) any civil proceedings concerning the Company or our affairs in any court whether in the Cayman Islands or elsewhere.

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Employment Agreements

We have entered into employment agreements with all of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate his or her employment for cause at any time for certain acts of such executive officer, including but not limited to a conviction of a felony, or any gross negligence by the executive officer in connection with the performance of his or her duties that have resulted in material and demonstrable financial harm to us. Upon termination for cause, the executive officer is entitled to the base salary only. We may terminate the employment agreement at any time without cause and upon termination without cause, the employee is generally entitled to a severance payment. An executive officer may resign from the Company, in which case such executive officer is generally entitled to his or her base salary only.

Each executive officer has agreed to hold, both during and subsequent to the terms of his or her agreement, in confidence and not to use, except in pursuance of his or her duties in connection with the employment, any of our confidential information, technological secrets, commercial secrets and know-how. Our executive officers have also agreed to disclose to us all inventions, designs and techniques resulted from work performed by them, and to assign us all right, title and interest of such inventions, designs and techniques.

D. Employees

For a description of our employees, please refer to “Item 4. Information on the Company - B. Business Overview - Employees.”

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership, within the meaning of Rule 13(d)(3) of the Exchange Act, based on 82,764,455,803 of our ordinary shares (including 82,764,455,803 Class A ordinary shares, par value \$0.00005 per share and 512,232,237 Class B ordinary shares, par value US\$0.00005 each) outstanding as of the date of this report, by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

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	Ordinary shares beneficially owned				
	Class A ordinary shares	Class B ordinary shares	Total ordinary shares on as-converted basis	% of total ordinary shares on as- converted basis ⁽¹⁾	% of aggregate voting power ⁽²⁾
Directors and Executive Officers:					
Longwen (Stanley) He	—	—	—	*	*
Yuan Gao	—	—	—	—	—
Hao Xu	—	—	—	*	*
Siyuan Xu	—	—	—	—	—
Jun Hu	—	—	—	—	—
Stephan Liao	—	—	—	—	—
Halen Fu	—	—	—	—	—
Xiang (Johnny) Zhou	8,640,000	—	8,640,000	*	*
All directors and executive officers as a group (8 persons)	8,640,000	—	8,640,000	*	*
Principal Shareholders:					
Ricky Qizhi Wei ⁽³⁾	—	512,232,237	512,232,237	*	

* Less than 1%.

- (1) For each person and group included in this column, percentage ownership is calculated by dividing the number of Class A and Class B ordinary shares beneficially owned by such person or group by the sum of the total number of Class A and Class B ordinary shares outstanding, which is 83,276,688,040 ordinary shares (including 82,764,455,803 Class A ordinary shares and 512,232,237 Class B ordinary shares) as of the date of this annual report, plus the number of Class A and Class B ordinary shares such person or group has the right to acquire upon the exercise of options, warrants or other rights within 60 days after the date of this annual report. We use the conversion rate of 1:1 for the incentive shares for the purpose of calculating the beneficial ownership of our ordinary shares. Vested incentive shares convert to ordinary shares of our company at a 1:1 conversion rate, subject to payment of the reserve amount, which was calculated by us to be our good faith estimate of the fair market value of our ordinary shares (or equivalent thereof) at the time of the grant of such incentive shares.
- (2) For each person or group included in this column, the percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group as of the date of this annual report with respect to all of our outstanding Class A and Class B ordinary shares as one class as of the date of this annual report. Each holder of Class A ordinary shares is entitled to one vote per share, subject to the limitations set forth in “Item 10. Additional Information—B. Memorandum and Articles of Association—

Ordinary Shares.” Each holder of our Class B ordinary shares is entitled to 50 votes per share on all matters subject to a shareholder’s vote. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis, whereas Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. See “Item 10. Additional Information—B. Memorandum and Articles of Association—Ordinary Shares.”

- (3) Includes 22,999,386 ordinary shares held by Perfect Lead International Limited, 44,160,000 ordinary shares held by Hesperus Investments Limited and 445,072,851 ordinary shares held by Honest Plus. Mr. Wei is (i) the sole director of Honest Plus and Perfect Lead, (ii) the sole shareholder of Perfect Lead, (iii) an indirect controlling shareholder of Honest Plus and (iv) has the sole power to vote or to direct the vote of Hesperus Investments.

F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation.

Not applicable.

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ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to “Item 6. Directors, Senior Management and Employees-E. Share Ownership.”

As of the date of this annual report, we had 82,764,455,803 Class A ordinary shares and 512,232,237 Class B issued and outstanding, and Deutsche Bank Trust Company Americas, as the depositary of our ADS facility, was the only record holder of our ordinary shares in the United States, holding 82,732,153,360 ordinary shares or 1,378,869 ADSs or approximately 99.3% of our total outstanding ordinary shares.

None of our existing shareholders has voting rights that differ from the voting rights of our other shareholders. To the best of our knowledge, we are not directly or indirectly controlled by another corporation, by any foreign government or by any other natural or legal person, severally or jointly, not disclosed in this annual report. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of the Company.

B. Related Party Transactions

We have adopted an audit committee charter, which requires that the audit committee review all related party transactions on an ongoing basis and all such transactions be approved by the committee. Set forth below is a description of all of our material related party transactions since the beginning of 2022 up to the date of this annual report.

Contractual Arrangements with the VIE and its Shareholders

Before we disposed our 100% interests in VIE, we historically engaged and operate in microfinance business. For a description of these VIE Agreements, see “Item 4.A. History and Development of the Company.” Following were the related party transactions occurred before 2022 and there were no related party transaction occurred in 2024.

1. Loans payable to related parties

1.1 In 2018, loans payable of RMB60.0 million (\$9.4 million) were borrowed from a related party, Hubei Shanyin Wealth Management Co., Ltd, a company that is 69.5% owned by the former Chairman and the Chief Executive Officer, Mr. Ricky Qizhi Wei, at an interest rate of 9% per annum with maturity ranging from August to October 2019. As of December 31, 2022 and 2023, these loans payable and the related interest payable were overdue. The interest expenses were RMB4.7 million (\$0.7 million) and RMB4.7 million (\$0.7 million) in 2022 and 2023, respectively.

As of December 31, 2022 and 2023, loans payable were RMB50.0 million (\$7.3 million) and RMB50.0 million (\$7.0 million) and the related interest payable was RMB19.7 million (\$2.9 million) and RMB24.4 million (\$3.4 million), respectively.

1.2 In 2018, loans payable of RMB20.0 million (\$3.0 million) were borrowed from a related party, Hubei New Nature Investment Co., Ltd (“Hubei New Nature”), a company that is 80.8% owned by the former Chairman and the Chief Executive Officer, Mr. Wei, at an interest rate of 12% per annum and repayable in November 2019. In December 2018, loan of RMB0.5 million (\$70,000) was repaid. In 2019, loans payable of RMB17.3 million (\$2.5 million) were further borrowed, loans of RMB14.7 million (\$2.1 million) were repaid. In 2019, certain loans receivable were novated to Hubei New Nature to offset against loans payable of RMB9.9 million (\$1.4 million) and interest payable of RMB3.1 million (\$0.5 million) to Hubei New Nature. In 2020, certain loans receivable were novated to Hubei New Nature to offset against loans payable of RMB1.7 million (\$0.3 million) and interest payable of RMB0.5 million (\$0.1 million) to Hubei New Nature. In 2021 and 2022, the company made repayment amounting to RMB10 million (\$1.6 million) and RMB130,000 (\$19,000) respectively. The interest expenses were RMB0.7 million (\$0.1 million), RMB118,000 (\$17,000) and RMB107,000 (\$15,000) in 2021, 2022 and 2023, respectively.

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As of December 31, 2022 and 2023, loans payable were RMB0.9 million (\$0.1 million) and RMB0.9 million (\$0.1 million), and the related interest payable was RMB1.8 million (\$0.3 million) and RMB1.9 million (\$0.3 million), respectively.

2. Loans payable to shareholders

2.1 In June 2017, a loan payable of RMB10.0 million (\$1.5 million) was borrowed from Wang Hailin, a shareholder who owned 7.7% of the VIE, at 10% interest per annum. The interest expenses for this loan were RMB0.5 million (\$0.1 million) and RMB1.3 million (\$0.2 million) in 2017 and 2018, respectively. According to the loan extension agreement, the loan of RMB10.0 million (\$1.5 million) is at interest rate of 15% per annum with additional 9% penalty interest per annum and repayable in February 2019. Subsequent to year end, this loan payable was further extended to repayment date in September 2019, at 15% interest per annum with additional 9% penalty interest. As of December 31, 2022 and 2023, the loan payable and interest payable were overdue.

As of December 31, 2022 and 2023, loans payable were RMB 10.0 million (\$1.5 million) and RMB 10.0 million (\$1.4 million), respectively. As of December 31, 2022 and 2023, interest payable was RMB9.0 million (\$1.3 million) and RMB11.4 million (\$1.6 million), respectively.

2.2 In 2019, loans payable of RMB3.0 million (\$0.4 million) and RMB10.0 million (\$1.4 million) were borrowed from Li Ling, a shareholder who owned 2.5% of the VIE, at 12% per annum for 29 days and 74 days, respectively. At maturity, loan payable of RMB3.0 million (\$0.4 million) and the related interest of RMB29,000 (\$4,200) were fully repaid. Loan payable of RMB10.0 million (\$1.4 million) was, however, overdue. On August 27, 2019, Li Ling applied to the Wuhan Wuchang People's Court for pre-litigation property preservation of respondents Chutian and Mr. Wei in connection with a loan contract dispute. Court issued a preservation order that froze the bank deposits of Chutian and Mr. Wei in the amount of RMB12.0 million (\$1.7 million), or to seize or attach property in the corresponding value.

On October 9, 2019, the case was filed and accepted in the Wuhan Jiang'an People's Court. Li Ling filed the following actions with the court: (1) that the two defendants Chutian and Mr. Wei repay the borrowed principal of RMB10.0 million (\$1.4 million) and interest of RMB787,500 (\$114,100) (based on the interest rate of 1.125% per month on the principal of RMB10.0 million (\$1.4 million), calculated from February 1, 2019 until fully paid, currently calculated until August 30, 2019), and (2) the costs of litigation to be fully borne by both defendants. On December 4, 2019, the court ruled that there was a valid loan relationship, that Chutian had failed to repay the loan as agreed and that Li Ling had the right to request full repayment of the loan principal and interest. The court ordered Chutian to repay the principal amount of the loan of RMB10.0 million (\$1.4 million) to Li Ling, and to pay the interest rate of 1.125% per month on the principal amount of RMB10.0 million (\$1.4 million), beginning February 2019 until the date the loan is fully paid. The court further ordered that Mr. Wei shall also be jointly and severally liable for the repayment of the loan. In the event that the repayment obligation is not fulfilled, the court ordered that the debt interest would be doubled in accordance with PRC law.

On May 20, 2020, due to the failure of Chutian to fulfill its obligation to repay the principal amount determined above, the court issued a consumer restriction order against Mr. Wei to restrict high consumption and high expenditure behaviors. Violation of this order carries the imposition of fines and detention, and in circumstances sufficiently serious to constitute a crime, pursuit of criminal liability according to law.

On July 27, 2020, the court terminated the enforcement proceeding and will recommence the enforcement proceeding if enforceable assets are located and meet the enforcement requirements. No further process as of this reporting date.

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As a result of the court ruling mentioned above, the interest expense on these loans was RMB 2.0 million (\$0.3 million) in 2022 and 2023 respectively. As of December 31, 2022 and 2023, loan payable was RMB 10.0 million (\$1.5 million) and RMB 10.0 million (\$1.4 million), and interest payable was RMB7.2 million (\$1.0 million) and RMB9.2 million (\$1.3 million).

3. Consulting expenses for representatives from a shareholder

Consulting expenses of RMB 0.5 million (\$70,000), RMB 0.5 million (\$70,000) and nil were incurred for two representatives sent from Hubei Daily, a shareholder who owned 20% of the VIE, for the years ended December 31, 2021, 2022 and 2023, respectively.

As of December 31, 2022 and 2023, consulting expenses payable to these representatives were RMB 2.5 million (\$0.4 million) and RMB 2.5 million (\$0.4 million), respectively.

4. Reverse merger expenses and guarantee expenses payable to a related party

During the reverse merger process of the Company, a related party, Hubei New Nature Investment Co., Ltd (“Hubei New Nature”), a company that is 80.8% owned by the former Chairman and the Chief Executive Officer, Mr. Wei, paid reverse merger expenses on behalf of the Company, totaling RMB 11.3 million (\$1.7 million) and RMB 10.9 million (\$1.6 million) for the year ended December 31, 2017 and 2018, respectively. In 2019, certain operating expenses of RMB 0.7 million (\$100,000) were paid by Hubei New Nature on behalf of the Company. Also, in 2019, certain loans receivable were novated to Hubei New Nature to offset against payable to Hubei New Nature of RMB 22.6 million (\$3.3 million). In 2020, certain loan receivables were novated to Hubei New Nature of RMB 1.3 million (\$0.2 million) (see Note 27 of Notes to Consolidated Financial Statements, Section 5). In 2020, certain operating expenses of RMB 2.8 million (\$0.4 million) were paid by Hubei New Nature on behalf of the Company. In 2021, the Company’s debts amounting to RMB 0.7 million (\$0.1 million) was assigned and assumed to Hubei New Nature. In 2022, the Company made the repayment amounting to RMB484,000.

In addition, guarantee expenses of RMB 2.8 million (\$0.4 million) were incurred for Hubei New Nature for the years ended December 31, 2022. In 2023, no guarantee expense was accrued.

As of December 31, 2022 and 2023, payables to Hubei New Nature were RMB 10.5 million (\$1.5 million) and RMB 10.5 million (\$1.5 million), respectively.

5. Loans receivable from related parties

5.1 In 2016, loans receivable of RMB8.0 million (\$1.2 million) were lent to Hubei Baoli Ecological Conservation Co., Ltd at an interest rate of 36% per annum. The loan was guaranteed by Ms. Jing Liang, a shareholder who owned 4.3% of the VIE. The interest received on the loan was nil, nil and nil for the years ended December 31, 2021, 2022 and 2023, respectively. As of December 31, 2022 and 2023, this loan was overdue.

5.2 In 2016, loans receivable of RMB3.0 million (\$0.4 million) were lent to Kang Chen at an interest rate of 36% per annum. The loan was guaranteed by Ms. Jing Liang, a shareholder who owned 4.3% of the VIE. As of December 31, 2022 and 2023, this loan was overdue.

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C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See “Item 18. Financial Statements.”

Dividend Policy

Our board of directors has complete discretion on whether to pay dividends. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. In addition, our shareholders may declare dividends by ordinary resolution, but no dividend shall exceed the amount recommended by our directors. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable there under. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

Eason is a holding company, and it may rely on dividends paid by its operating subsidiary in China for its cash needs, including the funds necessary to pay dividends and other cash distributions to its shareholders, service any debt it may incur and pay its operating expenses. The payment of dividends in China is subject to limitations. Regulations in the PRC currently permit payment of dividends by Eason’s PRC subsidiary only out of its accumulated profits as determined in accordance with accounting standards and regulations in China. Eason’s PRC subsidiary is required to set aside at least 10% of its after-tax profits each year to contribute to its reserve fund until the accumulated balance of the reserve fund reaches 50% of its paid-up capital. Eason’s PRC subsidiary is also required to reserve a portion of its after-tax profits to its employee welfare and bonus fund, the amount of which is determined by its board of directors. These funds are not distributable in cash dividends.

Legal and Administrative Proceedings

The following disclosure pertains to our microfinance business, which was divested by the Company in June 2024. The following disclosure pertains to our microfinance business, which was divested by the Company in June 2024. From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to loans that we have made, breach of contract claims, labor and employment claims and other matters. Microfinance lending companies are frequently involved in litigation as claimants against borrowers and guarantors. Regardless of the outcome, however, any litigation can have an adverse impact on us because of defense costs, diversion of management’s attention and other factors. Following were the legal and administrative proceedings related to microfinance business occurred before 2024 and there were no legal and administrative proceeds occurred in 2024.

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Before Eason disposed 100% interest in Chutian, Chutian had been involved in multiple significant legal proceedings as claimants against various borrowers and guarantors, which are incidental to the lending business. During 2023, Chutian and our former Chairman and Chief Executive Officer, Mr. Wei, have also been involved in multiple significant legal proceedings which resulted in final rulings by the courts for pre-litigation property preservation or pre-litigation protective measures. In addition, Chutian and Mr. Wei have been the defendants in legal proceedings in connection with the payment of property services fee and a loan dispute. The Company sold off the microfinance business and disposed 100% interests in the former VIE and relevant subsidiaries. Effective from June 12, 2024, all assets and liabilities of the former VIE transferred to the party who acquired the VIE and microfinance business.

Proceedings incidental to our lending business

On July 24, 2017, Chutian filed an execution case with the Wuhan Wuchang District People's Court for property preservation on Hubei Sheng Guang Gong Pharmaceutical Co., Ltd and related borrowers. On August 20, 2019, Chutian further filed the real estate valuation report to the court for further processing. In August 2020, the secured real property was auctioned for RMB2.56 million (\$0.4 million). However, as of the date of this annual report, the proceeds are still held by Wuhan Wuchang People's Court pending resolution of various ongoing legal proceedings.

Property Preservation Proceedings

On July 16, 2019, Shenzhen Lihe Wantong Commerical Factoring Co., Ltd. ("Shenzhen Lihe Wantong") applied to the Wuhan Wuchang People's Court for pre-litigation protective measures to be taken against the respondents Chutian and Mr. Wei with regards to a contract dispute. On July 31, 2019, the court issued a preservation order freezing a total of RMB12.3 million (\$1.8 million) of deposits in the bank accounts of Chutian and Mr. Wei for a period of one (1) year; and seizing four properties of Mr. Wei and Ms. Peng Yan, Mr. Wei's wife. The total limit of the property preservation in this matter is RMB29.9 million (\$4.3 million). As of the date of this annual report, our cash deposits and properties have not been released from the preservation order. Chutian and Mr. Wei are negotiating with Shenzhen Lihe Wantong to reach a mediation agreement.

On September 4, 2019, Hubei Changjiang Microcredit Co., Ltd. ("Hubei Changjiang") applied to the Wuhan Wuchang People's Court for pre-litigation property preservation of respondents Mr. Wei and Ms. Peng Yan, Mr. Wei's wife, Chutian, Hubei New Nature Investment Co., Ltd and Dunxin Holdings Co., Ltd in connection with a loan contract dispute. On September 6, 2019, the court issued a preservation order seizing the bank deposits, or property in the corresponding value, of Mr. Wei, Ms. Peng Yan, Chutian, Hubei New Nature Investment Co., Ltd and Dunxin Holdings Co., Ltd in the amount of RMB13.0 million (\$1.8 million) and RMB12.0 million (\$1.7 million). Hubei New Nature Investment Co., Ltd is a company that is 80.8% owned by the former Chairman and the Chief Executive Officer, Mr. Wei. Dunxin Holdings Co., Ltd is a company that is 70% owned by the former Chairman and the Chief Executive Officer, Mr. Wei and 30% owned by Ms. Wenting (Tina) Xiao, Chief Personal/Human Resource Officer. The Court's ruling was effective immediately. In July 2020, Hubei Changjiang applied for court enforcement and execution, which was accepted. As of the date of this annual report, Hubei Changjiang has applied to the court to recommence the enforcement proceedings in 2023 and 2024, and all parties are still in negotiation of a mediation agreement.

On October 14, 2019, Mr. Deng Xinxue, Mr. Zhang Xuan and Mr. Yang Bobiao each applied to the Wuhan Wuchang People's Court for pre-litigation property preservation of respondents Hubei Shanyin Wealth Management Co., Ltd., a company that is 69.5% owned by the former Chairman and the Chief Executive Officer, Mr. Wei, and Chutian in connection with loan contract disputes. The court issued a preservation order seizing the bank deposits, or property in the corresponding value, of Hubei Shanyin Wealth Management Co., Ltd and Chutian in the amount of RMB2.9 million (\$0.4 million), RMB9.0 million (\$1.3 million) and RMB9.0 million (\$1.3 million), respectively. The court's ruling was effective immediately. As of the date of this annual report, our cash deposits and properties have not been released from the preservation order and all parties are still in negotiation of a mediation agreement.

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On October 15, 2019, the Wuhan Wuchang People's Court received a Letter of Property Preservation from the Wuhan Arbitration Commission in connection with a loan contract dispute among the applicant Hubei Huaya Investment Co., Ltd. and respondents Mr. Wei, Ms. Peng Yan, and Chutian. On October 23, 2019, after review of the letter by the court, the court issued a preservation order seizing the bank deposits, or property in the corresponding value, of Mr. Wei, Ms. Peng Yan, and Chutian in the amount of RMB12.3 million (\$1.8 million). In August 2020, the parties entered into a mediation agreement whereby Mr. Wei and Ms. Yan agreed to pay the loan principal with penalty interests and costs in connection with the legal proceeding while Chutian, as the third respondent, will be responsible for 50% of the liabilities of Mr. Wei and Ms. Yan under the mediation agreement, should they fail to make the payments. As of the date of this annual report, Mr. Wei and Ms. Yan are still making payments pursuant to the mediation agreement.

