LianLian 连连

連連數字科技股份有限公司
Lianlian DigiTech Co., Ltd.

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

Stock Code: 2598

2023
ANNUAL REPORT

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Zhang Zhengyu (章徵宇) *(Chairman)*
Mr. Xin Jie (辛潔) *(Chief executive officer)*
Mr. Xue Qiangjun (薛強軍) *(Chief people officer)*
Mr. Zhu Xiaosong (朱曉松)
Mr. Wang Yu (王愚) *(Chief technology officer)*

Independent Non-Executive Directors

Mr. Chun Chang
Mr. Wong Chi Kin (黃志堅)
Ms. Lin Lanfen (林蘭芬)

SUPERVISORS

Mr. Wu Wei (吳偉)
Ms. Song Jingfang (宋靜芳)
Ms. Hong Xiaoxue (洪曉雪)

AUDIT COMMITTEE

Mr. Wong Chi Kin (黃志堅) *(Chairperson)*
Mr. Chun Chang
Ms. Lin Lanfen (林蘭芬)

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Chun Chang *(Chairperson)*
Ms. Lin Lanfen (林蘭芬)
Mr. Zhang Zhengyu (章徵宇)

NOMINATION COMMITTEE

Ms. Lin Lanfen (林蘭芬) *(Chairperson)*
Mr. Wong Chi Kin (黃志堅)
Mr. Zhu Xiaosong (朱曉松)

COMPLIANCE AND RISK MANAGEMENT COMMITTEE

Mr. Zhang Zhengyu (章徵宇) *(Chairperson)*
Mr. Xin Jie (辛潔)
Mr. Wong Chi Kin (黃志堅)

STRATEGY COMMITTEE

Mr. Zhang Zhengyu (章徵宇) *(Chairperson)*
Mr. Xin Jie (辛潔)
Mr. Chun Chang

AUTHORISED REPRESENTATIVES

Mr. Xin Jie (辛潔)
Ms. Cheung Lai Ha (張麗霞)
(associate member of the Hong Kong Chartered Governance Institute)

JOINT COMPANY SECRETARIES

Mr. Yan Hao (閆浩)
Ms. Cheung Lai Ha (張麗霞)
(associate member of the Hong Kong Chartered Governance Institute)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
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COMPLIANCE ADVISER

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HONG KONG LEGAL ADVISER

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183 Queen's Road East
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PRC

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China CITIC Bank Co., Ltd. Binjiang Sub-branch
Southeast Corner, 1/F and 2/F, Building 6
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Binjiang District
Hangzhou, Zhejiang Province
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No. 480, Jiangnan Avenue, Binjiang District
Hangzhou, Zhejiang Province
PRC

COMPANY WEBSITE

www.lianlian.com

STOCK CODE

2598

LISTING DATE

March 28, 2024

Definitions

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

"AGM"	the forthcoming annual general meeting of the Company to be held on Friday, June 7, 2024
"Articles" or "Articles of Association"	the articles of association of our Company adopted on June 21, 2023 with effect on the Listing Date, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Auditor"	PricewaterhouseCoopers, the external auditor of the Company
"Board" or "Board of Directors"	board of directors of the Company
"CG Code"	the Corporate Governance Code as set out in of Appendix C1 to the Listing Rules
"Chairman"	chairman of the Board
"China" or "PRC"	the People's Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
"Chuanglianzhixin"	Hangzhou Chuanglianzhixin Investment L.P. (杭州創連致新投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 11, 2017, one of our Controlling Shareholders
"Company" or "our Company" "the Company"	Lianlian DigiTech Co., Ltd. (連連數字科技股份有限公司), a joint stock company with limited liability incorporated in the PRC on February 2, 2009 and listed on the Stock Exchange on March 28, 2024 (Stock code: 2598)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and in the context of this annual report, refers to the controlling shareholders of our Company, namely Mr. Zhang Zhengyu (章徵宇), Chuanglianzhixin, Mr. Lu Zhonglin (呂鐘霖) and Ms. Xiao Seqiu (肖瑟秋)
"Director(s)"	director(s) of the Company
"Global Offering"	an offering of 64,300,000 H Shares, comprising a final Hong Kong public offering of 19,290,000 H Shares and a final international public offering of 45,010,000 H Shares
"Group", "our Group", "the Group", "we", "us", or "our"	our Company and our subsidiaries

"H Share(s)"	overseas listed shares in the share capital of our Company with a nominal value of RMB1.00 each, subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$" or "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"IFRS Accounting Standards"	International Financial Reporting Standards
"Latest Practicable Date"	April 16, 2024, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained herein
"Lianlian International"	Lianlian International Company Limited (連連國際支付有限公司), a Company incorporated in Hong Kong on June 20, 2016 and one of our subsidiaries
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	March 28, 2024, the date on which the H Shares of the Company were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Prospectus"	the prospectus of the Company dated March 20, 2024
"Reporting Period"	the year ended December 31, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of the Company with nominal value of RMB1.00 each including our domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	member(s) of the Supervisory Committee of the Company
"Supervisory Committee"	the supervisory committee of our Company
"VAT"	Value-added tax
"%"	per cent