Property Services Contract Proceeding

On September 26, 2019, the Wuhan Branch of Xiamen Lianfa (Group) Property Services Co., Ltd ("Xiamen Lianfa") filed an action in the Wuhan Wuchang People's Court against Chutian in connection with a property service contract dispute. On November 27, 2019, the case was scheduled to be heard and Chutian was lawfully summoned and failed to appear, and did not submit a reply. The case was decided and concluded on November 27, 2019. The court found that Chutian failed to pay the owed property services fees to Xiamen Lianfa from April 1, 2019 to August 31, 2019. The court rendered a judgment in favor of Xiamen Lianfa and ordered Chutian to pay property services fee in the amount of RMB193,944 (\$27,000) for the period from April 1, 2019 to August 31, 2019 to Xiamen Lianfa, within 10 days of the judgment. The court further ordered Chutian to pay the accrued interest, to be calculated based on the principal amount of RMB193,944 (\$27,000) and based on the People's Bank of China lending interest rate for the period from September 26, 2019 until fully paid. In the event that the repayment obligation is not fulfilled, the court ordered that the debt interest would be doubled in accordance with PRC law. Chutian did not appeal the judgment and the judgment became effective immediately. On November 10, 2020, the court issued a preservation order that froze the assets of Chutian in the maximum amount of RMB220,000 (\$32,000) or to seize or attach property in the corresponding value. On December 18, 2020, the court terminated the enforcement proceeding and will recommence the enforcement proceeding if enforceable assets are located and meet the enforcement requirements within five years. The court has recommenced the enforcement proceeding in 2021, and both parties are currently negotiating a solution as of the date of this annual report.

In August, 2019, Xiamen Lianfa filed an action in the Wuhan Wuchang People's Court against Chutian in connection with a property service contract dispute. The case was decided and concluded on October 12, 2020. The court found that Chutian failed to pay the owed property services fees to Xiamen Lianfa from September 1, 2019 to April 30, 2020. The court rendered a judgment in favor of Xiamen Lianfa and ordered Chutian to pay property services fee in the amount of RMB310,311 (\$46,000) for the period from September 1, 2019 to April 30, 2020 to Xiamen Lianfa, within 10 days of the judgment. The court further ordered Chutian to pay the accrued interest, to be calculated based on the principal amount of RMB310,311 (\$46,000) and based on the People's Bank of China lending interest rate for the period from September 11, 2020 until fully paid. In the event that the repayment obligation is not fulfilled, the court ordered that the debt interest would be doubled in accordance with PRC law. Chutian did not appeal the judgment and the judgment was effected immediately. In July 2021, the court issued the notice of enforcement. As of the date of this annual report, the case is in the final stages of enforcement.

In 2021, Xiamen Lianfa filed an action in the Wuhan Wuchang People's Court against Chutian in connection with a property service contract dispute. The case was decided and concluded on November 29, 2021. The court found that Chutian failed to pay the owed property services fees to Xiamen Lianfa from May 1, 2019 to October 30, 2020. The court rendered a judgment in favor of Xiamen Lianfa and ordered Chutian to pay property services fee in the amount of RMB238,344 (\$37,000) for the period from May 1, 2019 to October 30, 2020 to Xiamen Lianfa, within 10 days of the judgment. The court further ordered Chutian to pay the accrued interest, to be calculated based on the principal amount of RMB238,344 (\$37,000) and based on the People's Bank of China lending interest rate for the period until fully paid. Chutian did not appeal the judgment and the judgment was effected immediately. In November 2021, the court issued the notice of enforcement. As of the date of this annual report, the case is in the final stages of enforcement.

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As of the date of this annual report, Xiamen Lianfa and the Company are in negotiation of a mediation agreement.

Li Ling Loan Dispute Proceeding

On August 27, 2019, Ms. Li Ling applied to the Wuhan Wuchang People's Court for pre-litigation property preservation of respondents Chutian and Mr. Wei in connection with a loan contract dispute. The court issued a preservation order that froze the bank deposits of Chutian and Mr. Wei in the amount of RMB12.0 million (\$1.7 million), or to seize or attach property in the corresponding value.

On October 9, 2019, the case was filed and accepted in the Wuhan Jiang'an People's Court. Li Ling filed the following actions with the court: (1) that the two defendants Chutian and Mr. Wei repay the borrowed principal of RMB10.0 million (\$1.4 million) and interest of RMB787,500 (\$114,000) (based on the interest rate of 1.125% per month on the principal of RMB10.0 million (\$1.4 million), calculated from February 1, 2019 until fully paid, currently calculated until August 30, 2019), and (2) the costs of litigation to be fully borne by both defendants. On December 4, 2019, the court ruled that there was a valid loan relationship, that Chutian had failed to repay the loan as agreed and that Ms. Li Ling had the right to request full repayment of the loan principal and interest. The court ordered Chutian to repay the principal amount of the loan of RMB10.0 million (\$1.4 million) to Ms. Li Ling, and to pay the interest rate of 1.125% per month on the principal amount of RMB10.0 million (\$1.4 million), beginning February 2019 until the date the loan is fully paid. The court further ordered that Mr. Wei shall also be jointly and severally liable for the repayment of the loan. In the event that the repayment obligation is not fulfilled, the court ordered that the debt interest would be doubled in accordance with PRC law.

On May 20, 2020, due to the failure of Chutian to fulfil its obligation to repay the principal amount determined above, the court issued a consumer restriction order against Mr. Wei to restrict high consumption and high expenditure behaviors. Violation of this order carries the imposition of fines and detention, and in circumstances sufficiently serious to constitute a crime, pursuit of criminal liability according to law.

On July 27, 2020, the court terminated the enforcement proceeding and will recommence the enforcement proceeding if enforceable assets are located and meet the enforcement requirements.

Yan Luo and Xiaohu Li Labor Dispute

In 2023, Yan Luo and Xiaohu Li have filed a lawsuit with the Wuhan Wuchang District People's Court against Hubei Chutian Microfinance Co., Ltd. due to a labor dispute. The specific details of the dispute are unknown as of the date of this annual report.

Hubei Chutian Microfinance Co., Ltd. Loan Contract Disputes

In 2023, Hubei Chutian Microfinance Co., Ltd. filed a lawsuit with the Wuhan Wuchang District People's Court against Wuhan Baodi Jinjian Health Industry Development Co., Ltd., Yalan Liu, and Shaoxiong Liu due to a loan contract dispute. After two levels of trial by the Wuchang District People's Court and the Wuhan Intermediate People's Court, the final judgment ruled that the three defendants should repay a total principal and interest of RMB 29.56 million (USD 4.09 million) to Hubei Chutian Microfinance Co., Ltd. However, according to the investigation, the three defendants have multiple rounds of enforcement cases against them that have not been fully executed. There are currently no assets available for enforcement.

In 2023, Hubei Chutian Microfinance Co., Ltd. also applied for enforcement of outstanding loans against Fengxia He, Xiang Yu, Baokang Xiong, and Yongping Nan with the Wuhan Wuchang District People's Court. All four cases were accepted by the Wuchang District People's Court. However, due to the lack of enforceable assets by the defendants, all four cases have been terminated by the Wuhan Wuchang District People's Court.

Cases Entered into the Enforcement Process

Chutian had a total of twelve cases entered into the enforcement process for the year ended December 31, 2023, all of which were accepted and enforced by the Wuhan Wuchang District People's Court, with an aggregate amount of RMB27.3 million (US\$3.9 million). Eleven of the cases entered into the enforcement process have been terminated by the Wuhan Wuchang District People's Court because there were no other assets of Chutian available for enforcement. However, pursuant to the Civil Procedure Law of the People's Republic of China, once the court or the applicant petitioning for enforcement locates clues that Chutian owns new property or assets available for enforcement, the court may resume the enforcement procedure.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

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ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ADSs were listed on the NYSE on November 23, 2010 and transitioned to the NYSE American on December 28, 2017. We have been trading under the symbol “XNY” until we changed to “DXF” on March 5, 2018. Prior to December 17, 2014, each ADS represented the right to receive four (4) ordinary shares, from December 18, 2014, the right to receive sixteen (16) ordinary shares, from December 28, 2017, the right to receive forty-eight (48) ordinary shares, from July 25, 2023, the right to receive four hundred and eighty (480) ordinary shares and from January 10, 2025, the right to receive sixty thousand (60000) ordinary shares.

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs were listed on the NYSE on November 23, 2010 and transitioned to the NYSE American on December 28, 2017. We have been trading under the symbol “XNY” until we changed to “DXF” on March 5, 2018. Prior to December 17, 2014, each ADS represented the right to receive four (4) ordinary shares, from December 18, 2014, the right to receive sixteen (16) ordinary shares, from December 28, 2017, the right to receive forty-eight (48) ordinary shares and from July 25, 2023, the right to receive four hundred and eighty (480) ordinary shares.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this annual report the description of our amended and restated memorandum and articles of association in Exhibit 1.2.

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EXEMPTED COMPANY

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company is not required to open its register of members for inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may in certain circumstances issue no par value, negotiable or bearer shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

DIFFERENCES IN CORPORATE LAW

The Companies Act is modeled after that of English law but does not follow many recent English law statutory enactments. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware and their shareholders.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of

the certificate of merger or consolidation will be given to the members and creditors of each constituent company and published in the Cayman Islands Gazette.

A merger between a Cayman Islands parent company and its Cayman Islands subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a “parent” of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

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Shareholders of a Cayman constituent company who dissent from the merger or consolidation have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures. In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the due majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of a dissenting minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares (within four months), the offerer may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders’ Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority”.

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Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. The Memorandum and Articles of Association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty, gross negligence, willful misconduct or fraud of such directors or officers in the execution of their duty in their respective offices. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in the Memorandum and Articles of Association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable as a matter of United States law.

Anti-takeover Provisions in the Memorandum and Articles of Association

Some provisions of the Memorandum and Articles of Association may discourage, delay or prevent a change in control of the Company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under the Memorandum and Articles of Association, for what they believe in good faith to be in the best interests of the Company.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act *bona fide* in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

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Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and the Memorandum and Articles of Association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provide shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. The Memorandum and Articles of Association allow our shareholders holding in aggregate not less than one-third of all issued and outstanding shares of the Company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our Memorandum and Articles do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings not called by such shareholders. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but the Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Memorandum and Articles of Association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. A director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. In addition, a director's office shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by one month's notice in writing to the company; (iv) without special leave of absence from the board of directors, is absent from meetings of the board of directors for three consecutive meetings and the board of director resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of the Memorandum and Articles of Association

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Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into *bona fide* in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act and the Memorandum and Articles of Association, the Company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and the Memorandum and Articles of Association, if our share capital is divided into more than one class of shares, we may materially adversely vary or abrogate the rights attached to any class only with the written consent of a majority of the holders of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

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Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law and the Memorandum and Articles of Association, the Memorandum and Articles of Association may only be amended with the vote of holders of two-thirds of our shares voting at a meeting or the unanimous written resolution of all shareholders.

Rights of Non-resident or Foreign Shareholders

There are no limitations imposed by the Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in the Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or elsewhere in this annual report.

D. Exchange Controls

The Cayman Islands currently has no exchange control restrictions. See also "Item 4. Information on the Company-B. Business Overview - Regulation - Foreign Currency Exchange" for information regarding foreign exchange controls in the PRC.

E. Taxation

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by the Company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

PRC Taxation

The following discussion describes the material PRC tax consequences of an investment in the ADSs or ordinary shares under present PRC law. Under the EIT Law and its implementation rules, both of which became effective on January 1, 2008, as subsequently amended on February 24, 2017 and December 29, 2018, an enterprise established outside the PRC with its "actual management" within the PRC is considered a PRC tax resident enterprise. The "actual management" of an enterprise is defined as the organizational body that effectively exercises overall management and control over production and business operations, personnel, finance and accounting and properties of the enterprise. It remains unclear how the PRC tax authorities will interpret such a broad definition. Although the Company was incorporated in the Cayman Islands and the immediate holding company of our PRC subsidiary is incorporated in Hong Kong, substantially all of our management members are based in the PRC. It remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company, like us, having indirect interests in PRC enterprises through intermediary holding vehicles. If we are classified as a PRC tax resident enterprise, dividends on our ADSs and ordinary shares and capital gains from sales of our ADSs and ordinary shares realized by non-PRC enterprise shareholders may be regarded as income from "sources within the PRC" and may be subject to 10% PRC withholding tax, subject to reduction by an applicable treaty.

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U.S. Federal Income Taxation

The following discussion is a summary of United States federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that holds our ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based upon existing United States federal income tax law, which is subject to differing interpretations and may be changed, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- broker dealers;
- U.S. expatriates;
- traders that elect to mark to market;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding an ADS or ordinary share as part of a straddle, hedging, conversion or integrated transaction;
- persons subject to the applicable financial statement accounting rules under Section 451(b) of the Code;
or
- persons that actually or constructively own 10% or more of our voting stock.

In addition, this discussion does not discuss any non-United States, alternative minimum tax, state, or local tax or any non-income tax (such as the U.S. federal gift or estate tax) considerations, or the Medicare tax on net investment income.

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The discussion below of the U.S. federal income tax consequences to “U.S. Holders” will apply to you if you are a beneficial owner of ADSs or ordinary shares and you are:

- an individual citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) located or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are a partner in a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) that holds ADSs or ordinary shares, your tax treatment generally will depend on your status and the activities of the partnership. Partners in partnerships holding ADSs or ordinary shares should consult their own tax advisors as to the U.S. federal income tax consequences of their investment in ADSs or ordinary shares.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. If you hold ADSs, you should be treated as the holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes.

Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local, and non-United States income and other tax considerations of an investment in our ADSs or ordinary shares.

Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares

Subject to the PFIC rules discussed below, the gross amount of all of our distributions to you with respect to the ADSs or ordinary shares will be included in your gross income as dividend income on the date of receipt by the depository, in the case of ADSs, or by you, in the case of ordinary shares, to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders, including individual U.S. Holders, dividends on the ADSs would constitute “qualified dividend income” and, thus, be taxed at the lower applicable capital gains rate, provided that (1) either (a) the ADSs are readily tradable on an established securities market in the United States or (b) we are eligible for the benefits of a qualifying income tax treaty with the United States that includes an exchange of information program and which the U.S. Treasury Department has determined is satisfactory for these purposes, (2) we are not a PFIC (as discussed below) for either our taxable year in which the dividend was paid or the preceding taxable year and (3) certain holding period requirements are met. Under U.S. Internal Revenue Service authority, ADSs representing ordinary shares are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on NYSE American, as our ADSs are. If we are treated as a “resident enterprise” for PRC tax purposes, we may also be eligible for the benefits of the income tax treaty between the United States and the PRC. You should consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares.

Dividends will constitute foreign source income for U.S. foreign tax credit limitation purposes. If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the U.S. foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on

foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Dividends distributed by us with respect to ADSs or ordinary shares will generally constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.”

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If PRC withholding taxes apply to dividends paid to you with respect to the ADSs or ordinary shares, as described under “-PRC Taxation,” such withholding taxes may be treated as foreign taxes eligible for credit against your U.S. federal income tax liability. You should consult your own tax advisors regarding the creditability of any PRC tax.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and to the extent the amount of the distribution exceeds your tax basis in the ADSs or ordinary shares, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, you should expect that a distribution with respect to the ADSs or ordinary shares will generally be treated as a dividend.

Taxation of Disposition of ADSs or Ordinary Shares

Subject to the PFIC rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of an ADS or ordinary share equal to the difference between the amount realized (in U.S. dollars) for the ADS or ordinary share and your tax basis (in U.S. dollars) in the ADS or ordinary share. The gain or loss generally will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the ADS or ordinary share for more than one year, you may be eligible for reduced tax rates under current law. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes. If PRC tax were to be imposed on any gain from the disposition of the ADSs or ordinary shares, as described under “-PRC Taxation,” you would only be able to claim a foreign tax credit for the amount withheld to the extent that you have foreign source income. However, if you are eligible for the benefits of the income tax treaty between the United States and the PRC, you may elect to treat such gain as PRC source income. You should consult your own tax advisors regarding the creditability of any PRC tax.

PFIC Considerations

A non-U.S. corporation is considered to be a PFIC for any taxable year if either:

- at least 75% of its gross income for such year is passive income; or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Although the law in this regard is unclear, we intend to treat Chutian as being owned by us for United States federal income tax purposes, and we treat it that way, not only because we exercise effective control over the operation of such entity but also because we are entitled to eighty percent (80%) of Chutian’s economic benefits, and, as a result, we consolidate their results of operations in our consolidated financial statements. Assuming that we are the owner of Chutian for United States federal income tax purposes, and based upon our current and expected income and assets and the market price of our ADSs at the end of our 2023 taxable year, we do not presently expect to be a PFIC for the current taxable year or the foreseeable future. However, a separate determination must be made at the close of each year as to whether we are a PFIC for such year. In particular, our PFIC status may be determined in large part based on the market price of our ADSs and ordinary shares, which is likely to fluctuate. Our PFIC status will also be affected by how, and how quickly, we spend the cash we hold. Accordingly, there can be no assurance that we will not be a PFIC for our current taxable year ending December 31, 2023 or any future taxable year. If we are a PFIC for any year during which you hold ADSs or ordinary shares, unless you make a “mark-to-market” election or a “deemed sale” election, as discussed below, we will continue to be treated as a PFIC for all succeeding years during which you hold ADSs or ordinary shares. In addition, for the purposes of the PFIC rules, you would be deemed to own your proportionate share of any of our subsidiaries that are treated as PFICs.

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If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless you make a “mark-to-market” election or a “deemed sale” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ADSs or ordinary shares cannot be treated as capital gain, even if you hold the ADSs or ordinary shares as capital assets.

If we are treated as a PFIC with respect to you for any taxable year, to the extent any of our subsidiaries are also PFICs or we make direct or indirect equity investments in other entities that are PFICs, you will be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by us in that proportion that the value of our equity that you own bears to the value of all of our equity, and you may be subject to the rules described above with respect to the shares of such lower-tier PFICs that you would be deemed to own. You should consult your tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

Alternatively, you may make a mark-to-market election to potentially mitigate the adverse U.S. federal income tax consequences of holding an equity interest in a PFIC. If you make a timely mark-to-market election for the ADSs or ordinary shares, the tax treatment described in the three preceding paragraphs would not apply to you. Instead, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares as of the close of your taxable year over your adjusted tax basis in such ADSs or ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted tax basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs or ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ADSs or ordinary shares, as well as to any loss realized on the actual sale or disposition of the ADSs or ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or ordinary shares. Your tax basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts.

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The mark-to-market election is available only for “marketable stock,” which is stock that is regularly traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. The ADSs are listed on the NYSE American, which is a qualified exchange for this purpose. Consequently, if the ADSs are considered to be regularly traded on the NYSE American, the mark-to-market election should be available to you with respect to the ADSs. Although there can be no assurances in this regard, the ADSs should be treated as regularly traded on the NYSE American for this purpose for the calendar year ending December 31, 2023. However, because a mark-to-market election cannot be made for equity interests in any lower-tier PFICs that we may own, you may become or continue to be subject to the PFIC rules described above regarding excess distributions and gains with respect to an indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. A mark-to-market election generally must be made for the first taxable year in which you hold stock of a PFIC, and is made by filing Internal Revenue Service Form 8621 with your original or amended U.S. federal income tax return on or before the due date (including extensions) of the return. If you do not make a mark-to-market election for the first taxable year in which you hold stock of a PFIC but you subsequently make the election, the excess distribution rules will generally apply to any appreciation in the stock’s value compared to its tax basis as of the effective date of the election, as well as certain distributions with respect to, and dispositions of, the stock and such consequences will apply during the year of election. You should consult your tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

If we have been a PFIC in one or more prior taxable years during which you held ADSs or ordinary shares, but cease to be a PFIC in a later taxable year, and you have not previously made a mark-to-market election, we will continue to be treated as a PFIC with respect to you unless you make a deemed sale election. If you make a deemed sale election, you will be deemed to have sold the ADSs or ordinary shares you hold at their fair market value as on the last day of the last year during which we were a PFIC. Any gain from such deemed sale would be subject to the U.S. federal income tax consequences applicable to excess distributions described above. You should consult your tax advisors as to the availability and desirability of a deemed sale election.

If you hold ADSs or ordinary shares in any year in which we are a PFIC, you will be required to file U.S. Internal Revenue Service Form 8621 (or any other form that may be required by future guidance) with respect to any distributions received on the ADSs or ordinary shares, any gain realized on the disposition of ADSs or ordinary shares, or any reportable election (including a mark-to-market election) on an annual basis as described in the Instructions for Form 8621, subject to certain exceptions based on the value of PFIC stock held. You should consult your tax advisor regarding any reporting requirements that may apply to you. In addition, we do not intend to prepare or provide you with the information necessary to make a “qualified electing fund” election with respect to your ADSs or ordinary shares.

You are urged to consult your tax advisor regarding the application of the PFIC rules to your investment in ADSs or ordinary shares.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or ordinary shares and proceeds from the sale, exchange or redemption of ADSs or ordinary shares may be subject to information reporting to the U.S. Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. If you are required to establish your exempt status, generally you must provide such certification on Internal Revenue Service Form W-9. You should consult your tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

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Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the U.S. Internal Revenue Service and furnishing any required information.

In addition, certain U.S. Holders who are individuals that hold certain foreign financial assets (which may include our ADSs or ordinary shares) may be required to report information relating to such assets, subject to certain exceptions. You should consult your own tax advisors regarding the effect, if any, of this requirement on your ownership and disposition of our ADSs or ordinary shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We have filed this annual report on Form 20-F, including exhibits, with the SEC. As permitted by the SEC, in Item 19 of this annual report, we incorporate by reference certain information we have filed with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this annual report.

The SEC maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Deutsche Bank Trust Company Americas, the depositary of our ADSs, all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us. We will file our annual report on Form 20-F, including our audited financial statements, with the SEC. Our annual report on Form 20-F can be accessed on the SEC's website as well the investor relations section of our website. Investors may request a hard copy of our annual report, free of charge, by contacting us.

Our financial statements have been prepared in accordance with IFRS. We will furnish our shareholders with annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with IFRS.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

If we are required to provide an annual report to security holders in response to the requirements of Form 6-K, we will submit the annual report to security holders in electronic format in accordance with the EDGAR Filer Manual.

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ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Credit Risk

Credit risk is one of the most significant risks for the Company's business. Credit risk exposures arise principally in lending activities.

Our credit committee is responsible for managing the credit risk by:

- Ensuring that we have appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Company's stated policies and procedures, IFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk from an individual loan to a portfolio level.
- creating credit policies to protect us against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Establishing a robust control framework regarding the authorization structure for the approval and renewal of credit facilities.
- Developing and maintaining our processes for measuring expected credit loss including monitoring of credit risk, incorporation of forward-looking information and the method used to measure expected credit loss.
- Ensuring that we have policies and procedures in place to appropriately maintain and validate methods used to assess and measure expected credit loss.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for expected credit loss. Providing advice, guidance and specialist skills to business units to promote best practice in the management of credit risk.

Liquidity Risk

Liquidity risk is the risk that we do not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in lending operations and can be affected by a range of Company-specific and market-wide events.

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Foreign Currency Risk

All of our revenues and substantially all of our expenses are denominated in RMB, which is not freely convertible into foreign currencies. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although in general our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the RMB because the value of our business is effectively denominated in RMB, while our ADSs will be traded in U.S. dollars.

Approval of foreign currency payments by the PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to our net interest income, which is the difference between interest earned from loans we provide and interest paid to the borrowings we obtained from various individuals and companies through certain securities exchanges. Our future interest income may fall short of expectations due to changes in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and basis risk. We have not used, and do not expect to use in the future, any derivative financial instruments to hedge our interest risk exposure.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

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D. American Depositary Shares

Fees and Charges Payable to the Depositary

Deutsche Bank Trust Company Americas, the depositary of our ADS facility, may charge the following service fees, provided, however, that no fees shall be payable upon distribution of cash dividends so long as the charging of such fee is prohibited by the NYSE American, upon which the ADSs are listed:

Service	Fees
<ul style="list-style-type: none">• Issuance or distribution of ADSs, including distributions made pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash)	Up to \$0.05 per ADS issued
<ul style="list-style-type: none">• Surrender of ADSs for cancellation and withdrawal of deposited securities, including cash distributions made pursuant to a cancellation or withdrawal	Up to \$0.05 per ADS surrendered
<ul style="list-style-type: none">• Distribution of cash proceeds, including cash dividends or sale of rights and other entitlements (not made pursuant to a cancellation or withdrawal)	Up to \$0.05 per ADS held
<ul style="list-style-type: none">• Distribution of ADSs upon the exercise of rights	Up to \$0.05 per ADS issued
<ul style="list-style-type: none">• Operation and maintenance costs in administering the ADSs	Up to \$0.05 per ADS held, such fee to be assessed against holders of record on an annual basis as of the date or dates set by the depositary as it sees fit and collected at the sole discretion of the depositary by billing such holders for such fee or by deducting such fee from one or more cash dividends or other cash distributions

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Holders and beneficial owners of our ADSs, as well persons depositing our ordinary shares and persons surrendering ADSs for cancellation and for withdrawal of deposited securities, will be required to pay the following charges:

- taxes (including applicable interest and penalties) and other governmental charges;
- such registration fees as may from time to time be in effect for the registration of our ordinary shares or other deposited securities on the share register and applicable to transfers of our ordinary shares or other deposited securities to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- such cable, telex, facsimile and electronic transmission and delivery expenses as are expressly provided in the deposit agreement to be at the expense of the person depositing or withdrawing our ordinary shares or the holders and beneficial owners of our ADSs;
- the expenses and charges incurred by the depositary in the conversion of foreign currency;
- such fees and expenses as are incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to our ordinary shares, the deposited securities, ADSs and ADRs;
- the fees and expenses incurred by the depositary in connection with the delivery of deposited securities, including any fees of a central depository for securities in the local market, where applicable; and
- any additional fees, charges, costs or expenses that may be incurred by the depositary from time to time.

The depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (i.e., share dividends, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

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PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

As of December 31, 2023, loans payable to third parties raised through various securities exchanges and from shareholders, amounting to RMB140.6 million (\$19.8) and RMB20.0 million (\$2.8 million), respectively, were overdue. Interests payable for those loans were RMB68.4 million (\$9.6 million) and RMB20.6 million (\$2.9 million), respectively. The Company divested the microfinance business and sold off 100% interests in VIE and relevant subsidiaries in June 2024, as of December 31, 2024, balance of loan payable and interest payable was nil.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. Additional Information” for a description of the rights of holders of our ordinary shares, which remain unchanged.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Exchange Act. Based on that evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

B. Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with IFRS. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company’s assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS, and that a company’s receipts and expenditures are being made only in accordance with authorizations of a company’s management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules promulgated by the SEC, our management, including our chief executive officer and chief financial officer, assessed the effectiveness of internal control over financial reporting as of December 31, 2024 using the criteria set forth in the report “Internal Control - Integrated Framework (2013)” published by the Committee of Sponsoring Organizations of the Treadway Commission (known as COSO).

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Our management’s report was not subject to attestation by our

independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

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C. Attestation Report for the Independent Registered Public Accounting Firm

Not applicable.

D. Changes in Internal Control Over Financial Reporting

There were no other changes in our internal control over financial reporting during the year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Halen Fu qualifies as “audit committee financial expert” as defined in Item 16A of Form 20-F. Each of the members of our audit committee satisfies the “independence” requirements of Section 803 of the Company Guide and Rule 10A-3 under the Exchange Act. See “Item 6. Directors, Senior Management and Employees.”

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to our directors, officers, employees and agents. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (File No. 333-170368). We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person’s written request.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by our independent registered public accounting firm for the year ended December 31, 2023 and 2024, respectively.

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	Year Ended December 31,		
	2023	2024	
	RMB	RMB	US\$
	(in Thousands)		
Audit fees ⁽¹⁾	993	1,583	220
Audit-related fees ⁽²⁾	284	223	31

(1) “Audit fees” means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

(2) “Audit-related fees” means the aggregate fees billed in each of the fiscal years listed for assurance and related services by our independent registered public accounting firm that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit fees.” Services comprising the fees disclosed under category of “Audit-related fees” involve principally general audit-related services for the years ended December 31, 2023 and 2024.

The audit committee of our board of directors is directly responsible for the appointment, retention, evaluation, compensation, oversight and termination of the work of the independent auditors employed by the Company. Pursuant to the audit committee charter adopted by the board of directors on November 4, 2010, the committee has the authority and responsibility to appoint, retain and terminate our independent auditors and has the sole authority to pre-approve any audit and non-audit services, including tax services, to be provided by our independent auditors. In addition, the audit committee has the power to pre-approve the hiring of any employee or former employee of the independent auditors who was a member of the Company’s audit team during the preceding two fiscal years, or the hiring of any employee or former employee of the independent auditors (within the preceding two fiscal years) for a senior position within the Company, regardless of whether that person was a member of the Company’s audit team.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

On January 10, 2023, the Audit Committee approved the appointment of Enrome LLP (“Enrome”) as the Company’s independent registered public accounting firm to audit the Company’s consolidated financial statements as of and for the fiscal year ending December 31, 2022, effective January 10, 2023.

During the two most recent fiscal years and through January 10, 2023, the Company has not consulted with Enrome regarding (1) any matter that was the subject of a disagreement or a reportable event described in Items 304(a)(1)(iv) or (v), respectively, or (2) any matter that was the subject of a disagreement or a reportable event described in Items 304(a)(1)(iv) or (v), respectively, of Regulation S-K.

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ITEM 16G. CORPORATE GOVERNANCE

NYSE American LLC Company Guide and Home Country Practice

We are a foreign private issuer with our ADSs listed on the NYSE American. Section 110 of the Company Guide permits NYSE American to consider the laws, customs and practices of foreign private issuers like us in relaxing certain NYSE American corporate governance requirements, and to grant exemptions from NYSE American corporate governance requirements on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which our governance practices differ from those followed by domestic companies pursuant to NYSE American corporate governance standards is as follows:

- **Independent Directors:** U.S. domestic listed companies must have a majority of independent directors as required by Section 802(a) and defined in Section 803A of the Company Guide. Under the laws of Cayman Islands, we are not required to have a majority of our directors as independent directors. Of our seven (7) directors, four are independent directors.
- **Audit Committee:** U.S. domestic listed companies must have an audit committee of at least three (3) members as required by Section 803(B)(2) of the Company Guide. These requirements differ from the Companies Act. We currently have four (4) members, three of whom are independent directors.
- **Dissemination:** Section 623 of the Company Guide requires that the company to prepare and disseminate its interim/quarterly (unaudited) statements to its shareholders. We are a foreign private issuer and under the laws of the Cayman Islands, we are not required to prepare and disseminate our interim/quarterly (unaudited) statements to our shareholders. However, we will continue to submit to the SEC on a Form 6-K our interim balance sheet as of the end of our second fiscal quarter, and a semi-annual income statement that covers our first two fiscal quarters as required under the Company Guide.
- **Shareholder Approval Requirement:** Sections 711-713 of the Company Guide require shareholder approval prior to an issuance of securities in connection with: (i) the acquisition of the stock or assets of another company; (ii) equity-based compensation of officers, directors, employees or consultants; (iii) a change of control; and (iv) private placements. Under the laws of the Cayman Islands, we are not required to solicit shareholder approval of stock plans, including those in which our officers or directors may participate; stock issuances that will result in a change in control; the issuance of our stock in related party transactions or other transactions in which we may issue 20% or more of our outstanding shares; or, below market issuances of 20% or more of our outstanding shares to any person.

In addition, as a foreign private issuer, and our equity securities are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. We solicit proxies in accordance with our Memorandum and Articles of Association the applicable rules and regulations in the Cayman Islands.

The foregoing is consistent with the laws, customs and practices in the Cayman Islands. In addition, we may from time-to-time seek relief from NYSE American corporate governance requirements on specific transactions under Section 110 of the Company Guide by providing written certification from independent local counsel that the non-complying practice is not prohibited by our home country law.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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Item 16J. INSIDER TRADING POLICIES

We are currently in the process of developing an insider trading policy and intend to adopt a formal policy during the next fiscal year.

Item 16K. CYBERSECURITY

Risk Management and Strategy

To maintain a consistently high level of service experience for our clients, preserve the confidentiality, integrity, and availability of our information systems, safeguard our assets, data, intellectual property, and network infrastructure, while meeting regulatory requirements, it is crucial to effectively manage cybersecurity risks. To achieve this, we have implemented a comprehensive cybersecurity risk management framework, which is integrated in our overall enterprise risk management system and processes and is internally managed.

Our dedicated cybersecurity staff is tasked with assessing, identifying and managing risks related to cybersecurity threats and, under the leadership of our chief operating officer, is responsible for:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, services, and our broader enterprise IT environment;
- development of risk-based action plans to manage identified vulnerabilities and implementation of new protocols and infrastructure improvements;
- cybersecurity incident investigations;
- monitoring threats to sensitive data and unauthorized access to our systems;
- secure access control measures applied to critical IT systems, equipment and devices, designed to prevent unauthorized users, processes, and devices from accessing IT systems and data;
- developing and executing protocols to ensure that information regarding cybersecurity incidents is promptly shared with the board of directors, as appropriate, to allow for risk and materiality assessments and to consider disclosure and notice requirements; and
- developing and implementing training on cybersecurity, information security and threat awareness.

As of the date of this Annual Report, we have not experienced cybersecurity incidents during the year ended December 31, 2024, that resulted in an interruption to our operations, known losses of any critical data or otherwise had a material impact on our strategy, financial condition or results of operations. However, the scope and impact of any future incident cannot be predicted.

Governance

Our board of directors is responsible for overseeing risks related to cybersecurity. Our board of directors shall (i) maintain oversight of the disclosure related to cybersecurity matters in current reports or periodic reports of our company, (ii) review updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, and the disclosure issues, if any, presented by our management on a quarterly basis, and (iii) review disclosure concerning cybersecurity matters in our annual report on Form 20-F presented by our management.

At the management level, our cyber security team is responsible for monitoring and mitigating cybersecurity risks, including those associated with third-party service providers. The team investigates and responds to any suspicious activities within our data environment. Upon detecting any material cybersecurity threat or cybersecurity incident, our cyber security team will report the threat or incident to our head of information technology and cybersecurity functions, who will assume the responsibility for managing the risks from such material cybersecurity threat or cybersecurity incident and monitoring the prevention, mitigation and remediation measures. Our head of information technology and cybersecurity functions is required to update our board of directors regarding the status of any material cybersecurity threats, material cybersecurity incidents or other associated risks, and they are also required to discuss with our board of directors with respect to disclosure of any material cybersecurity threat or incident, if any. Our head of information technology and cybersecurity functions has extensive experience working in the field of cybersecurity, with pertinent background and expertise in cybersecurity risk management and compliance.

If a cybersecurity incident occurs, our cyber security team will promptly organize personnel for internal assessment. If it is further determined that the incident could potentially be a material cybersecurity event, our cyber security team will promptly report the incident and assessment results to our head of information technology and cybersecurity functions, and, to the extent appropriate, involve external legal counsels to provide advice. Our management shall prepare disclosure material on the cybersecurity incident for review and approval by our board of directors before it is disseminated to the public.

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PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

See “Index to Consolidated Financial Statements” on page F-1 for our financial statements filed as part of this annual report.

ITEM 19. EXHIBITS

The following exhibits are furnished along with this annual report or are incorporated by reference as indicated.

Number	Description of Exhibit
<u>1.1</u>	<u>Second Amended and Restated Memorandum and Articles of Association of Dunxin Financial Holdings Limited Shares (incorporated herein by reference to Exhibit 1.1 to the Company’s Form 20-F filed on April 30, 2018).</u>
<u>1.2</u>	<u>Third Amended & Restated Memorandum and Articles of Association of Dunxin Financial Holdings Limited (incorporated herein by reference to Exhibit 99.1 to the Company’s 6-K filed on October 16, 2023).</u>
<u>2.1</u>	<u>Specimen Certificate for Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the Company’s Form F-1/A Registration Statement (File No. 333-170368) filed on November 8, 2010).</u>
<u>2.2</u>	<u>Form of Deposit Agreement, including form of American Depositary Receipts (incorporated herein by reference to Exhibit (a) to the Company’s Form F-6 Registration Statement (File No. 333-170368) filed on November 22, 2010).</u>
<u>2.3</u>	<u>Form of Amendment to Deposit Agreement including form of American Depositary Receipts (incorporated herein by reference to Exhibit (a)(2) to the Company’s Form F-6/A Registration Statement (File No. 333-170489) filed on November 25, 2014).</u>
<u>2.4</u>	<u>Form of Second Amendment to Deposit Agreement including form of American Depositary Receipts (incorporated herein by reference to Exhibit (a)(3) to the Company’s Form F-6/A Registration Statement (File No. 333-170489) filed on December 15, 2017).</u>
<u>2.5</u>	<u>Form of Third Amendment to Deposit Agreement including form of American Depositary Receipts (incorporated herein by reference to Exhibit (a)(4) to our Form F-6 Registration Statement (File No. 333-223442) filed on March 5, 2018).</u>
<u>2.6</u>	<u>Description of Securities.*</u>
<u>4.1</u>	<u>Financial Support Commitment Letter, dated August 19, 2025, from Hao Xu.**</u>
<u>8.1</u>	<u>Principal subsidiaries of Eason Technology Limited.*</u>

11.1	<u>Code of Business Conduct and Ethics of Eason Technology Limited (formerly known as China Xiniya Fashion Limited) (incorporated herein by reference to Exhibit 99.1 to the Company's Form F-1 Registration Statement (File No. 333-170368) filed on November 22, 2010).</u>
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<u>12.1</u>	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act.*</u>
<u>12.2</u>	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act.*</u>
<u>13.1</u>	<u>Certification of Chief Executive Officer required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u>
<u>13.2</u>	<u>Certification of Chief Financial Officer required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u>
<u>15.1</u>	<u>Consent of Enrome LLP*</u>
<u>97.1</u>	<u>Clawback Policy (incorporated herein by reference to Exhibit 97.1 to the Company's Form 20-F filed on May 16, 2024).</u>
101.INS	Inline XBRL Instance Document**
101.SCH	Inline XBRL Taxonomy Extension Schema Document**
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document**
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)**

* Filed herewith.

** Furnished herewith.

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SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

EASON TECHNOLOGY LIMITED

Date: September 24, 2025

By: /s/ Longwen (Stanley) He
Longwen (Stanley) He
Chairman and Director
(Principal Executive Officer)

/s/ Xiang (Johnny) Zhou
Xiang (Johnny) Zhou
Chief Financial Officer
(Principal Accounting and Financial
Officer)

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED)
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of

Eason Technology Limited (formerly known as “Dunxin Financial Holdings Limited)

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Eason Technology Limited and its subsidiaries (the “Company”) as of December 31, 2023 and 2024, the related consolidated statements of profit or loss and other comprehensive income/(loss), changes in shareholders’ equity/(deficit) and cash flows for the years ended December 31, 2022, 2023 and 2024, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of the Company as of December 31, 2023 and 2024, and the related consolidated statements of profit or loss and other comprehensive income (loss), changes in shareholders’ equity/(deficit) and cash flows for the years ended December 31, 2022, 2023 and 2024, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material Uncertainty Related to Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company incurred a net loss of RMB502.1 million and net negative operating cashflow of RMB9.1 million during the year ended December 31, 2024. As of December 31, 2024, the Company had net current liabilities of RMB18.2 million and an accumulated loss of RMB535.2 million. We also draw attention to Note 32 of the financial statements, which describes the uncertainty related to the outcome of the lawsuits filed against the Company. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which it relates.

We determined that there are no critical audit matters.

/s/ Enrome LLP

We have served as the Company's auditor since 2023

Singapore

September 24, 2025

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(LOSS)

	Notes	Year ended December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue		-	-	12,315
Cost of revenue		-	-	(2,744)
Gross profit		-	-	9,571
Interest income on loans		44,797	11,218	-
Interest expense				
Interest expenses on loans		(21,296)	(18,720)	(856)
Business related taxes and surcharges		(405)	(405)	-
Total interest expense		(21,701)	(19,125)	(856)
Net interest income/(expense)		23,096	(7,907)	(856)
Credit impairment losses		(42,420)	(373,647)	-
Net interest loss after credit impairment losses		(19,324)	(381,554)	(856)
Operating expenses				
Sales and marketing		(514)	-	-
General and administrative		(10,506)	(14,249)	(11,553)
Total operating expenses		(11,020)	(14,249)	(11,553)
Loss on disposal of discontinued operations and subsidiaries		-	-	(497,532)
Loss before income tax	11	(30,344)	(395,803)	(500,370)
Income tax expense	12	-	-	(1,711)
Net loss		(30,344)	(395,803)	(502,081)
Net loss attributable to:				
Equity holders of the Company	13	(24,275)	(316,642)	(502,081)
Non-controlling interests		(6,069)	(79,161)	-
Net loss		(30,344)	(395,803)	(502,081)
Other comprehensive loss for the year				
Net loss		(30,344)	(395,803)	(502,081)
Total currency translation differences arising from consolidation		(325)	(1,489)	47,047
Total comprehensive loss for the year		(30,669)	(397,292)	(455,034)
Total comprehensive loss attributable to:				
Equity holders of the Company		(24,535)	(317,834)	(455,034)
Non-controlling interests		(6,134)	(79,458)	-
Total comprehensive loss		(30,669)	(397,292)	(455,034)

Basic and diluted earnings per share for the loss attributable to the equity holders of the Company during the year (expressed in RMB per share)	13	(0.02)	(0.15)	(0.04)
Weighted average number of shares outstanding in the year	13	1,003,303,952	2,109,776,108	12,745,069,737

The annexed notes form an integral part of and should be read in conjunction with the consolidated financial statements.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As of December 31, 2023 RMB'000	2024 RMB'000
ASSETS			
CURRENT ASSETS			
Cash, cash equivalents and restricted cash	14	2,533	79
Loans receivable, net of credit impairment losses	15	193,682	-
Trade receivable	16	-	12,568
Prepaid expenses	17	6,129	11,916
Total current assets		202,344	24,563
NON-CURRENT ASSETS			
Property, plant and equipment	18	36,325	-
Intangible asset	19	44,847	46,102
Right-of-use asset	20	-	193
Total non-current assets		81,172	46,295
TOTAL ASSETS		283,516	70,858
LIABILITIES			
CURRENT LIABILITIES			
Loans payable	21	161,439	-
Convertible notes payable	22	10,011	12,922
Trade payable	23	-	1,302
Salary and benefit payable	24	14,013	3,764
Income taxes payable	25	32,477	1,711
Interest payable	26	90,898	-
Other payable	27	25,833	22,780
Lease liability		-	330
TOTAL LIABILITIES		334,671	42,809
SHAREHOLDERS' (DEFICIT) /EQUITY			
Share capital	28	3,810	4,985
Additional paid-in capital	28	438,193	512,327
Statutory reserve	29	18,706	346
General risk reserve	30	9,180	-
Currency translation reserve		(1,422)	45,625
Accumulated losses		(497,691)	(535,234)
Non-controlling interests		(21,931)	-
TOTAL SHAREHOLDERS' (DEFICIT)/EQUITY		(51,155)	28,049
TOTAL (DEFICIT)/EQUITY AND LIABILITIES		283,516	70,858

The annexed notes form an integral part of and should be read in conjunction with the consolidated financial statements.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY/(DEFICIT)