Financial Highlights

	Year ended December 31,			
	2023	2022	2021	2020
	(RMB in thousands)			
Revenue	**1,028,256**	742,748	643,644	588,502
Gross profit	**577,352**	465,969	439,244	378,251
Loss before income tax	**(651,756)**	(900,638)	(730,450)	(338,881)
Loss for the year	**(654,215)**	(916,866)	(746,836)	(368,749)
Total comprehensive loss for the year	**(658,811)**	(911,774)	(733,419)	(361,020)
EBITDA (non-IFRS measure)[(1)]	**(610,156)**	(874,706)	(726,483)	(313,718)
Adjusted EBITDA (non-IFRS measure)[(2)]	**(359,188)**	(822,428)	(656,681)	(202,746)

Notes:

(1) EBITDA (Non-IFRS measure) refers to loss for the years adjusted by adding back (i) income tax expenses, (ii) finance income/(cost) – net, and (iii) depreciation and amortization, which are non-cash in nature.

(2) Adjusted EBITDA (Non-IFRS measure) refers to EBITDA (Non-IFRS measure) adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.

	As of December 31,			
	2023	2022	2021	2020
	(RMB in thousands)			
Total assets	**10,467,499**	10,146,014	8,475,081	9,224,243
Total liabilities	**9,873,855**	9,085,559	6,556,772	6,642,446
Total equity	**593,644**	1,060,455	1,918,309	2,581,797
Equity attributable to owners of the Company	**589,301**	1,058,391	1,917,489	2,580,856

Dear Shareholders,

On behalf of the board of directors (the "Board") of Lianlian DigiTech Co., Ltd. (the "Company" or "Lianlian" and together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Group for the year ended December 31, 2023.

The year 2023 marks another turning point in history, when the world reopened its doors, with a fresh wave of globalization started, and changes unprecedented in a century accelerated. Amidst this flux, Lianlian's mission has stood firm and unwavering. With our extensive array of licenses and global payment networks, we have steadfastly bridged China's dynamic economy with the international marketplace. Our commitment to fostering a more connected and technologically advanced society remains at the core of our endeavors. We strive tirelessly to support the digital evolution and international growth of small and medium-sized enterprises (SMEs), ensuring that Lianlian is a valued asset in every country and region we operate in.

REVIEW

Relying on the multi-year efforts on global license acquisition, strong customer base and the solid product capabilities, the Company made meaningful progress in major business lines in 2023 while rooting in the real economy and serving global trade. At the same time, the steady performance growth and sustained compliance had also culminated in the landmark achievement of Lianlian's successful debut on the Main Board of the Hong Kong Stock Exchange on March 28, 2024.

As we closed the year, Lianlian boasted a portfolio of 64 global payment licenses, empowering us to serve over 100 countries and regions and manage transactions in more than 130 currencies. For the year ended 31 December 2023, the total payment volume ("TPV") reached RMB2.0 trillion, a year-on-year growth of 73.5%, and the number of active customers served reached 1.3 million, a year-on-year growth of 50.8%. Financially, the Company registered a total revenue of RMB1,028.3 million, a year-on-year growth of 38.4%. Gross profit margin continued to remain at a high level of 56.1%, underscoring the competitive edge afforded by our comprehensive license portfolio and our unparalleled one-stop service capability. With the rapid growth in revenue, the Company has generated positive operating cash flow of RMB94.6 million for the year, compared to RMB33.3 million of outflow for the year ending 31 December 2022.

OUTLOOK

As we stand at the dawn of an era unlike any other in the past century, disruption and reconstruction are the signatures of this era, while the opportunity to engage in the course of history is the olive branch handed out to us. In 2024, our Company is poised to seize the potential of global trade and the expansive opportunities presented by the digitalization and globalization of Chinese enterprises. Our strategic focus will be to broaden our international reach, with particular emphasis on markets in Southeast Asia, Latin America, and the Middle East. At the same time, we will continue to refine our solutions, innovate relentlessly, and incorporate cutting-edge technologies in digital payments and fintech. Our goal is to elevate our service capabilities to meet the needs of customers across the globe. We will also be dedicated to attracting, nurturing, and inspiring talent, fostering a culture where individuals and the organization can flourish in unison. Our people-oriented approach is not just a strategy; it's a commitment to the growth and well-being of every member of the Lianlian family.

Lianlian's journey began 20 years ago in Hangzhou, Zhejiang Province. The name "Lianlian", given on the day of its birth and symbolizing the aspiration for boundless connectivity and enduring through relentless effort, was chosen to reflect our core values. It is this steadfastness that anchors us to our founding principles and propels us forward, ready to face new challenges with clarity and determination, no matter how the world around us may change.

ACKNOWLEDGMENT

In closing, I wish to extend my deepest gratitude to each and every of our employees for your dedication and tireless efforts. You came from all around to pursue our common mission and objectives. And to our customers, shareholders and investors, your trust and support empower us to transcend boundaries and explore infinite possibilities. Lianlian was born to make the world a better place, and I hope to join hands with all of you to march towards the bright future.