	Share capital	Additio nal paid-in capital	Statuto ry reserve	General risk reserve	Currenc y translati on reserve	Accumula ted loss	Total	Non- controlli ng interests	Total Shareholde rs Equity/(Def icit)
	RMB'0 00	RMB'0 00	RMB'0 00	RMB'0 00	RMB'0 00	RMB'000	RMB'0 00	RMB'0 00	RMB'000
Balance at January 1, 2022	326	383,174	18,706	9,180	30	(156,774)	254,642	63,661	318,303
Share issuance	14	510	-	-	-	-	524	-	524
Other comprehensive loss for the year - currency translation differences	-	-	-	-	(261)	-	(261)	(64)	(325)
Net loss for the year	-	-	-	-	-	(24,275)	(24,275)	(6,069)	(30,344)
Balance at December 31, 2022	340	383,684	18,706	9,180	(231)	(181,049)	230,630	57,528	288,158
Share issuance	3,470	54,509	-	-	-	-	57,979	-	57,979
Other comprehensive loss for the year - currency translation differences	-	-	-	-	(1,191)	-	(1,191)	(298)	(1,489)
Net loss for the year	-	-	-	-	-	(316,642)	(316,642)	(79,161)	(395,803)
Balance at December 31, 2023	3,810	438,193	18,706	9,180	(1,422)	(497,691)	(29,224)	(21,931)	(51,155)
Share issuance	139	1,596	-	-	-	-	1,735	-	1,735
Disposal of discontinued operations and subsidiaries	-	66,534	(18,706)	(9,180)	-	(32,648)	6,000	21,931	27,931
Conversion of	1,036	6,004	-	-	-	-	7,040	-	7,040

convertible
notes

Other comprehensive loss for the year - currency translation differences	-	-	-	-	47,047	-	47,047	-	47,047
Net loss for the year	-	-	-	-	-	(4,549)	(4,549)	-	(4,549)
Appropriation to reserve	-	-	346	-	-	(346)	-	-	-
Balance at December 31, 2024	4,985	512,327	346	-	45,625	(535,234)	28,049	-	28,049

The annexed notes form an integral part of and should be read in conjunction with the consolidated financial statements.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash flow from operating activities			
Loss before income tax	(30,344)	(395,803)	(500,370)
Adjustments for:			
Depreciation of property, plant and equipment	2,952	2,903	-
Amortization of intangible asset	-	1	-
Amortization of right-of-use asset	-	-	250
Credit impairment losses	42,420	373,647	-
Loss from disposal of discontinued operations and subsidiaries	-	-	497,532
Operating profit/(loss) before changes in working capital	15,028	(19,252)	(2,588)
Loans receivable	(43,400)	(11,218)	-
Trade receivable	-	-	(12,568)
Prepaid expenses	(3,781)	(360)	(1,386)
Trade payable	-	-	1,302
Salary and benefit payable	2,307	1,834	1,379
Interest payable	18,125	18,088	-
Income tax payable	-	-	1,711
Other payable	4,286	(109)	2,722
Lease liability	-	-	330
Net cash used in operating activities	(7,435)	(11,017)	(9,098)
Cash flow from financing activities			
Proceeds received from issuance of share	-	7,792	-
Repayments of related party loans	(130)	-	-
Proceeds received from issuance of convertible notes	6,758	7,277	8,272
Repayments of convertible notes	-	(284)	-
Net cash provided by financing activities	6,628	14,785	8,272
Net (decrease)/increase in cash, cash equivalents and restricted cash	(807)	3,768	(826)
Cash, cash equivalents and restricted cash at beginning of year	396	295	2,533
Exchange gain/(losses) on cash, cash equivalents and restricted cash	706	(1,530)	(1,628)
Cash, cash equivalents and restricted cash at end of year	295	2,533	79
Supplemental disclosure of non-cash flow:			
Operating lease right-of-use asset obtained in exchange for operating lease liabilities	-	-	443
Conversion of convertible notes	-	-	7,040
Share issuance	-	-	1,735

The annexed notes form an integral part of and should be read in conjunction with the consolidated financial statements.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

1. Organization and principal activities

Eason Technology Limited (“Eason,” together with its subsidiaries and the variable interest entity, collectively the “Company”), formerly known as Dunxin Financial Holdings Limited and China Xiniya Fashion Limited, was incorporated in the Cayman Islands as an exempted limited liability company on June 24, 2010. On December 28, 2017, Eason completed the Divestiture and Acquisition transactions (the “Transactions”). In connection with the Divestiture transaction, Eason divested its wholly-owned subsidiary, Xiniya Holdings Limited, a Hong Kong company, to Qiming Investment Limited, a British Virgin Islands company, in exchange for a purchase consideration of RMB228,000,000 (\$34,588,428). After the divestiture transaction, Eason did not meet the definition of a business for accounting and financial reporting purposes. In connection with the Acquisition transaction, Eason purchased all of the issued and outstanding ordinary shares of True Silver Limited (“True Silver”) for a cash payment of RMB228,000,000 (\$34,588,428) and the issuance of 772,283,308 of the ordinary shares at RMB1.00 (\$0.15) per share to the shareholders of True Silver. True Silver became the wholly owned subsidiary of Eason. True Silver utilizes a variable interest entity structure to operate and consolidate 80% of the financial results of Hubei Chutian Microfinance Co., Ltd (“Chutian”). Chutian, with a registered capital of RMB450 million, is a joint stock company incorporated under the laws of China specializing in providing loan facilities to micro sized enterprises, SMEs, sole proprietors and individuals in Hubei Province, People’s Republic of China.

The Transactions were accounted for as a “reverse acquisition” since, immediately following the consummation of the Transactions, the shareholders and management of Chutian having effectuated control of the combined company. The former shareholders of Chutian, whose shares were acquired by Eason, own and control 88.7% of shares and votes in Eason. The management of Eason is drawn predominantly from Chutian. For accounting purposes, the legal subsidiaries of True Silver were deemed to be the accounting acquirer in the transaction and Eason, the legal acquirer, was deemed to be the accounting acquiree.

The consolidated financial statements represent a continuation of the consolidated financial statements of True Silver and its subsidiaries (the “True Silver Group”) and reflect the following:

- (a) the assets and liabilities of the True Silver Group were recognized and measured in the consolidated statement of financial position at their carrying amount before the Acquisition;
- (b) the identifiable assets and liabilities of the Company were recognized and measured in the consolidated financial statements at their acquisition date fair values;
- (c) the excess of the fair value of purchase consideration over the identifiable net assets of the Company at fair value is recognized as a reduction of additional paid-in capital in the consolidated statement of financial position;
- (d) the retained earnings and other equity balances recognized in the consolidated financial statement are the retained earnings and other equity balances of the True Silver Group immediately before the Acquisition;
- (e) the amount recognized as issued equity interest in the consolidated financial statements were determined by adding the issued equity of the True Silver Group outstanding immediately before the Acquisition to the fair value of purchase consideration of the Acquisition. The fair value of purchase consideration is based on the fair value of the Company at the completion date. However, the equity structure appearing in the consolidated financial statement shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the Acquisition;

- (f) the consolidated statement of operations and other comprehensive loss for the financial year ended December 31, 2017 reflects that of the True Silver Group for the full period together with the post-acquisition results of the Company;

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

1. Organization and principal activities - continued

- (g) the comparative figures presented in the consolidated financial statements were that of the True Silver Group; and
- (h) earnings per share for the financial year ended December 31, 2017 reflects the results of the True Silver Group until the date of acquisition and the results of the enlarged Group from the acquisition date.

On May 13, 2024, the Company entered into certain share purchase agreement (the “Disposition SPA”) with True Silver, Chutian HK, and Jianneng Holdings Limited, a British Virgin Islands company which is not affiliate of the Company of any of its directors or officers (the “Purchaser”). Pursuant to the Disposition SPA, the Purchaser agreed to purchase Chutian HK in exchange for nominal cash consideration of US\$1. Upon the closing of the transaction contemplated by the Disposition SPA, the Purchaser will become the sole shareholder of Chutian HK and as a result, assume all assets and liabilities of Chutian, Chutian HK and all subsidiaries owned or controlled by Chutian HK. Upon the transaction contemplated by the Disposition SPA closed on June 12, 2024, the Company divested microfinance lending business.

On January 10, 2025, the Board has proposed to the shareholders to approve the change of the name of the Company from "Dunxin Financial Holdings Limited" to "Eason Technology Limited".

The Company currently operate in the real estate operation management and investment business in the PRC, focusing on key industries such as medical and health services, commercial real estate, and emerging consumer sectors. The Company manages, operates, and conducts mergers and acquisitions of entrusted or self-owned assets to enhance the profitability of our asset portfolio and achieve stable growth in cash flow.

Separately, the Company established the headquarters and operate digital security technology business in Hong Kong. The Company focuses on cutting-edge areas such as digital asset security, intellectual property security, AI computing power, etc., to develop application-level security products with proprietary intellectual property rights.

The principal place of business is Room 612, 6/F, Kaiyue Comm Building, No.2C, Argyle Street, Mongkok Kowloon, Hong Kong, People’s Republic of China.

The Company is listed on the NYSE American LLC, the ticker symbol is DXF.

These financial statements are presented in Renminbi, unless otherwise stated.

The consolidated financial statements for the years ended December 31, 2022, 2023 and 2024 were authorized for issue by resolution of the board of directors on September 24, 2025.

Reporting entities

Eason is a holding company.

The Company historically principally engaged in the business of providing loan facilities to micro sized enterprises, SMEs, sole proprietors and individuals in Hubei Province, People’s Republic of China (“PRC”). The Company operates its microfinance lending business through the 80% variable interest entity (“VIE”) operating company, Hubei Chutian Microfinance Co., Ltd (“Chutian”). All of the Company’s operations are

conducted in the PRC through Chutian, which holds all the approval certificates, business license and other requisite licenses for the microfinance lending businesses.

Eason commenced and developed digital security technology and real estate operation management business in 2023. In June 2024, Eason divested microfinance business by selling off the Chutian and related subsidiaries.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

1. Organization and principal activities - continued

The following is a brief description of each of the Company's subsidiaries and former variable interest entity:

- ☐ True Silver - True Silver Limited ("True Silver") is a limited company incorporated on June 28, 2016, a British Virgin Islands company. The total amount of paid-up share capital of True Silver is \$50,000 with 50,000 ordinary shares. True Silver is a holding company and is wholly owned by the Company.
- ☐ Chutian HK - Chutian Financial Holdings (Hong Kong) Limited ("Chutian HK") is a limited company incorporated on August 12, 2016, under the Companies Ordinance of Hong Kong. The total amount of paid-up share capital of Chutian HK is HKD10,000 with 100 ordinary shares. Chutian HK is a holding company and is wholly owned by True Silver. Chutian HK was disposed in June 2024.
- ☐ Chutian Holding - Wuhan Chutian Investment Holding Limited ("Chutian Holding") is a wholly foreign owned enterprise established by Chutian HK on November 4, 2016. Chutian Holding was disposed in June 2024.
- ☐ Chutian - Hubei Chutian Microfinance Co., Ltd. is a joint stock company incorporated under laws of PRC on February 20, 2013. Chutian currently holds a business license issued by the Administrative Approval Bureau of Wuchang District, Wuhan Municipality on April 25, 2017, which allows it to operate a microfinance business and provides individual and business loans to persons residing in and businesses operating in Hubei Province, People's Republic of China. Through a series of contractual agreements (the "VIE Agreements"), Chutian Holding is deemed to control 80% of Chutian and have rights to consolidate 80% of Chutian's financial results. Chutian was disposed in June 2024.
- ☐ Hong Kong Four Divisions. Hong Kong Four Divisions International Limited, wholly owned by True Silver, is a limited liability company incorporated on September 27, 2023, under the Companies Ordinance of Hong Kong, with 10,000 ordinary shares.
- ☐ Hong Kong Three Entities. Hong Kong Three Digital Technology Limited, wholly owned by True Silver, is a limited liability company incorporated on September 27, 2023, under the Companies Ordinance of Hong Kong, with 10,000 ordinary shares
- ☐ Hong Kong Yiyou. Hong Kong YiYou Digital Technology Development Co., Ltd., wholly owned by True Silver, is a limited liability company incorporated on August 2, 2023, under the Companies Ordinance of Hong Kong, with 100,000 ordinary shares
- ☐ Shenzhen Four Divisions. Shenzhen Four Divisions Global Industrial Operation Co., Ltd. is a limit liability company incorporated under laws of PRC on November 1, 2023. Shenzhen Four Divisions currently holds a business license 91440300MAD18XDH75.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

1. Organization and principal activities - continued

As of December 31, 2024, the Company's subsidiaries were as follows:

Subsidiary	Place of incorporation	Particular of issued and fully paid up capital		Company's effective interest	Held by the Company	Held by a subsidiary	Principal activities
True Silver Limited	British Virgin Islands		\$50,000	100 %	100 %	-	Investment holding
Hong Kong Four Divisions International Limited	Hong Kong	HK\$	10,000	100 %	-	100 %	Real estate management
Hong Kong Three Entities Digital Technology Limited	Hong Kong	HK\$	10,000	100 %	-	100 %	Digital security technology
Hong Kong Yiyou Digital Technology Development Co., Limited.	Hong Kong	HK\$	100,000	100 %	-	100 %	Intellectual property rights management
Shenzhen Four Divisions Global Industrial Operation Co., Ltd.	PRC	RMB	1,000,000	100 %	-	100 %	Real estate management and digital security technology

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

1. Organization and principal activities - continued

The VIE arrangements

The following is a brief description of the VIE Agreements entered into on August 10, 2017, between Chutian Holding and the shareholders of Chutian, through which the Company controls 80% equity interests of Chutian:

- ☐ Exclusive Consigned Management Service Agreement. Pursuant to the Exclusive Consigned Management Service Agreement between Chutian and Chutian Holding, Chutian Holding was appointed as the exclusive services provider to Chutian (including its subsidiaries, branches and any other invested entities) for the following services: comprehensive business support, including but not limited to, daily business management consulting, financial consulting, professionals and technical training during the term of this Agreement in accordance with the terms and conditions of this Agreement. For services rendered to Chutian by Chutian Holding under this Agreement, Chutian Holding is entitled to collect a service fee equal to 80% of the net operating income of Chutian (the “Service Fees”). The Service Fees are due and payable on a quarterly basis; provided, however, in principle, the payment of the Service Fees should not cause any difficulty to the operation of either party to this Agreement. The exclusive Consigned Management Service Agreement has a term of five (5) years. Chutian is not entitled to unilaterally terminate this Agreement. Chutian Holding has the right to terminate this Agreement by giving a thirty (30) day prior notice to Chutian. This Agreement could be extended based on the originally agreed terms upon expiration if Chutian Holding gives written confirmation before expiration of the agreement. The period of extension will be decided by Chutian Holding, which Chutian is required to unconditionally accept.
- ☐ Exclusive Purchase Option Agreement. Under the Exclusive Purchase Option Agreement, Hubei New Nature Investment Co., Ltd, Qizhi Wei, Sizhi Yang, Yuyou Hu, Wanxin Deng, Jing Liang, Hailin Wang, and Wenting (Tina) Xiao (collectively “Shareholders holding 80% Equity Interests of Chutian”) irrevocably granted to Chutian Holding, or any third party designated by WFOE, an exclusive purchase option right, at any time to purchase all or part of such shareholders’ current and future equity interests in Chutian, to the extent permitted by PRC laws and regulations. Apart from Chutian Holding or any third party designated by Chutian Holding, no other person has the right to purchase such equity interests in Chutian. Shareholders holding 80% Equity Interests of Chutian are required to transfer their respective equity interests in Chutian to Chutian Holding in accordance with their percentage ownership of such equity interests provided Chutian Holding selects to purchase such shareholders’ equity interests. Chutian irrevocably granted to Chutian Holding or any third party designated by Chutian Holding an exclusive purchase option right, at any time to purchase all or a substantial part of Chutian’s assets, to the extent permitted by PRC laws and regulations.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

1. Organization and principal activities - continued

The VIE arrangements - continued

- ☐ Shareholders' Voting Proxy Agreement. Under the Voting Proxy Agreement, the Shareholders holding 80% Equity Interests of Chutian irrevocably granted and entrusted Chutian Holding or their designee to be their exclusive proxy to exercise their voting rights that they would have at a shareholders' meeting or by written consent for the maximum period permitted pursuant to the PRC laws and in accordance with and within the limitations of the PRC laws and the then effective articles of association of Chutian, including but not limited to, the following rights:
 - (a) to attend and participate in the shareholders' meetings of Chutian as the voting proxy of the Shareholders holding 80% Equity Interests of Chutian;
 - (b) to vote on the matters proposed at the shareholders' meetings, including, but not limited to, voting on the appointment and election of the directors and supervisors of Chutian;
 - (c) to suggest convening the shareholders' meetings of Chutian; and
 - (d) all other voting rights entitled to the shareholders of Chutian as stipulated in the articles of association of Chutian, as amended from time to time.
- ☐ Share Pledge Agreement. Under the Share Pledge Agreement, the Shareholders holding 80% Equity Interests of Chutian pledged all of their equity interests in Chutian to Chutian Holding to guarantee the performance of Chutian's obligations under the Exclusive Consigned Management Agreement, Shareholders Voting Proxy Agreement and Exclusive Purchase Option Agreement (the "Main Agreements"). The equity pledge under the agreement constitutes a continuous guarantee and remains effective before fulfillment of the obligations under the Main Agreements or full repayment of the guaranteed liability.

Through the above contractual arrangements, Chutian Holding, has obtained 80% of shareholders' voting interest in the former VIE, has the right to receive all dividends declared and paid by the former VIE and may receive substantially all of the net income of the former VIE through the technical support and service fees as determined by Chutian Holding at its sole discretion. Accordingly, the Company has consolidated the former VIE because the Company believes, through the contractual arrangements, (1) Chutian Holding could direct the activities of the former VIE that most significantly affect its economic performance and (2) Chutian Holding could receive substantially all of the benefits that could be potentially significant to the former VIE.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

1. Organization and principal activities - continued

Risks in relation to the VIE structure

The Company believes that the VIE arrangements are in compliance with PRC law and are legally enforceable. The shareholders of the former VIE are also shareholders of the Company and therefore have no current interest in seeking to act contrary to the contractual arrangements. However, uncertainties in the PRC legal system could limit the Company's ability to enforce these contractual arrangements and if the shareholders of the former VIE were to reduce their interest in the Company, their interests may diverge from that of the Company and that may potentially increase the risk that they would seek to act contrary to the contractual terms, for example by influencing the former VIE not to pay the service fees when required to do so.

The Company's ability to control the former VIE also depends on the Voting Proxy Agreement pursuant to which Chutian Holding has the right to vote on all matters requiring shareholder approval in the former VIE. As noted above, the Company believes the rights granted by the Voting Proxy Agreement is legally enforceable but may not be as effective as direct equity ownership.

In addition, if the legal structure and contractual arrangements were found to be in violation of any existing PRC laws and regulations, the PRC government could:

- ☐ revoke the business and operating licenses of the Company's PRC subsidiaries and affiliates;
- ☐ discontinue or restrict the Company's PRC subsidiaries' and affiliates' operations;
- ☐ impose conditions or requirements with which the Company or its PRC subsidiaries and affiliates may not be able to comply; or
- ☐ require the Company or its PRC subsidiaries and affiliates to restructure the relevant ownership structure or operations;

The imposition of any of these penalties may result in a material and adverse effect on the Company's ability to conduct the Company's business. In addition, if the imposition of any of these penalties causes the Company to lose the rights to direct the activities of the former VIE or the right to receive their economic benefits, the Company would no longer be able to consolidate the former VIE. The Company does not believe that any penalties imposed or actions taken by the PRC Government would result in the liquidation of the Company, Chutian Holding, or the former VIE.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

1. Organization and principal activities - continued

Risks in relation to the VIE structure - continued

Certain shareholders of the former VIE are also beneficial owners or directors of the Company. In addition, certain beneficial owners and directors of the Company are also directors or officers of the former VIE. Their interests as beneficial owners of the former VIE may differ from the interests of the Company as a whole. The Company cannot be certain that if conflicts of interest arise, these parties will act in the best interests of the Company or that conflicts of interests will be resolved in the Company's favor. Currently, the Company does not have existing arrangements to address potential conflicts of interest these parties may encounter in their capacity as beneficial owners of the former VIE, on the one hand, and as beneficial owners of the Company, on the other hand. The Company believes the shareholders of the former VIE will not act contrary to any of the contractual arrangements and the exclusive purchase right contract provides the Company with a mechanism to remove them as shareholders of the former VIE should they act to the detriment of the Company. If any conflict of interest or dispute between the Company and the shareholders of the former VIE arises and the Company is unable to resolve it, the Company would have to rely on legal proceedings in the PRC. Such legal proceedings could result in disruption of its business; moreover, there is substantial uncertainty as to the ultimate outcome of any such legal proceedings.

The following financial statements information for the Company's former VIE was included in the accompanying consolidated financial statements, presented net of intercompany eliminations, as of and for the years ended December 31, 2023 and 2024:

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Total current assets	194,526	-
Total non-current assets	36,329	-
Total assets	230,855	-
Total current liabilities	316,162	-
Total liabilities	316,162	-

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest income on loans	44,797	11,218	-
Net loss	(23,947)	(385,041)	-

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**EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**

1. Organization and principal activities - continued

Risks in relation to the VIE structure - continued

The former VIE contributed an aggregate of 100.0% and 100.0% of the consolidated interest income on loans for the years ended December 31, 2022 and 2023, respectively. As of December 31, 2023, the former VIE accounted for an aggregate of 81.4% of the consolidated total assets, and 94.5% of the consolidated total liabilities.

There are no consolidated former VIE's assets that are collateral for the former VIE's obligations and can only be used to settle the former VIE's obligations. There are no creditors (or beneficial interest holders) of the former VIE that have recourse to the general credit of the Company or any of its consolidated subsidiaries. There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests, which require the Company or its subsidiaries to provide financial support to the former VIE.

On December 23, 2018, the State Council submitted the draft version of the Foreign Investment Law to the Standing Committee of the National People's Congress, which was promulgated by the National People's Congress on its official site on December 26, 2018 for public consultation until February 24, 2019. On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which On December 23, 2018, the PRC State Council submitted the draft version of the Foreign Investment Law to the Standing Committee of the National People's Congress, which was promulgated by the National People's Congress on its official site on December 26, 2018 for public consultation until February 24, 2019. On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which will come into effect on January 1, 2020 and replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These accounting policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Company consisting of Eason Technology Limited, its subsidiaries and variable interest entity.

2.1 Basis of preparation and going concern

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements of the Company have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

All amounts disclosed in the consolidated financial statements are rounded to the nearest thousand unless otherwise indicated.

As reported in the accompanying consolidated financial statements, the Company incurred a net loss in the amount of RMB502.1 million (\$69.8 million) and net operating cash outflow in the amount of RMB9.1 million (\$1.3 million) during the year ended December 31, 2024 and had an accumulated losses of RMB535.2 million (\$73.3 million) and a working capital deficit of RMB18.2 million (\$2.5 million) as of December 31, 2024.

Management of the Company has evaluated the sufficiency of additional capital resources. Management's plan is to obtain such resources by seeking debt financing and/or third-party equity sufficient to meet its minimal operating expenses. Besides, management has taken immediate and significant mitigating actions to reduce costs and optimize the Company's cash flow and liquidity. Measures includes reducing expenditure through deferring or canceling discretionary spend, freezing non-essential recruitment and securing new round of equity financing to replenish working capital. The Company has also acquired the financial support letter from Mr. Hao Xu, director of the Company, who has expressed the willingness and intention to provide the necessary financial support to the Company. However, there is uncertainty as to whether these plans will be effectively implemented or yield sufficient results.

Accordingly, the Company's consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations as they fall due. In the event the Company will not be able to continue as a going concern, adjustments will have to be made to reflect the situation that assets will need to be realised other than in the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.2 Material accounting policies

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New and amended standards adopted by the Company:

(a) New standards and amendments applicable 1 January 2024

The Company has applied the following amendments for the first time for its annual reporting period commencing January 1, 2024. These amendments did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

(b) New standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards that have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company are as follows:

Amendments	Effective for annual periods beginning on or after
Amendments to IAS 21: Lack of Exchangeability*	January 1, 2025
Amendments to the IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments*	January 1, 2026
IFRS 18, Presentation and Disclosure in Financial Statements**	January 1, 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures*	January 1, 2027

*These new standards and amendments are not expected to have a material impact on the Company's consolidated financial statements.

**Management is currently assessing the detailed implications of applying this new standard on the Company's consolidated financial statements.

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2.3 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities (including variable interest entity) over which the Company has control. The Company controls an entity when the Company 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Company.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(ii) Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss), the Consolidated Statements of Financial Position and Consolidated Statements of Changes in Shareholders' Equity/(Deficit) respectively.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- ☐ fair values of the assets transferred;
- ☐ liabilities incurred to the former owners of the acquired business;
- ☐ equity interests issued by the Company;
- ☐ fair value of any asset or liability resulting from a contingent consideration arrangement; and
- ☐ fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are with limited exceptions, measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- ☐ consideration transferred,
- ☐ amount of any non-controlling interest in the acquired entity, and
- ☐ acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

2.5 Segments

The Company's operations are managed as a single, integrated business, and the Chief Executive Officer ("CEO"), identified as the Company's Chief Operating Decision Maker ("CODM"), reviews consolidated financial results when making decisions about allocating resources and assessing performance. The Company's business activities are highly interrelated and hence it does not segregate its business by product, service line, geography, or other factors for internal reporting purposes. Accordingly, the Company has identified a single operating and reportable segment in accordance with the requirements of IFRS 8 Operating Segments.

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2.6 Foreign currency translation

(j) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Chinese Renminbi (RMB), which is the Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the statements of operations and other comprehensive loss.

Foreign exchange gains and losses are presented in the Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss) on a net basis within other income or other expenses.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- (b) income and expenses for each consolidated statement of profit or loss and other comprehensive income (loss) are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognized in other comprehensive loss.

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2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods or services in the ordinary course of the Company's activities.

When another party is involved in providing goods or services to a customer, the Company determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Company is a principal) or to arrange for those goods or services to be provided by the other party (i.e., the Company is an agent).

The Company is a principal if it controls the specified goods or services before those goods or services are transferred to a customer.

The Company is an agent if its performance obligation is to arrange for the provision of the specified goods or services by another party. In this case, the Company does not control the specified goods or services provided by another party before those goods or services are transferred to the customer. When the Company acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Revenue is recognized when or as control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

Control of the goods and services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

For the year ended December 31, 2024, the Company derived revenue for rendering digital security services and real estate management services.

Revenue from digital security services

Revenue from digital security services represents provision of digital security solutions to enterprises (To B) to help protect their critical data and information assets, including design, customization, construction, and installation of software/hardware. The various individual components of the digital security services are interdependent interrelate and function together to deliver a combined output customized system which cannot benefit to each other on a standalone basis deliverable to customer and their value is realized only when they are combined into the functional and integrated solution customized system as a bundle of

service. Under the digital security service contracts, the Company typically enters into agreements with customers to deliver (i) customized system; and (ii) warranties covering a period of 1 to 2 years following the system delivery. The customer will sign an acceptance note when they satisfied with the customization system. The contracts specify fixed transaction prices with no variable consideration.

The warranty services are included priced in the contract, and customers have no option and cannot purchase additional warranty independently. These warranties are the guarantees that come with the customized system at no extra cost. They assure the customer that the product will function as promised and these warranties are therefore qualified as assurance-type warranties.

The Company recognized the revenue of digital security service at the point in time of the customer acceptance upon risk and reward transferred to them. The Company controls the product before those goods or services are transferred to the customer and the Company had the discretion in setting prices and holding the inventories risk. Overall, the Company is holding primarily responsible for fulfilling the contract. Therefore, the Company acts as a principal in the transaction and the revenue are recognized on a gross basis.

Revenue from real estate management services

Revenue from real estate management services represents provision of comprehensive management consulting services to property owners and businesses aimed at optimizing their asset management and operational strategies, mainly including provision of M&A and management consulting services. The Company is continuously available to provide services throughout the term and maintains the ability to fulfill service requests as needed. These services represent stand-ready obligations, for which the customer simultaneously receives and consumes the benefits as the Company performs. The Company applies a time-based measure of progress to recognize revenue, as the services are provided evenly over the contract period. Therefore, revenue is recognized on a straight-line basis over the term of the contract, which accurately reflects the transfer of benefits to the customer over time. The Company had the discretion in setting prices and controls the service before the services are transferred to the customer. Overall, the Company is holding primarily responsible for fulfilling scope of services in the contract. Therefore, The Company acts as a principal in the transaction and the revenue are recognized on a gross basis.

Before 2024, the Company's revenue mainly derived from interest of the loan granted through microfinance lending business. In June 2024, the Company divested the microfinance business. There was no interest income from microfinance during the year ended December 31, 2024. The revenue policy of microfinance business refers to Note 2.10 Interest.

2.8 Cost of goods sold

Cost of revenues mainly consists of direct labor cost, server cost and others.

2.9 General and administrative expense

General and administrative expenses mainly consist of salaries and benefits of management and administrative personnel, rental and related expenses and other general corporate expenses.

2.10 Interest

Interest (IFRS 9 - 2022, 2023 and 2024)

Interest income and expense for all financial instruments are recognized in "Net interest income" as "Interest income" and "Interest expense" in the Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss) using the effective interest method. Interest income for financial assets held at amortized cost is recognized in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discount estimated future cash payments or receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the

gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

The interest income / interest expense is calculated by applying the effective interest rate to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or at amortized cost of financial liabilities. Interest income for financial assets that are amortized cost that have become credit-impaired subsequent to initial recognition is recognized using the credit adjusted effective interest rate. This rate is calculated in the same manner as the effective interest rate except that expected credit losses are included in the expected cash flows. Interest income is therefore recognized on the amortized cost of the financial asset including expected credit losses. Should the credit risk on a credit-impaired financial asset improve such that the financial asset is no longer considered credit-impaired, interest income recognition reverts to a computation based on the rehabilitated gross carrying value of the financial asset.

A contract modification is a change in the scope or interest rate (or both) of a contract that is approved by the parties to the contract. A contract modification exists when the parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract. When a contract modification is not accounted for as a separate contract, the Company shall account for the contract modification as if it were a part of the existing contract as the remaining services are not distinct and therefore, form part of single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the interest rate, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognized as an adjustment to interest income (either as an increase in or a reduction of interest income) at the date of the contract modification (i.e., the adjustment to interest income is made on a cumulative catch-up basis).

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2.11 Lease

The Company, as a lessee, leases office buildings. Lease contracts are typically made for fixed periods of one to two years. Lease is recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use asset are measured at cost, comprising the following:

- the amount of the initial measurement of lease liabilities,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use asset are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2.12 Income tax

Income tax expense comprises current and deferred tax. It is recognized in the Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss).

i. Current tax

Current tax comprises the expected tax payable or receivable on taxable income or loss for the year and any adjustment 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 uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets or liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for 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 business plans for individual subsidiaries and variable interest entity in the Company and the reversal of temporary differences. 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 realized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

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

iii. Tax exposures

In determining the amount of current and deferred tax, the Company considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgments regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

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2.13 Financial assets and financial liabilities (IFRS 9 - 2022, 2023 and 2024 only)

i Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss allowance is recognized for financial assets measured at amortized cost, which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

ii Classification and subsequent measurement

Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

Financial assets

From January 1, 2018, the Company has applied IFRS 9 and classifies its financial assets into amortized cost measurement category. The Company's financial assets that are held to collect the contractual cash flows and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") are measured at amortized cost.

Financial liabilities

The Company classifies its financial liabilities as measured at amortized cost.

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2.13 Financial assets and financial liabilities (IFRS 9 - 2022, 2023 and 2024 only) - continued

iii Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

In transactions in which the Company neither retains or transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

iv Amortized cost measurement

The “amortized cost” of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

2.13 Financial assets and financial liabilities (IFRS 9 - 2022, 2023 and 2024 only) - continued

v. Identification and measurement of impairment

IFRS 9 outlines a “three-stage” model for impairment based on changes in credit quality since initial recognition as summarized below:

- ☐ A financial instrument that is not credit-impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Company.
- ☐ If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired.
- ☐ If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”.
- ☐ Financial instruments in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial instruments in Stages 2 or 3 have their expected credit loss measured based on expected credit losses on a lifetime basis.
- ☐ A pervasive concept in measuring expected credit loss in accordance with IFRS 9 is that it should consider forward looking information.

Significant increase in credit risk

The Company monitors its financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month expected credit loss. The Company’s accounting policy is not to use the practical expedient that financial assets with “low” credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company’s historical experience and expert credit assessment including forward-looking information.

The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime probability of default by comparing:

- ☐ the remaining lifetime probability of default at the reporting date; with

- ☐ the remaining lifetime probability of default for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The probability of defaults used are forward looking and the Company uses the same methodologies and data used to measure the loss allowance for expected credit loss.

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2.13 Financial assets and financial liabilities (IFRS 9 - 2022, 2023 and 2024 only) - continued

v. Identification and measurement of impairment - continued

Significant increase in credit risk – continued

The qualitative factors that indicate significant increase in credit risk are reflected in probability of default models on a timely basis.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the probability of default will be more significant for a financial instrument with a lower initial probability of default than compared to a financial instrument with a higher probability of default.

As a back-stop when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime expected credit loss.

Credit-impaired financial assets

A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- ☐ Significant financial difficulty of the borrower;
- ☐ a breach of contract such as a default or past due event; or
- ☐ the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower’s financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) include unlikelihood to pay indicators.

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2.13 Financial assets and financial liabilities (IFRS 9 -2022, 2023 and 2024 only) - continued

v. Identification and measurement of impairment - continued

Definition of default

Critical to the determination of expected credit loss is the definition of default. The definition of default is used in measuring the amount of expected credit loss and in the determination of whether the loss allowance is based on 12-month or lifetime expected credit loss, as default is a component of the probability of default which affects both the measurement of expected credit losses and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- ☐ the borrower is past due more than nine months on any material credit obligation to the Company; or
- ☐ the borrower is unlikely to pay its credit obligations to the Company in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Objective evidence of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- ☐ significant financial difficulty of the borrower;
- ☐ default or delinquency by a borrower;
- ☐ the restructuring of a loan by the Company on terms that the Company would not consider otherwise;
- ☐ indications that a borrower will enter bankruptcy; or
- ☐ observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the Company, or economic conditions that correlate with defaults in the Company.

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2.13 Financial assets and financial liabilities (IFRS 9 -2022, 2023 and 2024 only) - continued

v. Identification and measurement of impairment - continued

Impairment measurement and recognition - continued

The Company recognizes loss allowance for expected credit loss on loan receivables.

Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- ☐ 12-month expected credit loss, i.e. lifetime expected credit loss that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- ☐ Full lifetime expected credit loss, i.e. lifetime expected credit loss that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime expected credit loss is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit loss.

Expected credit losses are computed as unbiased, a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward-looking, discounted at the asset's effective interest rate.

For Stage 1 and 2 loans, the estimate of expected cash shortfalls over the life time of the loans is determined by multiplying the probability of default ("PD") with the loss given default ("LGD").

For credit-impaired financial instruments (Stage 3 loans), the estimate of cash shortfalls may require the use of expert credit judgment. Cash shortfalls are discounted using the effective interest rate on the financial instrument as calculated at initial recognition.

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2.13 Financial assets and financial liabilities (IFRS 9 -2022, 2023 and 2024 only) - continued

v. Identification and measurement of impairment - continued

Impairment measurement and recognition - continued

The Company's initial contractual loan terms are within 12 months. For simplification purpose, for Stage 1 and Stage 2 loans, the Company recognized the expected credit losses for the lifetime of the loans.

Stage 1: Expected credit losses are recognized at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events for the life of loan from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired.

Stage 2: If a financial asset experiences a significant increase in credit risk since initial recognition, an expected credit loss provision is recognized for default events that may occur over the lifetime of the asset. Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Significant does not mean statistically significant nor is it assessed in the context of changes in expected credit loss. Whether a change in the risk of default is significant or not is assessed using a number of quantitative and qualitative factors, the weight of which depends on the type of product and counterparty. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Stage 3: Financial assets that are credit-impaired (or in default) represent those that are past due more than the historical average collection period for past due loans, but not to exceed the original contractual loan terms. Financial assets are also considered to be credit-impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit-impaired.

Loss provisions against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realization of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

2.14 Cash, cash equivalents and restricted cash

For the purpose of the consolidated cash flow statements, cash, cash equivalents and restricted cash consist of balances with banks and restricted cash with banks. The restricted cash related to cash deposits in the bank accounts that are frozen by court order as former VIE, Chutian was subject to multiple legal proceedings, administrative proceedings, claims and other litigation as a result of overdue payments to service providers and loans payable to the lenders.

2.15 Trade receivable

Trade receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year (or in the normal operating cycle of the business if longer) and are therefore all classified as current.

Trade receivable are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognized at fair value. The Company holds trade receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method, less loss allowance.

For trade receivable, the Company applies the IFRS 9 simplified approach to measuring ECLs, which uses a lifetime expected loss allowance for trade receivable. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment losses on trade receivable are presented as “Impairment losses, net” within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.16 Prepaid expenses

Prepaid expenses represent to advances to the suppliers for providing services to the Company. The suppliers usually require advance payment when the Company orders services and prepaid expenses will be utilized to offset the Company's future payments. These amounts are unsecured, non-interest bearing and generally short-term in nature.

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2.17 Property, plant and equipment

Property, plant and equipment are initially measured at cost. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally expensed in the period in which incurred.

Property, plant and equipment are subsequently measured at cost less accumulated depreciation. Property, plant and equipment are depreciated on a straight-line basis, considering any estimated residual value, over the estimated useful lives of the assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the assets are as follows:

	Estimated useful life
Property	20 years
Leasehold improvement	5 years
Vehicles	5 years
Office equipment and furniture	3-5 years

2.18 Intangible asset

Acquired computer software is stated at historical cost less accumulated amortization and accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs

associated with maintaining software programs are expensed as incurred. The Company amortizes computer software with a finite useful life, using the straight-line method, over five years.

Cost of acquisition of land use rights is capitalised and amortised on a straight-line basis over the lease terms of the land use rights of 40 years.

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful life are carried at cost less accumulated amortization and accumulated impairment losses (if any).

Research expenditure and development expenditure that do not meet the criteria for capitalization are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

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2.19 Impairment of non-financial assets

Internal and external information is reviewed at the end of each reporting period, or whenever events or changes in circumstances indicate that the carrying amount might not be recoverable, to identify indications that the following assets might be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or might have decreased:

- Right-of-use asset,
- Property, plant and equipment, and
- Intangible assets

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment tests are performed annually for CGUs containing goodwill, intangible assets that are not yet available for use and intangible assets with indefinite useful life whether or not there is any indication of impairment.

(a) Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs of disposal and value-in-use. Fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a CGU).

(b) Recognition of impairment losses

An impairment loss is recognized in the consolidated statements of profit or loss and other comprehensive income (loss) whenever the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, or value-in-use, if determinable.

(c) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not allowed to be reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to the consolidated statements of profit or loss and other comprehensive income (loss) in the period in which the reversals are recognized. For interim periods, the Company applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year. Impairment losses recognized in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates.

2.20 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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2.21 Trade and other payable

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are presented as current liabilities, unless payment is not due within

12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.22 Share-based payments

In December 2010, the Company established the 2010 Equity Incentive Plan to help recruit and retain key employees, directors or consultants by providing incentives through the granting of equity awards. Under the 2010 Equity Incentive Plan, the Company may issue equity awards in the form of share options, restricted shares, or share appreciation rights. The maximum aggregate number of ordinary shares that may be issued pursuant to all awards is 23,200,000. For the years ended December 31, 2019 and 2020, a total of 269,252 and 1,069,615 ordinary shares were issued to certain directors and a key employee as a share-based compensation, respectively. The Company's board of directors adopted the 2022 Equity Incentive Plan in July, effective as of July 8, 2022, provide additional incentives to employees, directors and consultants and promote the success of our business. Under the 2022 Equity Incentive Plan, or 2022 Plan, the maximum aggregate number of shares that may be issued pursuant to all awards shall be 384,000,000 ordinary shares. There is no share-based compensation for the years ended December 31, 2022, 2023 and 2024.

The Company recognizes share-based compensation in relation to awards issued under the 2010 and 2022 Equity Incentive Plan in the Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss) based on the fair value of the equity awards on the date of the grant, and considering any applicable performance criteria and estimated forfeitures, with compensation expense recognized over the period in which the recipient is required to provide service to the Company in exchange for the equity award.

The estimation of share awards that ultimately vest requires judgment, and to the extent actual results differ from estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. The Company will consider various factors when estimating expected forfeitures, including historical experience. Actual results may differ substantially from these estimates.

The fair value of share options granted to employees and directors under the 2010 and 2022 Equity Incentive Plan is determined using option pricing models, which consider the exercise price relative to the market value of the underlying shares, the expected share price volatility, the risk-free interest rate and the dividend yield, and the estimated period of time option grants are outstanding before they are ultimately exercised.

For shares granted to employees, the fair value of the shares is measured as the difference between the market price of the Company's ordinary shares, adjusted to take into account the terms and conditions upon which the shares were granted (except for vesting conditions that are excluded from the measurement of fair value) and the purchase price of the grant. Adjustments to the market price of the ordinary shares could arise, for example, if the employee is not entitled to receive dividends during the vesting period.

2.23 Social benefits contributions

Pursuant to the relevant regulations of the PRC government, the Company's PRC subsidiaries participate in a local municipal government social benefits plan, and is required to contribute a certain percentage of the basic salaries of its employees to fund their retirement benefits. The local municipal government undertakes

to assume the retirement benefits obligations of all existing and future retired employees. The Company's only obligation is to pay the ongoing required contributions. Contributions are charged to expense as incurred. There are no provisions whereby forfeited contributions may be used to reduce future contributions. Amounts contributed during the years ended December 31, 2022, 2023 and 2024, are discussed in Note 10.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

2.24 Value added tax (“VAT”)

Interest income in the PRC are subject to VAT at 6% (output VAT). Input tax on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the Consolidated Statement of Financial Position. Revenues, expenses and assets are recognized net of VAT except:

- ☐ where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ☐ receivables and payables are stated with VAT included.

2.25 Loans payable

Loans payable represent to loans granted by relevant financial institutions. The Company has utilized these borrowings to provide loan facilities to micro sized enterprises, SMEs, sole proprietors and individuals.

2.26 Convertible notes payable

Convertible notes payable that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is fixed, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

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

The liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the bonds are converted or redeemed.

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

2.27 Share capital

The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. These incremental costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisors, printing costs and stamp duties, excluding management salaries, items normally included in general and administrative expenses or other recurring costs. Specifically, legal and accounting fees do not include any fees that would have been incurred in the absence of such issuance.

2.28 Statutory reserve

In accordance with the relevant regulations and their articles of subsidiaries of the Company incorporated in PRC are required to allocate at least 10% of their after-tax profit determined based on the PRC accounting standards and regulations to the statutory reserve until the reserve has reached 50% of the relevant subsidiary's registered capital. The reserve can only be used for the specific purposes and are not transferable to the Company in the forms of loans, advances or cash dividends. For the years ended December 31, 2023 and 2024, nil and RMB0.3 million was appropriated to the statutory reserve by the Company.

2.29 General risk reserve

General risk reserve is referred to as the reserve fund that is created by keeping aside a part of profit earned by the business during the course of an accounting period for fulfilling various business needs like meeting contingencies, offsetting future losses, enhancing the working capital, etc. For the years ended December 31, 2023 and 2024, no appropriations to the general reserve have been made by the Company.

2.30 Earnings/(loss) per shares

The Company presents basic and diluted earnings/(loss) per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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Effective from June 12, 2024, the Company disposed of its entire ownership interest in relevant subsidiaries and the VIE, which engaged in the provision of microfinance business, to a third party.

	For the Year Ended December 31,	
	2023 RMB	2024 RMB
	(amount in thousands)	
Interest income on loans	11,218	-
Interest expenses on loans	(18,088)	-
Business related taxes and surcharges	(405)	-
Total interest expense	(18,493)	-
Net interest income/(loss)	(7,275)	-
Credit impairment losses	(373,647)	-
Net interest income / (loss) after credit impairment losses	(380,922)	-
Non-interest and other income	-	-
Operating costs and expenses		
General and administrative	(4,497)	-
Total operating costs and expenses	(4,497)	-
Loss before income taxes	(385,419)	-
Income tax expense	-	-
Net loss	(385,419)	-
Loss attributable to:		
Equity holders of the Company	(308,335)	-
Non-controlling interest	(77,084)	-
Net loss	(385,419)	-

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Net cash used in operation activities	-	-
Net cash used in investing activities	-	-
Net cash generated from financing activities	-	-
Net increase/(decrease) in cash generated by discontinued operations	-	-

The carrying amount of assets and liabilities as at the date of disposal were:

	As at June 12, 2024
Cash, cash equivalents and restricted cash	167
Loans receivable, net of credit impairment losses	193,682
Prepaid expenses	17,766
Property, plant and equipment	36,325
Intangible asset	4
Total assets	247,944
Loans payable	161,439
Salary and benefit payable	11,628
Income taxes payable	32,477
Interest payable	90,898
Other payable	26,000
Total current liabilities	322,442
Net assets	(74,498)
Attributable to:	
Equity holders of the Company	(59,598)
Non-controlling interests	(14,900)
	(74,498)

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

4. Standards issued but not yet effective

Up to the date of issue of these financial statements, the following standards and interpretations had been issued which are not mandatory for the year ended December 31, 2024 and which have not been adopted in these financial statements. These include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to IAS 12, Income Taxes	January 1, 2024
Amendments to IAS 16, Leases	January 1, 2024
Amendments to IAS 1, Presentation of Financial Statements	January 1, 2024
Amendments to IAS 21, Lack of Exchangeability	January 1, 2025
IFRS 18, Presentation and Disclosure in Financial Statements	January 1, 2027

Management anticipates that all of the relevant pronouncements will be adopted by the Company for the first period following the effective date of the pronouncement. Information on new standards and amendments, that are expected to be relevant, is provided below.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: (i) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and (ii) the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The Company's current practices are in line with these criteria, so the application of these amendments did not have an impact on the Company's financial position or results in the period, nor are they expected to do so in the future.

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts, such as removing the probability threshold for recognition and adding guidance on derecognition, or adding guidance on different measurement basis. No changes were made to any of the current accounting standards.

The Company's accounting policies are still appropriate under the revised Framework, so these amendments had no impact on the Company's financial position or results in the period.

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5. Critical accounting estimates and use of judgments

In preparing these consolidated financial statements, management are required to make judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognized prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss, such as:

- ☐ Determining criteria for significant increase in credit risk;
- ☐ Choosing appropriate models and assumptions for the measurement of expected credit loss.

Further details of identification and measurement of expected credit loss impairment were discussed in Note 2.11 of Notes to the Consolidated Financial Statements.

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5. Critical accounting estimates and use of judgments - continued

ii. Income tax

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of event that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates, applicable to the periods in which the differences are expected to affect taxable income. International Accounting Standard 12 Income Taxes (“IAS12”) requires a one-step approach that provides a company to satisfy the probability criterion when assessing whether a deferred tax account should be recorded or not. Under this criterion, the Company record a deferred tax account only to the extent it can show it is probable that taxable profit will be available against which the deferred tax asset can be utilized.

Current IAS 12 does not have specific guidance on uncertain tax positions. The Company measures tax assets and liabilities at the amount expected to be paid, based on enacted or substantively enacted tax legislation. Interest and penalties related to uncertain tax position are recognized and recorded as necessary in the provision for income taxes. According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computation errors made by the taxpayer or the withholding agent. The statute of limitations is extended to five years under special circumstances, where the underpayment of taxes is more than RMB 100,000. In the case of transfer pricing issues, the statute of limitation is ten years. There is no statute of limitation in the case of tax evasion. The PRC tax returns for the Company's PRC subsidiary is open to examination by tax authorities for the tax years beginning in 2018. There were no uncertain tax positions as of December 31, 2023 and 2024 and the Company does not believe that its unrecognized tax benefits will change over the next twelve months.

iii. Impairment of property, plant and equipment-intangible assets and right-of-use asset

The Company reviews its property, plant and equipment, intangible assets and right-of-use asset for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, the Company assesses the recoverability of the property, plant and equipment, intangible assets and right-of-use asset by comparing the carrying value of the property, plant and equipment, intangible assets and right-of-use asset to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition where the fair value is lower than the carrying value, measurement of an impairment loss is recognized in the consolidated statements of profit or loss and other comprehensive income (loss) for the difference between the fair value, using the expected future discounted cash flows, and the carrying value of the assets. No impairment of property, plant and equipment, intangible assets and right-of-use asset was recognized for the periods presented.

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5. Critical accounting estimates and use of judgments - continued

iv. Fair value of convertible notes payable

The fair value of convertible promissory notes are determined using valuation techniques including reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

6. Credit risk

Credit risk is the risk that a customer or counterparty fail to fulfill its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans to customers. The Company considers all elements of credit risk exposure such as counterparty default risk for risk management purposes.

Credit risk management

The Company's credit committee is responsible for managing the Company's credit risk by:

- ☐ Ensuring that the Company has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Company's stated policies and procedures, IFRS and relevant supervisory guidance.
- ☐ Identifying, assessing and measuring credit risk across the Company, from an individual loan to a portfolio level.
- ☐ Creating credit policies to protect the Company against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- ☐ Establishing a robust control framework regarding the authorization structure for the approval and renewal of credit facilities.
- ☐ Developing and maintaining the Company's processes for measuring expected credit loss including monitoring of credit risk, incorporation of forward-looking information and the method used to measure expected credit loss.
- ☐ Ensuring that the Company has policies and procedures in place to appropriately maintain and validate methods used to assess and measure expected credit loss.
- ☐ Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for expected credit loss. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

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6. Credit risk - continued

Maximum exposure to credit risk - financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an expected credit loss allowance is recognized. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets.

	2024			
	ECL staging			Total RMB'000
	Stage 1 Lifetime ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	
Trade receivable	12,568	-	-	12,568
Loans receivable	-	-	-	-
Accrued interest	-	-	-	-
Gross loans receivable	-	-	-	-
Credit impairment losses	-	-	-	-
Carrying amount	12,568	-	-	12,568

	2023			
	ECL staging			Total RMB'000
	Stage 1 Lifetime ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	
Loans receivable	-	-	248,350	248,350
Accrued interest	-	-	157,726	157,726
Gross loans receivable	-	-	406,076	406,076
Credit impairment losses	-	-	(212,394)	(212,394)
Carrying amount	-	-	193,682	193,682

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7. Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in lending operations and can be affected by a range of Company-specific and market-wide events.

Liquidity risk management

According to relevant laws and regulations, the funds obtained by a microfinance company from banking financial institutions may not exceed 50% of its net capital. As of December 31, 2024, the Company did not have funds obtained from banking financial institutions.

As all loans receivable of the Company are credit impaired, the Company is facing significant liquidity issue. Obligations to loans payable, State Taxation Administration, employees and service providers are all over due.

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8. Market risk

The main non-trading risk types are interest rates and credit spreads.

Interest rate risk may result in of loss from fluctuations in the future cash flows. Interest rate risk is managed principally through monitoring interest rate gaps and basis risk.

Credit spreads reflect the credit risk of the loans to customers, i.e. risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's credit risk exposure and the related management process are described in note 5.

The following table sets out the carrying amount of assets and liabilities subject to market risk:

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Assets subject to market risk		
Loans receivable	193,682	-
Trade receivable	-	12,568
Liabilities subject to market risk		
Loan payable	161,439	-
Convertible notes payable	10,011	12,922
Trade payable	-	1,302

There has been no change to the manner in which the Company manages and measures it's market exposure in the current year.

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9. Capital risk

As of December 31, 2024, there was no administrative regulatory authority for the microfinance industry at the national level. According to the Guiding Opinions on the Pilot Operation of Microfinance Companies, jointly issued by the CBRC and the PBOC on May 4, 2008, any provincial government that is able to assign a department, financial office or other similar authority to take charge of the supervision and administration of microfinance companies and is willing to assume the responsibility of risk management of microfinance companies may formulate pilot rules and measures in relation to the incorporation of such companies within the province, autonomous region or municipalities directly under the PRC government. Therefore, the microfinance industry in the PRC is primarily regulated by the financial offices and other similar authorities of the provincial governments of the relevant provinces.

In Hubei Province, the Microfinance Work Joint Session and its office are the regulatory authorities for microfinance companies in Hubei Province. Pursuant to the *Measures for Administration of Pilot Scheme on Microfinance Companies in Hubei Province* issued on May 13, 2009, the Microfinance Work Joint Session is responsible for the organization, coordination, administration, supervision, regulation, and the promotion of the pilot work of microfinance companies. The Microfinance Work Joint Session consists of the Financial Office of the Hubei Province People's Government, Hubei Province Administration for Industry and Commerce, Hubei Bureaus of the CBRC, Hubei Branch of the PBOC and the Public Security of Hubei Province.

On February 6, 2013, the Company's former variable interest entity, Hubei Chutian Microfinance Co., Ltd ("VIE"), was issued an Official Reply (E Jin Ban Fa No. [2013]14) by the Financial Office of People's Government of Hubei, which approved VIE under the pilot program as a microfinance company, as proposed by the Wuchang People's Government.

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10. Fair value of financial assets and liabilities

The Company's financial instruments consist of non-derivative financial assets and liabilities. The fair value of these non-derivative financial instruments is determined using internally generated valuation models, which are usually developed from generally accepted valuation models. The majority of the significant inputs into these models may not be observable in the market, and may be derived from interest rates based on assumptions. The selection of the appropriate valuation model, as well as the determination of key inputs used such as the expected future cash flows on the financial instrument, the probability of counterparty default and the appropriate discount rate to be used, require management judgment and estimation.

	As of December 31, 2024	
	Fair value	Carrying Amount
	RMB'000	RMB'000
Financial assets		
Cash, cash equivalents and restricted cash	79	79
Trade receivable	12,568	12,568
	<u>12,647</u>	<u>12,647</u>
Financial liabilities		
Convertible notes payable	12,922	12,922
Trade payable	1,302	1,302
Other payable	387	387
	<u>14,611</u>	<u>14,611</u>
	As of December 31, 2023	
	Fair value	Carrying Amount
	RMB'000	RMB'000
Financial assets		
Cash, cash equivalents and restricted cash	2,533	2,533
Loans receivable	193,682	193,682
	<u>196,215</u>	<u>196,215</u>
Financial liabilities		
Loans payable	161,439	161,439
Convertible notes payable	10,011	10,011
	<u>171,450</u>	<u>171,450</u>

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11. Loss before income taxes

Expenses by nature:

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	2,952	2,903	-
Amortization of intangible asset	*-	1	-
Amortization of right-of-use asset	-	-	250
Directors			
- salaries and related costs	816	552	1,581
- social benefits contribution	24	-	41
Key management personnel (other than directors)			
- salaries and related costs	1,212	1,317	360
- social benefits contribution	-	10	-
Other than directors and key management personnel			
- salaries and related costs	689	605	1,404
- social benefits contribution	36	14	23

*Less than RMB1,000

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12. Income tax expense

The Company is a tax exempted company incorporated in the Cayman Islands. In addition, dividend payments by the Company are not subject to withholding taxes. The subsidiaries incorporated in Hong Kong are governed by the Hong Kong Inland Revenue Ordinance and various local income tax laws. Payments of dividends by Hong Kong companies are not subject to Hong Kong withholding tax. The subsidiaries incorporated in the PRC other than Hong Kong are governed by the Income Tax Law of the PRC concerning Foreign Investment and Foreign Enterprises and various local income tax laws. Dividends paid by our PRC operating subsidiaries may be subject to withholding taxes of 5%-10%. The Company does not have any deferred tax assets or liabilities as of December 31, 2022, 2023 and 2024.

The reconciliation between tax expense and accounting profit at applicable PRC tax rates of 25% and Hong Kong tax rate of 16.5% is as follows

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss before income taxes	(30,344)	(395,803)	(500,370)
Computed expected income tax expense	(7,586)	(98,951)	(125,550)
Tax effect of non-deductible expenses	7,573	109,650	124,383
Tax effect of tax-exempt entities	(1,503)	(2,580)	2,938
Tax effect of non-taxable income	1,516	(8,119)	-
Income tax expense	-	-	1,711

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13. Earnings/(loss) per share

Basic and diluted earnings per share are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The weighted average ordinary shares outstanding were 1,003,303,952, 2,109,776,108 and 12,745,069,737 for the years ended December 31, 2022, 2023 and 2024, respectively.

Prior to December 17, 2014, each American Depositary Share (“ADS”) represented the right to receive four (4) ordinary shares, par value \$0.00005 per share (the “Shares”), from December 18, 2014, the right to receive sixteen (16) Shares, from December 28, 2017, the right to receive forty-eight (48) Shares, from July 25, 2023, the right to receive four hundred and eighty (480) Shares, and from January 10, 2025, the right to receive six thousand (60,000) Shares,.

Computation of basic and diluted loss per share:

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net loss attributable to the equity holders of the Company - numerator for basic and diluted loss per share	(24,275)	(316,642)	(502,081)
Number of shares in thousands			
Weighted average share outstanding - denominator for basic and diluted loss per share	1,003,304	2,109,776	12,745,070
Basic and diluted loss per share	(0.02)	(0.15)	(0.04)

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14. Cash, cash equivalents and restricted cash

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Cash on hand	41	41
Cash at bank	2,325	38
Restricted cash at bank ⁽¹⁾	167	-
Cash, cash equivalents and restricted cash per consolidated statements of cash flow	<u>2,533</u>	<u>79</u>

⁽¹⁾ This related to cash deposits in the bank accounts that are frozen by court order as former VIE, Chutian was subject to multiple legal proceedings, administrative proceedings, claims and other litigation as a result of overdue payments to service providers and loans payable to the lenders. There was no restricted cash as of December 31, 2024.

15. Loans receivable, net of credit impairment losses

The total loans receivable are comprised of the following:

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Loans receivable at amortized cost	248,350	-
Accrued interest	157,726	-
Gross loans receivable	406,076	-
Less: Credit impairment losses	(212,394)	-
Loans receivable, net of credit impairment losses	<u>193,682</u>	<u>-</u>

The loans receivable were secured, interest at range from 1.25% to 3.30% in 2023 and repayable on demand. The following table provides the changes in credit impairment losses between the beginning and the end of the annual period:

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Credit impairment losses as at January 1	640,290	212,394
Charge to statements of profit or loss and other comprehensive income (loss)	373,647	-
Written off of impairment losses	(801,543)	-
Disposal of discontinued operations and subsidiaries	-	(212,394)
Credit impairment losses as of December 31	<u>212,394</u>	<u>-</u>

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15. Loans receivable, net of credit impairment losses - continued

Historically, the Company originates loans to customers located primarily in Wuhan City, Hubei Province. The Company's headquarters, borrowers and operations are located in Wuhan, People's Republic of China. As a result of the COVID-19 outbreak which was first reported on December 31, 2019 in Wuhan, People's Republic of China, the Chinese government imposed a lockdown on the entire Hubei Province, travel restrictions and quarantine, the Company's borrowers and operations have been significantly disrupted. Together with the overall domestic economy downturn, our customers' business operations, financial conditions and cash flows were materially adversely affected, which, in turn, materially adversely affected our collection of interest and principal on our loans to customers. In June 2024, the Company divested the microfinance business by selling off VIE and relevant subsidiaries.

16. Trade receivable

The total trade receivable are comprised of the following:

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Trade receivable - Related party	-	1,658
Trade receivable - Non-related party	-	10,910
Trade receivable	-	12,568

The balance represents the amount due from customers for rendering of digital security technology and real estate operation management services in 2024. Trade received from related party see Note 31 of Notes to the Consolidated Financial Statements, Section 8. Revenue achieved from a related parties for detailed disclosure.

17. Prepaid expenses

Prepaid expenses consist of the following:

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Related party	2,414	4,690
Non-related party	3,715	7,226
	6,129	11,916

Prepaid expense mainly represents the advance payment to the management and third parties to secure the goods and services that delivered or provided to the Company.

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18. Property, plant and equipment

The Company's property, plant and equipment consisted of the following:

	Property	Motor	Office	Leasehold	Total
	RMB'000	vehicle	equipment	improvements	RMB'000
	RMB'000	RMB'000	& furniture	RMB'000	RMB'000
Cost					
At December 31, 2022 and 2023	48,140	579	1,078	3,923	53,720
Disposal of discontinued operation	(48,140)	(579)	(1,078)	(3,923)	(53,720)
At December 31, 2024	-	-	-	-	-
Accumulated depreciation					
At December 31, 2022	9,613	550	913	3,416	14,492
Depreciation	2,286	-	110	507	2,903
At December 31, 2023	11,899	550	1,023	3,923	17,395
Disposal of discontinued operation	(11,899)	(550)	(1,023)	(3,923)	(17,395)
At December 31, 2024	-	-	-	-	-
Carrying amount					
At December 31, 2023	36,241	29	55	-	36,325
At December 31, 2024	-	-	-	-	-

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19. Intangible asset

	Land use right RMB'000	Acquired computer software RMB'000	Total RMB'000
Cost			
At December 31, 2022	-	9	9
Addition	44,843	-	44,843
At December 31, 2023	44,843	9	44,852
Disposal of discontinued business	-	(9)	(9)
Foreign current translation differences	1,259	-	1,259
At December 31, 2024	46,102	-	46,102
Accumulated amortization			
At December 31, 2022	-	4	4
Amortization	-	1	1
At December 31, 2023	-	5	5
Disposal of discontinued business	-	(5)	(5)
At December 31, 2024	-	-	-
Carrying amount			
At December 31, 2023	44,843	4	44,847
At December 31, 2024	46,102	-	46,102

*Less than RMB1,000.

On November 13, 2023, the Company entered into certain land use right transfer agreement to acquire the land use right of a parcel of land located in Wuhan City, China, with a transaction value of USD6.3 million according to a land use right appraisal report. Pursuant to the Agreement, the Company agreed to issue a total of 18,007,046 restricted Class A ordinary shares, \$0.00005 par value each, to Seller in exchange of the land use right.

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20. Lease

This note provides information for leases where the Company is lease.

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Right-of-use asset		
Office building	-	193
Total	-	193
Lease liability		
Current	-	330
Total	-	330

The movement in the carrying amount of right-of-use assets during the years indicated is as follows:

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Opening carrying amount	-	-
Addition		443
Amortization		(250)
Closing carrying amount		193

The movement in the carrying amount of lease liabilities during the years indicated is as follows:

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Opening balance	-	-
Addition	-	443
Lease payments	-	(130)
Accretion of interest	-	17
Closing balance	-	330

Amount recognized in the Statements of Profit or Loss and Other Comprehensive Income (Loss):

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Amortization of right-of-use asset	-	250
Interest expense	-	17

The weighted-average remaining lease term and the weighted-average discount rate of leases are as follows:

	As of December 31,	
	2023	2024
Weighted-average remaining lease term	-	0.83 year
Weighted-average discount rate	-	4.75 %

The following table summarizes the maturity of lease liability as of December 31, 2024:

12 months ending December 31,	
2025	334
Total lease payments	334
Less: imputed interest	(4)
Total lease liability	330

21. Loans payable

Loans payable represent borrowings from various individuals and companies through various securities exchanges and loans from shareholders. The average annual interest rates were approximately 12.7% at December 31, 2023.

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Loans payable to third parties	90,558	-
Loans payable to related parties ⁽¹⁾	50,881	-
Loans payable to shareholders ⁽²⁾	20,000	-
Total	161,439	-

Loans payable to third parties mainly represent to loans from companies through relevant financial institutions. In June 2019, due to macroeconomic regulation and control policy promulgated by the PRC government, the financial institutions were required to cease provision of loans to various entities and their outstanding loans are in the process of recovering. No penalty will subject to this matter.

As of December 31, 2023, loans payable to third parties, related parties and shareholders were all overdue. Although certain loans payable were negotiated with schedule of repayments, the Company is unable to fulfill those obligations due to liquidity issue.

In June 2024, the Company divested the microfinance business by selling off the Chutian and subsidiaries and all the assets and liabilities relating the microfinance business were disposed.

⁽¹⁾ See Note 31 of Notes to the Consolidated Financial Statements, sub-sections 1.1 and 1.2 of Section 1. Loans payable to related parties for detailed disclosure.

⁽²⁾ See Note 31 of Notes to the Consolidated Financial Statements, sub-sections 2.1 and 2.2 of Section 2. Loans payable to shareholders for detailed disclosure.

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22. Convertible notes payable

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Liability component on initial recognition	7,264	10,011
Issuance of convertible notes	7,269	9,253
Interest accrued	632	839
Notes converted to ADS	(4,202)	(5,797)
Repayment and balance adjustments	(1,169)	(1,702)
Exchange difference	217	318
Total	10,011	12,922

On July 7, 2023, the Company entered into a Securities Purchase Agreement pursuant to which the Company issued an unsecured convertible promissory note to an institutional accredited investor Streeterville Capital, LLC. The Note has the original principal amount of US\$325,000 and Investor gave consideration of US\$300,000, reflecting original issue discount of US\$15,000 and Investor's fee of US\$10,000. The Note bears interest at a rate of 8% per annum compounding daily. All outstanding principal and accrued interest on the Note will become due and payable twelve months after the purchase price of the Note is delivered by Purchaser to the Company.

On August 7, 2023, the Company entered into a Securities Purchase Agreement pursuant to which the Company issued an unsecured convertible promissory note to Streeterville Capital, LLC. The Note has the original principal amount of US\$700,000 and Investor gave consideration of US\$657,500, reflecting original issue discount of US\$32,500 and Investor's fee of US\$10,000. The Note bears interest at a rate of 8% per annum compounding daily. All outstanding principal and accrued interest on the Note will become due and payable twelve months after the purchase price of the Note is delivered by Purchaser to the Company.

On July 15, 2024, the Company entered into a Securities Purchase Agreement pursuant to which the Company issued an unsecured convertible promissory note to Streeterville Capital, LLC. The Note has the original principal amount of US\$1,123,750 and Investor gave consideration of US\$1,000,000, reflecting original issue discount of US\$113,750 and Investor's fee of US\$10,000. The Note bears interest at a rate of 8% per annum compounding daily. All outstanding principal and accrued interest on the Note will become due and payable twelve months after the purchase price of the Note is delivered by Purchaser to the Company.

On October 25, 2024, the Company entered into a Securities Purchase Agreement pursuant to which the Company issued an unsecured convertible promissory note to Streeterville Capital, LLC. The Note has the original principal amount of US\$162,500 and Investor gave consideration of US\$150,000, reflecting original issue discount of US\$7,500 and Investor's fee of US\$5,000. The Note bears interest at a rate of 8% per annum compounding daily. All outstanding principal and accrued interest on the Note will become due and payable twelve months after the purchase price of the Note is delivered by Purchaser to the Company.

In 2024, shares of the Company's common stock totaling 2,876,194,080 were issued by the Company to the Investor equaling principal amounted to US\$0.8 million, and the Notes balance was RMB12.9 million (\$1.8 million).

23. Trade payable

	<u>As of December 31,</u>	
	2023	2024
	RMB'000	RMB'000
Trade payable	-	1,302
Total	-	1,302

It mainly represents the amount due to goods and services providers for digital security technology and real estate operation management business.

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24. Salary and benefit payable

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Salary and benefit payable to employees	11,433	3,764
Consulting expenses payable to a shareholder's representatives ⁽¹⁾	2,580	-
Total	14,013	3,764

⁽¹⁾ See Note 31 of Notes to the Consolidated Financial Statements, Section 3. Consulting expenses for representatives from a shareholder for detailed disclosure.

25. Income taxes payable

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Income tax payable	32,477	1,711
Total	32,477	1,711

As of December 31, 2023, Chutian had not been paying its corporate income tax of RMB32.5 million to the China State Administration of Taxation since 2018 due to liquidity issue. In June 2024, the Company divested the microfinance business by selling off the Chutian and subsidiaries and all the assets and liabilities relating the microfinance business were disposed.

As of December 31, 2024, income tax payable was provided based on the subsidiaries' profit from digital security technology and real estate operation management business.

26. Interest payable

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Interest payable to third parties	43,966	-
Interest payable to related parties ⁽¹⁾	26,326	-
Interest payable to shareholders ⁽²⁾	20,606	-
Total	90,898	-

In June 2024, the Company divested the microfinance business by selling off the Chutian and subsidiaries and all the assets and liabilities relating the microfinance business were disposed.

⁽¹⁾ See Note 31 of Notes to the Consolidated Financial Statements, sub-sections 1.1 and 1.2 of Section 1. Loans payable to related parties for detailed disclosure.

⁽²⁾ See Note 31 of Notes to the Consolidated Financial Statements, sub-section 2.1 and 2.2 of Section 2 Loans payable to shareholders for detailed disclosure.

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27. Other payable

	As of December 31,	
	2023	2024
	RMB'000	RMB'000
Other payable to related party ⁽¹⁾	13,533	387
Accrued expenses	8,685	21,960
Other taxes payable ⁽²⁾	3,615	433
Total	25,833	22,780

⁽¹⁾ See Note 31 of Notes to the Consolidated Financial Statements, Section 4. Reverse merger expenses and operating expenses payable to a related party, Section 6. Loans receivable novated and debts transferred to a related party, and Section 7. Debts transferred to a related party for detailed disclosure.

⁽²⁾ Other taxes payable include value-added taxes, urban construction and maintenance taxes, educational surcharge tax, local education surcharge tax, disability insurance tax, property tax and urban land use tax, which are all outstanding to the State Administration of Taxation since 2018.

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28. Share capital and additional paid-in capital

(a) Authorized share capital

In June 2010, the Company was incorporated in the Cayman Islands with an authorized share capital of one billion shares, par value of \$0.00005, of which 20,000 shares were issued at incorporation. On March 1, 2018, the authorized share capital of the Company increased from \$50,000 divided into 1,000,000,000 Ordinary Shares of a par value of \$0.00005 each to \$100,000 divided into 2,000,000,000 Ordinary Shares of a par value of \$0.00005 each by the creation of an additional 1,000,000,000 Ordinary Shares of a par value of \$0.00005 each to rank pari passu in all respects with the existing Ordinary Shares.

(b) Issued share capital and additional paid-in capital

	Number of shares (thousands)	Ordinary shares RMB'000	Additional paid-in capital RMB'000	Total RMB'000
At January 1, 2022	1,002,201	326	383,174	383,500
Shares issued during the year	40,257	14	510	524
At December 31, 2022	1,042,458	340	383,684	384,024
Shares issued during the year	9,702,236	3,470	54,509	57,979
At December 31, 2023	10,744,694	3,810	438,193	442,003
Shares issued during the year	384,000	139	1,596	1,735
Disposal of discontinued operations and subsidiaries	-	-	66,534	66,534
Conversion of convertible notes	2,876,194	1,036	6,004	7,040
At December 31, 2024	14,004,888	4,985	512,327	517,312

* Less than 1,000.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

29. Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the entities established in the PRC are required to transfer 10% of profits after taxation (in accordance with the accounting regulations of the PRC) to a statutory reserve, until the reserve balance reaches 50% of the entity's registered capital. The reserve may be used to offset accumulated losses or to increase the registered capital, subject to approval from the PRC authorities, and are not available for dividend distribution to equity owners. As of December 31, 2023 and 2024, total statutory reserves were RMB18.7 million and RMB0.3 million, respectively, which did not reach 50% of the variable interest entity's registered capital.

30. General risk reserve

In accordance with the relevant laws and regulations of the PRC, the Company's variable interest entity is required to maintain a general risk reserve within the equity, through appropriation of profit, which should not be less than 1.5% of the year end balance of its risk assets over the course of five years. As of December 31, 2023 and 2024, total statutory reserves were RMB9.2 million and nil, respectively.

31. Related party transactions

1. Loans payable to related parties

1.1 In 2018, loans payable of RMB60.0 million (\$9.4 million) were borrowed from a related party, Hubei Shanyin Wealth Management Co., Ltd, a company that is 69.5% owned by the former Chairman and the Chief Executive Officer, Mr. Ricky Qizhi Wei, at an interest rate of 9% per annum with maturity ranging from August to October 2019. As of December 31, 2022 and 2023, these loans payable and the related interest payable were overdue. The interest expenses were RMB4.7 million (\$0.7 million) and RMB4.7 million (\$0.7 million) in 2022 and 2023, respectively.

The Company divested the microfinance business by disposal 100% interest in VIE in 2024, as of December 31, 2023 and 2024, loans payable were RMB50.0 million (\$7.0 million) and nil, and the related interest payable was RMB24.4 million (\$3.4 million) and nil, respectively.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

31. Related party transactions - continued

1.2 In 2018, loans payable of RMB20.0 million (\$3.0 million) were borrowed from a related party, Hubei New Nature Investment Co., Ltd (“Hubei New Nature”), a company that is 80.8% owned by the former Chairman and the Chief Executive Officer, Mr. Wei, at an interest rate of 12% per annum and repayable in November 2019. In December 2018, loan of RMB0.5 million (\$70,000) was repaid. In 2019, loans payable of RMB17.3 million (\$2.5 million) were further borrowed, loans of RMB14.7 million (\$2.1 million) were repaid. In 2019, certain loans receivable were novated to Hubei New Nature to offset against loans payable of RMB9.9 million (\$1.4 million) and interest payable of RMB3.1 million (\$0.5 million) to Hubei New Nature. In 2020, certain loans receivable were novated to Hubei New Nature to offset against loans payable of RMB1.7 million (\$0.3 million) and interest payable of RMB0.5 million (\$0.1 million) to Hubei New Nature. In 2021 and 2022, the company made repayment amounting to RMB10 million (\$1.6 million) and RMB130,000 (\$19,000) respectively. The interest expenses were RMB0.7 million (\$0.1 million), RMB118,000 (\$17,000) and RMB107,000 (\$15,000) in 2021, 2022 and 2023, respectively.

The Company divested the microfinance business by disposal 100% interest in VIE in 2024, as of December 31, 2023 and 2024, loans payable were RMB0.9 million (\$0.1 million) and nil, and the related interest payable was RMB1.9 million (\$0.3 million) and nil, respectively.

2. Loans payable to shareholders

2.1 In June 2017, a loan payable of RMB10.0 million (\$1.5 million) was borrowed from Wang Hailin, a shareholder who owned 7.7% of the former VIE, at 10% interest per annum. The interest expenses for this loan were RMB0.5 million (\$0.1 million) and RMB1.3 million (\$0.2 million) in 2017 and 2018, respectively. According to the loan extension agreement, the loan of RMB10.0 million (\$1.5 million) is at interest rate of 15% per annum with additional 9% penalty interest per annum and repayable in February 2019. Subsequent to year end, this loan payable was further extended to repayment date in September 2019, at 15% interest per annum with additional 9% penalty interest. As of December 31, 2022 and 2023, the loan payable and interest payable were overdue.

After the Company divested the microfinance business by disposal 100% interest in VIE in 2024, as of December 31, 2023 and 2024, loans payable were RMB 10.0 million (\$1.4 million) and nil, respectively. As of December 31, 2023 and 2024, interest payable was RMB11.4 million (\$1.6 million) and nil, respectively.

2.2 In 2019, loans payable of RMB3.0 million (\$0.4 million) and RMB10.0 million (\$1.4 million) were borrowed from Li Ling, a shareholder who owned 2.5% of the former VIE, at 12% per annum for 29 days and 74 days, respectively. At maturity, loan payable of RMB3.0 million (\$0.4 million) and the related interest of RMB29,000 (\$4,200) were fully repaid. Loan payable of RMB10.0 million (\$1.4 million) was, however, overdue. On August 27, 2019, Li Ling applied to the Wuhan Wuchang People’s Court for pre-litigation property preservation of respondents Chutian and Mr. Wei in connection with a loan contract dispute. Court issued a preservation order that froze the bank deposits of Chutian and Mr. Wei in the amount of RMB12.0 million (\$1.7 million), or to seize or attach property in the corresponding value.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

31. Related party transactions - continued

On October 9, 2019, the case was filed and accepted in the Wuhan Jiang'an People's Court. Li Ling filed the following actions with the court: (1) that the two defendants Chutian and Mr. Wei repay the borrowed principal of RMB10.0 million (\$1.4 million) and interest of RMB787,500 (\$114,100) (based on the interest rate of 1.125% per month on the principal of RMB10.0 million (\$1.4 million), calculated from February 1, 2019 until fully paid, currently calculated until August 30, 2019), and (2) the costs of litigation to be fully borne by both defendants. On December 4, 2019, the court ruled that there was a valid loan relationship, that Chutian had failed to repay the loan as agreed and that Li Ling had the right to request full repayment of the loan principal and interest. The court ordered Chutian to repay the principal amount of the loan of RMB10.0 million (\$1.4 million) to Li Ling, and to pay the interest rate of 1.125% per month on the principal amount of RMB10.0 million (\$1.4 million), beginning February 2019 until the date the loan is fully paid. The court further ordered that Mr. Wei shall also be jointly and severally liable for the repayment of the loan. In the event that the repayment obligation is not fulfilled, the court ordered that the debt interest would be doubled in accordance with PRC law.

On May 20, 2020, due to the failure of Chutian to fulfil its obligation to repay the principal amount determined above, the court issued a consumer restriction order against Mr. Wei to restrict high consumption and high expenditure behaviors. Violation of this order carries the imposition of fines and detention, and in circumstances sufficiently serious to constitute a crime, pursuit of criminal liability according to law.

On July 27, 2020, the court terminated the enforcement proceeding and will recommence the enforcement proceeding if enforceable assets are located and meet the enforcement requirements.

The Company divested the microfinance business by disposal 100% interest in VIE in 2024, as a result of the court ruling mentioned above, the interest expense on these loans in 2023 and 2024 was RMB 2.0 million (\$0.3 million) and nil respectively. As of December 31, 2023 and 2024, loan payable was RMB 10.0 million (\$1.4 million) and nil, and interest payable was RMB9.2 million (\$1.3 million) and nil.

3. Consulting expenses for representatives from a shareholder

Consulting expenses of RMB 0.5 million (\$70,000), RMB 0.5 million (\$70,000) and nil were incurred for two representatives sent from Hubei Daily, a shareholder who owned 20% of the VIE, for the years ended December 31, 2021, 2022 and 2023, respectively.

The Company divested the microfinance business by disposal 100% interest in VIE in 2024, as of December 31, 2023 and 2024, consulting expenses payable to these representatives were RMB 2.5 million (\$0.4 million) and nil, respectively.

4. Reverse merger expenses and guarantee expenses payable to a related party

During the reverse merger process of the Company, a related party, Hubei New Nature Investment Co., Ltd ("Hubei New Nature"), a company that is 80.8% owned by the former Chairman and the Chief Executive Officer, Mr. Wei, paid reverse merger expenses on behalf of the Company, totaling RMB 11.3 million (\$1.7 million) and RMB 10.9 million (\$1.6 million) for the year ended December 31, 2017 and 2018, respectively. In 2019, certain operating expenses of RMB 0.7 million (\$100,000) were paid by Hubei New Nature on behalf of the Company. Also, in 2019, certain loans receivable were novated to Hubei New Nature to offset against payable to Hubei New Nature of RMB 22.6 million (\$3.3 million). In 2020, certain loan receivables were novated to Hubei New Nature of RMB 1.3 million (\$0.2 million) (see Note 27 of Notes to Consolidated Financial Statements, Section 5). In 2020, certain operating expenses of RMB 2.8 million (\$0.4 million) were paid by Hubei New Nature on behalf of the Company. In 2021, the

Company's debts amounting to RMB 0.7 million (\$0.1 million) was assigned and assumed to Hubei New Nature. In 2022, the Company made the repayment amounting to RMB484,000.

In 2023 and 2024, no guarantee expense was accrued for Hubei New Nature.

The Company divested the microfinance business by disposal 100% interest in VIE in 2024, as of December 31, 2023 and 2024, payables to Hubei New Nature were RMB 10.5 million (\$1.5 million) and nil, respectively.

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**EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED)
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FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**

31. Related party transactions - continued

5. Loans receivable from related parties

5.1 In 2016, loans receivable of RMB8.0 million (\$1.2 million) were lent to Hubei Baoli Ecological Conservation Co., Ltd at an interest rate of 36% per annum. The loan was guaranteed by Ms. Jing Liang, a shareholder who owned 4.3% of the VIE. The interest received on the loan was nil, nil and nil for the years ended December 31, 2021, 2022 and 2023, respectively. As of December 31, 2022 and 2023, this loan was overdue.

5.2 In 2016, loans receivable of RMB3.0 million (\$0.4 million) were lent to Kang Chen at an interest rate of 36% per annum. The loan was guaranteed by Ms. Jing Liang, a shareholder who owned 4.3% of the VIE. As of December 31, 2022 and 2023, this loan was overdue.

6. Loans receivable novated and debts transferred to a related party

In 2020, certain loans receivable were novated to a related party, Hubei New Nature to offset loans payable of RMB1.7 million (\$0.2 million) and interest payable of RMB0.5 million (\$70,000). In 2021, certain debts amounting to RMB0.7 million (\$0.1 million) were transferred to Hubei New Nature.

7. Debts transferred to a related party

In 2021, certain debts amounting to RMB1.4 million (\$0.2 million) were assumed by the former Chairman and the Chief Executive Officer, Mr. Wei.

8. Revenue achieved from a related party for services rendered

In 2024, the Company provided real estate operation management services to a related party which one of the Company's director is its shareholder. The total contracted amount was RMB1.8 million. As of December 31, 2024, net amount of RMB1.6 million was due from related party.

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EASON TECHNOLOGY LIMITED (F.K.A. DUNXIN FINANCIAL HOLDINGS LIMITED) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024

32. Commitments and contingencies

From time to time, the Company is a party to various legal actions arising in the ordinary course of business. The Company accrues costs associated with these matters when they become probable and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. The Company's management does not expect any liability from the disposition of such claims and litigation individually or in the aggregate to have a material adverse impact on the Company's consolidated financial position, results of operations and cash flows.

The Company's former VIE and related subsidiaries engaged in microfinance business involved in legal proceedings during the past years. On June 12, 2024, the Company sold off the microfinance business by disposal 100% interests in the former VIE and relevant subsidiaries. Subsequently, all assets and liabilities of the former VIE transferred to the party who acquired the VIE and microfinance business during the year.

As of this reporting date, the Company was not involved in any legal proceedings.

33. Subsequent events

On January 10, 2025, the Board has proposed to the shareholders to approve the change of the name of the Company from "Dunxin Financial Holdings Limited" to "Eason Technology Limited".

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through September 24, 2025, the date the consolidated financial statements were available to be issued. No other events require adjustment to or disclosure in the consolidated financial statements.

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EXHIBIT 2.6

Description of Rights of Securities

Registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act")

American Depositary Shares ("ADSs"), each representing the right to receive four hundred and eighty (480) Class A ordinary shares of Eason Technology Limited ("we," "our," the "Company," or "us"), are listed and traded on the NYSE American LLC and, in connection with this listing (but not for trading), the ADSs are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of our ordinary shares and (ii) the holders of ADSs. Class A ordinary shares underlying the ADSs are held by Deutsche Bank Trust Company Americas, as depositary, and holders of ADSs will not be treated as holders of the Class A ordinary shares.

We are an exempted company incorporated in the Cayman Islands with limited liability and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and the Companies Act (As Revised) of the Cayman Islands, which is referred to as the Companies Act below.

As provided in our currently effective third amended and restated memorandum and articles of association (the "Memorandum and Articles of Association"), subject to the Companies Act, we have full capacity to carry on or

undertake any business or activity, do any act or enter into any transaction, and, for such purposes, full rights, powers and privileges. Our registered office is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The following is a summary of material provisions of the Memorandum and Articles of Association, as well as the Companies Act insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been filed with the SEC as an exhibit to our annual report on Form 20-F for the year ended December 31, 2023 filed on May 15, 2024.

The authorised share capital of the Company is US\$40,000,000 divided into (i) 780,000,000,000 Class A Ordinary Shares of a par value of US\$0.00005 each, and (ii) 20,000,000,000 Class B Ordinary Shares of a par value of US\$0.00005 each. Certificates representing our ordinary shares are issued in registered form.

RIGHTS OF ORDINARY SHARES

General.

Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares.

Class A Ordinary Shares and Class B Ordinary Shares and Voting Rights.

Holders of Class A Ordinary Shares and Class B Ordinary Shares shall at all times vote together as one class on all resolutions submitted to a vote by the Members. Each Class A Ordinary Share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of the Company, and each Class B Ordinary Share shall entitle the holder thereof to fifty (50) votes on all matters subject to vote at general meetings of the Company. A poll may be demanded by the chairman of our board of directors or by any shareholder present in person or by proxy.

A quorum required for a meeting of shareholders consists of two shareholders who hold at least one-third of our issued and outstanding ordinary shares and entitled to vote, at the meeting present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Shareholders' meetings are held annually and may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate at least one-third of our issued and outstanding ordinary shares. Advance notice of at least seven days is required for the convening of our annual general meeting and other shareholders meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a general meeting, while a special resolution requires the affirmative vote of not less than two-thirds of the votes attaching to the ordinary shares cast at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to the Memorandum and Articles of Association.

Each Class B Ordinary Share is convertible into one (1) Class A Ordinary Share at any time at the option of the holder thereof. The right to convert shall be exercisable by the holder of the Class B Ordinary Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Ordinary Shares into Class A Ordinary Shares. In no event shall Class A Ordinary Shares be convertible into Class B Ordinary Shares.

Save and except for voting rights and conversion rights, the Class A Ordinary Shares and the Class B Ordinary Shares shall rank *pari passu* with one another and shall have the same rights, preferences, privileges and restrictions.

Dividends.

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Act. In addition, our shareholders may declare dividends by ordinary resolution, but no dividend shall exceed the amount recommended by our directors. As a matter of Cayman Islands company law, we may declare and pay a dividend on its shares out of either profit or share premium account. No dividend may be declared and paid unless our directors determine that, immediately after the payment, we will be able to pay our debts as they become due in the ordinary course of business and we have funds lawfully available for such purpose.

Transfer of Ordinary Shares.

Subject to the restrictions of the Memorandum and Articles of Association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share without reason. Our directors may also decline to register any transfer of any ordinary share unless

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- a fee of such maximum sum as the exchange on which the ordinary shares are listed may determine to be payable or such lesser sum as the directors may from time to time require is paid in respect thereof;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; or
- the ordinary shares transferred are free of any lien in favor of us.

If our directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

Liquidation.

Subject to any future shares which are issued with specific rights, (1) if we are wound up and the assets available for distribution among our shareholders are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the surplus shall be distributed amongst the shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise, and (2) if we are wound up and the assets available for distribution among the shareholders as such are insufficient to repay the whole of the share capital, those assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the par value of the shares held by them.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares.

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption and Repurchase of Ordinary Shares.

Subject to the provisions of the Companies Act, we may issue ordinary shares on terms that are subject to redemption, at our option or at the option of the holders, in such manner as the board may determine before the issue of such ordinary shares. The Company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders.

Under the Companies Act, the redemption or repurchase of any share may be paid out of the Company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out

of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (1) unless it is fully paid up, (2) if such redemption or repurchase would result in there being no shares outstanding, or (3) if the company has commenced liquidation.

Variation of Rights of Shares.

Whenever the capital of the Company is divided into different classes, all or any of the special rights attached to any class of shares may, subject to any rights or restrictions for the time being attached to any relevant class and the provisions of the Companies Act, only be materially adversely varied or abrogated either with the written consent of a majority of the holders of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied or abrogated by, inter alia, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by the Company. The rights of the holders of shares shall not be deemed to be materially adversely varied or abrogated by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Inspection of Books and Records.

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than copies of our memorandum and articles of association, our register of mortgages and charge, and any special resolution passed by our shareholders). However, we will provide our shareholders with annual audited financial statements.

Changes in Capital.

We may from time to time by ordinary resolutions:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- convert all or any of our paid up shares into stock and reconvert that stock into paid up shares of any denomination;
- sub-divide our existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

We may by special resolution, and subject to the Companies Act, reduce our share capital and any capital redemption reserve in any manner authorized by law.

EXEMPTED COMPANY

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company is not required to open its register of members for inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may in certain circumstances issue no par value, negotiable or bearer shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

DIFFERENCES IN CORPORATE LAW

The Companies Act is modeled after that of English law but does not follow many recent English law statutory enactments. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware and their shareholders.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving

company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and published in the Cayman Islands Gazette.

A merger between a Cayman Islands parent company and its Cayman Islands subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a “parent” of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

Shareholders of a Cayman constituent company who dissent from the merger or consolidation have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures. In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the due majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of a dissenting minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares (within four months), the offerer may, within a two month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority”.

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. The Memorandum and Articles of Association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty, gross negligence, wilful misconduct or fraud of such directors or officers in the execution of their duty in their respective offices. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in the Memorandum and Articles of Association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable as a matter of United States law.

Anti-takeover Provisions in the Memorandum and Articles of Association

Some provisions of the Memorandum and Articles of Association may discourage, delay or prevent a change in control of the Company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under the Memorandum and Articles of Association, for what they believe in good faith to be in the best interests of the Company.

Directors’ Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position

for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act *bona fide* in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and the Memorandum and Articles of Association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provide shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. The Memorandum and Articles of Association allow our shareholders holding in aggregate not less than one-third of all the issued and outstanding shares of the Company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our Memorandum and Articles do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings not called by such shareholders. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but the Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Memorandum and Articles of Association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. A director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. In addition, a director's office shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by one month's notice in writing to the company; (iv) without special leave of absence from the board of directors, is absent from meetings of the board of directors for three consecutive meetings and the board of director resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of the Memorandum and Articles of Association.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into *bona fide* in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act and the Memorandum and Articles of Association, the Company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and the Memorandum and Articles of Association, if our share capital is divided into more than one class of shares, we may materially adversely vary or abrogate the rights attached to any class only with the written consent of a majority of the holders of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law and the Memorandum and Articles of Association, the Memorandum and Articles of Association may only be amended with the vote of holders of two-thirds of our shares voting at a meeting or the unanimous written resolution of all shareholders.

Rights of Non-resident or Foreign Shareholders

There are no limitations imposed by the Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in the Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

Deutsche Bank Trust Company Americas, as depositary, will register and deliver the ADSs. Each ADS will represent ownership of forty-eight (48) ordinary shares deposited with the office in Hong Kong of Deutsche Bank AG, Hong Kong Branch, as custodian for the depositary. Each ADS will also represent ownership of any other securities, cash or other property which may be held by the depositary. The depositary's corporate trust office at which the ADSs will be administered is located at 1 Columbus Circle, New York, NY 10019, USA. The principal executive office of the depositary is located at 1 Columbus Circle, New York, NY 10019, USA.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, or DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto.

We will not treat ADS holders as our shareholders and accordingly, you, as an ADS holder, will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. As a holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and the beneficial owners of ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. The laws of the State of New York govern the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of American Depositary Receipt. For directions on how to obtain copies of those documents, see "Where You Can Find Additional Information."

Holding the ADSs

How will you hold your ADSs?

You may hold ADSs either (1) directly (a) by having an American Depositary Receipt, or ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by holding ADSs in the DRS, or (2) indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADS holder. This description assumes you hold your ADSs directly. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent as of the record date (which will be as close as practicable to the record date for our ordinary shares) set by the depositary with respect to the ADSs.

- **Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the ordinary shares or any net proceeds from the sale of any ordinary shares, rights, securities or other entitlements into U.S. dollars if it can do so on a reasonable basis, and can transfer the U.S. dollars to the United States. If that is not possible or lawful or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.
- Before making a distribution, any taxes or other governmental charges, together with fees and expenses of the depositary, that must be paid, will be deducted. It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.
- **Shares.** The depositary may, upon our timely instruction, distribute additional ADSs representing any ordinary shares we distribute as a dividend or free distribution to the extent reasonably practicable and permissible under law. The depositary will only distribute whole ADSs. It will try to sell ordinary shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new ordinary shares. The depositary may sell a portion of the distributed ordinary shares sufficient to pay its fees and expenses in connection with that distribution.
- **Elective Distributions in Cash or Shares.** If we offer holders of our ordinary shares the option to receive dividends in either cash or shares, the depositary, after consultation with us and having received timely notice of such elective distribution by us, has discretion to determine to what extent such elective distribution will be made available to you as a holder of the ADSs. We must first instruct the depositary to make such elective distribution available to you and furnish it with satisfactory evidence that it is legal to do so. The depositary could decide it is not legal or reasonably practical to make such elective distribution available to you, or it could decide that it is only legal or reasonably practical to make such elective distribution available to some but not all holders of the ADSs. In such case, the depositary shall, on the basis of the same determination as is made in respect of the ordinary shares for which no election is made, distribute either cash in the same way as it does in a cash distribution, or additional ADSs representing ordinary shares in the same way as it does in a share distribution. The depositary is not obligated to make available to you a method to receive the elective dividend in shares rather than in ADSs. There can be no

assurance that you will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of ordinary shares.

- ***Rights to Purchase Additional Shares.*** If we offer holders of our ordinary shares any rights to subscribe for additional shares or any other rights, the depositary may after consultation with us and having received timely notice of such distribution by us, make these rights available to you. We must first instruct the depositary to make such rights available to you and furnish the depositary with satisfactory evidence that it is legal to do so. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the net proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If the depositary makes rights available to you, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and deliver ADSs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay. U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place. However, (i) no restricted ADSs will be delivered by the depositary unless an exemption from registration is available for such rights offering to the ADS holders and the receipt of the restricted ordinary shares by the depositary on behalf of such holders, (ii) such restricted ordinary shares would be deposited into a separate restricted ADS facility that would be established specifically for the purpose of ensuring that the restricted ADSs are clearly segregated from the freely tradable ADSs and (iii) restricted ordinary shares would only be permitted to be deposited into the main depositary facility based on an opinion of counsel that such shares are no longer restricted.

- ***Other Distributions.*** Subject to receipt of timely notice from us with the request to make any such distribution available to you, and provided the depositary has determined such distribution is lawful and reasonably practicable and feasible and in accordance with the terms of the deposit agreement, the depositary will send to you anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice: it may decide to sell what we distributed and distribute the net proceeds in the same way as it does with cash; or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to you unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if we and/or the depositary determines that it is illegal or not practical for us or the depositary to make them available to you.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposit ordinary shares or evidence of rights to receive ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons entitled thereto.

Except for ordinary shares deposited by us in connection with an offering, no shares will be accepted for deposit during a period of 180 days after the date of an offering. The 180-day lock-up period is subject to adjustment

under certain circumstances as described in the section entitled “Shares Eligible for Future Sale — Lock-up Agreements.”

How do ADS holders cancel an American Depositary Share?

You may turn in your ADSs at the depositary's corporate trust office or by providing appropriate instructions to your broker. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the ordinary shares and any other deposited securities underlying the ADSs to you or a person you designate at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

How do ADS holders interchange between Certificated ADSs and Uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send you a statement confirming that you are the owner of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to you an ADR evidencing those ADSs.

Voting Rights

How do you vote?

You may instruct the depositary to vote the ordinary shares or other deposited securities underlying your ADSs. You could exercise your right to vote directly if you withdraw the ordinary shares. However, you may not know about the meeting sufficiently in advance to withdraw the ordinary shares.

Upon receipt of timely notice from us, as described in the deposit agreement, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will describe the matters to be voted on and explain how you may instruct the depositary to vote the ordinary shares or other deposited securities underlying your ADSs as you direct, including an express indication that instructions may be given (or deemed given in accordance with the second to last sentence of this paragraph if no instruction is received) to the depositary to give a discretionary proxy to a person designated by us. For instructions to be valid, the depositary must receive them on or before the date specified. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our Memorandum and Articles of Association, as amended and restated, to vote or to have its agents vote the ordinary shares or other deposited securities as you instruct. The depositary will only vote or attempt to vote as you instruct. If we timely requested the depositary to solicit your instructions but no instructions are received by the depositary from an owner with respect to any of the deposited securities represented by the ADSs of that owner on or before the date established by the depositary for such purpose, the depositary shall deem that owner to have instructed the depositary to give a discretionary proxy to a person designated by us with respect to such deposited securities, and the depositary shall give a discretionary proxy to a person designated by us to vote such deposited securities. However, no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter if we inform the depositary we do not wish such proxy given, substantial opposition exists or the matter materially and adversely affects the rights of holders of the ordinary shares.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the ordinary shares underlying your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and you may have no recourse if the ordinary shares underlying your ADSs are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we will try to give the depositary notice of any such meeting and details concerning the matters to be voted upon sufficiently in advance of the meeting date.

Compliance with Regulations

Information Requests

Each ADS holder and beneficial owner shall (a) provide such information as we or the depositary may request pursuant to law, including, without limitation, relevant Cayman Islands law, any applicable law of the United States of America, our memorandum and articles of association, any resolutions of our Board of Directors adopted pursuant to such memorandum and articles of association, the requirements of any markets or exchanges upon which the ordinary shares, ADSs or ADRs are listed or traded, or to any requirements of any electronic book-entry system by which the ADSs or ADRs may be transferred, regarding the capacity in which they own or owned ADRs, the identity of any other persons then or previously interested in such ADRs and the nature of such interest, and any other applicable matters, and (b) be bound by and subject to applicable provisions of the laws of the Cayman Islands, our memorandum and articles of association, and the requirements of any markets or exchanges upon which the ADSs, ADRs or ordinary shares are listed or traded, or pursuant to any requirements of any electronic book-entry system by which the ADSs, ADRs or ordinary shares may be transferred, to the same extent as if such ADS holder or beneficial owner held ordinary shares directly, in each case irrespective of whether or not they are ADS holders or beneficial owners at the time such request is made.

Disclosure of Interests

Each ADS holder and beneficial owner shall comply with our requests pursuant to Cayman Islands law, the rules and requirements of the New York Stock Exchange and any other stock exchange on which the ordinary shares are, or will be, registered, traded or listed or our memorandum and articles of association, which requests are made to provide information, inter alia, as to the capacity in which such ADS holder or beneficial owner owns ADS and regarding the identity of any other person interested in such ADS and the nature of such interest and various other matters, whether or not they are ADS holders or beneficial owners at the time of such requests.

Fees and Charges

As an ADS holder, you will be required to pay the following service fees to the depositary bank:

Service	Fees
Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property	Up to US 5¢ per ADS issued
Cancellation of ADSs, including the case of termination of the deposit agreement	Up to US 5¢ per ADS canceled
Distribution of cash dividends or other cash distributions	Up to US 5¢ per ADS held
Distribution of ADSs pursuant to share dividends, free share distributions or exercise of rights	Up to US 5¢ per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the ordinary shares had been deposited for issuance of ADSs
Depositary services	Up to US 5¢ per ADS held on the applicable record date(s) established by the depositary bank

Transfer of ADRs

US\$1.50 per certificate presented for transfer

As an ADS holder, you will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.
- Any applicable fees and penalties thereon.

The depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (i.e., share dividends, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

The depositary has agreed to reimburse us for a portion of certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. Further, the depositary has agreed to reimburse us certain fees payable to the depositary by holders of ADSs. Neither the depositary nor we can determine the exact amount to be made available to us because (i) the number of ADSs that will be issued and outstanding, (ii) the level of service fees to be charged to holders of ADSs and (iii) our reimbursable expenses related to the program are not known at this time.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any net proceeds, or send to you any property, remaining after it has paid the taxes. You agree to indemnify us, the depositary, the custodian and each of our and their respective agents, directors, employees and affiliates for, and hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for you.

Reclassifications, Recapitalizations and Mergers

If we:	Then:
Change the nominal or par value of our ordinary shares	The cash, shares or other securities received by the depositary will become deposited securities.
Reclassify, split up or consolidate any of the deposited securities	Each ADS will automatically represent its equal share of the new deposited securities.
Distribute securities on the ordinary shares that are not distributed to you or Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	The depositary may distribute some or all of the cash, shares or other securities it received. It may also deliver new ADSs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the form of ADR without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, including expenses incurred in connection with foreign exchange control regulations and other charges specifically payable by ADS holders under the deposit agreement, or materially prejudices a substantial existing right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

How may the deposit agreement be terminated?

The depositary will terminate the deposit agreement if we ask it to do so, in which case the depositary will give notice to you at least 60 days prior to termination. The depositary may also terminate the deposit agreement if the depositary has told us that it would like to resign and we have not appointed a new depositary within 90 days. In such case, the depositary must notify you at least 30 days before termination.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property and deliver ordinary shares and other deposited securities upon cancellation of ADSs after payment of any fees, charges, taxes or other governmental charges. Six months or more after termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, for the *pro rata* benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depositary's only obligations will be to account for the money and other cash. After termination, our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

Books of Depositary

The depositary will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary will maintain facilities in New York to record and process the issuance, cancellation, combination, split-up and transfer of ADRs.

These facilities may be closed from time to time, to the extent not prohibited by law or if any such action is deemed necessary or advisable by the depositary or us, in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the ADRs or ADSs are listed, or under any provision of the deposit agreement or provisions of, or governing, the deposited securities, or any meeting of our shareholders or for any other reason.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without gross negligence or willful misconduct;
- are not liable if either of us is prevented or delayed by law or circumstances beyond our control from performing our obligations under the deposit agreement, including, without limitation, requirements of any present or future law, regulation, governmental or regulatory authority or share exchange of any applicable jurisdiction, any present or future provisions of our memorandum and articles of association, on account of possible civil or criminal penalties or restraint, any provisions of or governing the deposited securities or any act of God, war or other circumstances beyond our control as set forth in the deposit agreement;
- are not liable if either of us exercises, or fails to exercise, discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any indirect, special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other party;
- may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper party;
- disclaim any liability for any action/inaction in reliance on the advice or information of legal counsel, accountants, any person presenting ordinary shares for deposit, holders and beneficial owners (or authorized representatives) of ADSs, or any person believed in good faith to be competent to give such advice or information;
- disclaim any liability for inability of any holder to benefit from any distribution, offering, right or other benefit made available to holders of deposited securities but not made available to holders of ADSs; and
- disclaim any liability for any indirect, special, punitive or consequential damages.

The depositary and any of its agents also disclaim any liability for any failure to carry out any instructions to vote, the manner in which any vote is cast or the effect of any vote or failure to determine that any distribution or action may be lawful or reasonably practicable or for allowing any rights to lapse in accordance with the provisions of the deposit agreement, the failure or timeliness of any notice from us, the content of any information submitted to it by us for distribution to you or for any inaccuracy of any translation thereof, any investment risk associated with the acquisition of an interest in the deposited securities, the validity or worth of the deposited securities, the creditworthiness of any third party, or for any tax consequences that may result from ownership of ADSs, ordinary shares or deposited securities.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Jurisdiction and Arbitration

The laws of the State of New York govern the deposit agreement and the ADSs and we have agreed with the depositary that the federal or state courts in the City of New York shall have exclusive jurisdiction to hear and determine any dispute arising from or in connection with the deposit agreement and that the depositary will have the right to refer any claim or dispute arising from the relationship created by the deposit agreement to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration provisions of the deposit agreement do not preclude you from pursuing claims under the Securities Act or the Exchange Act in federal or state courts.

Requirements for Depositary Actions

Before the depositary will issue, deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of ordinary shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities and payment of the applicable fees, expenses and charges of the depositary;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to issue and deliver ADSs or register transfers of ADSs generally when the register of the depositary or our transfer books are closed or at any time if the depositary or we think it is necessary or advisable to do so.

Your Right to Receive the Shares Underlying Your ADSs

You have the right to cancel your ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (1) the depositary has closed its transfer books or we have closed our transfer books; (2) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (3) we are paying a dividend on our ordinary shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities. This right of withdrawal may not be limited by any other provision of the deposit agreement.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto. Profile is a required feature of DRS which allows a DTC participant, claiming to act on behalf of an ADS

holder, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register such transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not verify, determine or otherwise ascertain that the DTC participant which is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on, and compliance with, instructions received by the depositary through the DRS/Profile System and in accordance with the deposit agreement, shall not constitute negligence or bad faith on the part of the depositary.

The Depositary

The depositary is Deutsche Bank Trust Company Americas. The depositary is a state chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Banking Department. The depositary was incorporated as a limited liability bank on March 5, 1903 in the State of New York. The registered office of the depositary is located at 1 Columbus Circle, New York, NY 10019 and the registered number is BR1026. The principal executive office of the depositary is located at 1 Columbus Circle, New York NY 10019. The depositary operates under the laws and jurisdiction of the State of New York.

EXHIBIT 4.1

Eason Technology Limited

To whom it may concern,

As a related party, I, Hao Xu, hereby consent to provide financial support to Eason Technology Limited ("the Company") to meet its outstanding liabilities and obligations as and when they fall due and to carry on the Company's business without a significant curtailment of operations for a foreseeable future. May it be, this letter of financial support shall remain in force till December 31, 2025.

Notwithstanding the foregoing, nothing in this letter constitutes an undertaking to discharge any particular creditor of the Company.

Signature: /s/ Hao Xu

Executive director

Date: 19/8/2025

EXHIBIT 8.1

Principal Subsidiaries of Eason Technology Limited

Subsidiaries:

- True Silver Limited, a British Virgin Islands company
- Hong Kong Four Divisions International Limited, a Hong Kong company

- Hong Kong Three Entities Digital Technology Limited, a Hong Kong company
- Hong Kong YiYou Digital Technology Co., Ltd., a Hong Kong company
- Shenzhen Four Divisions Global Industrial Operation Co., Ltd., a PRC company

EXHIBIT 12.1

CERTIFICATION

I, Longwen He, certify that:

1. I have reviewed this annual report on Form 20-F of Eason Technology Limited (the “Company”);
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and

- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: September 24, 2025

/s/ Longwen He

Name: Longwen He

Title: Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 12.2

CERTIFICATION

I, Xiang Zhou, certify that:

1. I have reviewed this annual report on Form 20-F of Eason Technology Limited (the "Company");
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: September 24, 2025

/s/ Xiang Zhou

Name: Xiang Zhou

Title: Chief Financial Officer

(Principal Financial and Accounting
Officer)

EXHIBIT 13.1

CERTIFICATION

In connection with the annual report of Eason Technology Limited (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company does hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer's knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 24, 2025

/s/ Longwen He

Name: Longwen He

Title: Chief Executive Officer

(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 13.2

CERTIFICATION

In connection with the annual report of Eason Technology Limited (the “Company”) on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officer does hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer’s knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 24, 2025

/s/ Xiang Zhou

Name: Xiang Zhou

Title: Chief Financial Officer

(Principal Financial and Accounting
Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 15.1



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Directors,

Eason Technology Limited

We hereby consent to the incorporation by reference in Registration Statements of our report dated September 24, 2025 relating to consolidated financial statements of Company for the years ended December 31, 2024, 2023 and 2022, which report appears in the annual report on Form 20-F of Eason Technology Limited for the financial years ended December 31, 2024, 2023 and 2022.

A handwritten signature in black ink, appearing to read 'Enrome LLP'.

Enrome LLP
Singapore
September 24, 2025

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IT IS NOT A PART OF EDGAR SUBMISSION