Zhang Zhengyu
Chairman of the Board
Hangzhou, the PRC

April 25, 2024

BUSINESS REVIEW

We are a digital payment solution provider from China with a global payment capability to serve our customers around the world. Leveraging our global payment network built upon our global license layout, proprietary technology platform and extensive network of partners, we provide a wide range of digital payment services and value-added services to customers in China and around the world.

Our customers are primarily business clients, consisting of small and midsized merchants and enterprises. Globally, we help our merchant customers to repatriate their funds from sale of goods and provision of services, and make payments quickly and reliably through virtual accounts we assign to our customers under our accounts by global commercial banks. In China, we act primarily as a payment service provider to help our enterprise customers to streamline their fund collection process and reduce operational costs by offering enterprise customers a digital platform, which consolidates payment information from various online and offline payment methods initiated by end-buyers when purchasing goods. Our services ultimately facilitate the completion of the payment process.

We have developed a proprietary technology platform embedding stable, secure and flexible systems that cover payment, fund transfer, global fund distribution, intelligent FX processing, intelligent risk management and other functions, providing a one-stop service for customers that address their core needs. Through developing and providing comprehensive solutions to merchants and enterprises in China and around the world, we are dedicated to building a close partnership with the essential players in the e-commerce ecosystem and have gained deep insights into global commerce across different industries.

Among all the China-based digital payment solution providers, we have the broadest global business outreach and license coverage, and we are the only one holding all state-level money transmitter licenses in the United States, according to Frost & Sullivan. As of December 31, 2023, our global license layout consists of 64 payment licenses and relevant qualifications. With these licenses and in collaboration with business partners, we are able to serve customers to conduct their trading activities on global and regional e-commerce platforms that encompass over 100 countries and regions and support transactions in over 130 currencies.

MARKET AND INDUSTRY OVERVIEW

The market size of global commerce is huge and has been growing steadily over the years. The cross-border e-commerce penetration rate globally is expected to reach 12.2% by 2027. Businesses engaging in cross-border e-commerce globally are affected by high barriers for account opening, expensive banking costs and lack of high-quality services, according to Frost & Sullivan. In addition, businesses are burdened with increasingly complex and evolving legal and regulatory requirements in different jurisdictions.

China is more advanced in export digitalization. The cross-border e-commerce penetration rate in China is expected to increase to 27.7% in 2027 according to Frost & Sullivan. The digitalization of the export market is increasingly linked to the digitalization of the domestic market in China. The market size of the digital payment services market in China in terms of the TPV of the cross-border and domestic digital payment services, is expected to increase to RMB353.6 trillion in 2027 according to Frost & Sullivan. As the businesses of merchants and enterprises continue to expand, their demand for value-added services continues to increase. According to Frost & Sullivan, the revenue of value-added services, attributed to cross-border and domestic digital payment solution providers in China, is expected to increase RMB88.3 billion in 2027.

Merchants and enterprises need long-term and committed digital payment solution providers when they participate in global commerce. According to Frost & Sullivan, there are two types of third-party payment solution providers in China, namely independent and non-independent digital payment solution providers. Independent digital payment solution providers are not owned or controlled by financial institutions, or not highly dependent on the businesses contributed by connected parties, such as large e-commerce platforms. Attributable to such neutrality, independent digital payment solution providers earn trust from their customers. With our global business outreach, proprietary technology platform, insights into global commerce and deep roots in the Chinese market, we believe that our digital solutions can address the pain points and needs in the digital payment solution industry and we are best-positioned to spearhead the digital transformation for global commerce.

FINANCIAL REVIEW

Revenue

Our revenue increased by 38.4% from RMB742.7 million for the year ended December 31, 2022 to RMB1,028.3 million for the year ended December 31, 2023, primarily attributable to (i) an increase in revenue generated from our digital payment services from RMB630.1 million for the year ended December 31, 2022 to RMB874.2 million for the year ended December 31, 2023; and (ii) an increase in revenue generated from our value-added services from RMB91.1 million for the year ended December 31, 2022 to RMB133.5 million for the year ended December 31, 2023, which was partially offset by the decrease in revenue generated from others from RMB21.6 million for the year ended December 31, 2022 to RMB20.5 million for the year ended December 31, 2023.

We generated a majority of revenue from digital payment services, in particular, global payment services. Meanwhile, our value-added services have been growing rapidly and are making an important contribution to our revenue. The following table sets forth the breakdown of our revenue for the periods indicated:

	Year ended December 31,			
	2023		2022	
	(RMB in thousands, except for percentages)			
Revenue				
Digital payment services	**874,212**	**85.0%**	630,097	84.8%
– Global Payment[i]	**655,962**	**63.8%**	478,622	64.4%
– Domestic payment[ii]	**218,250**	**21.2%**	151,475	20.4%
Value-added services	**133,544**	**13.0%**	91,052	12.3%
Others[iii]	**20,500**	**2.0%**	21,599	2.9%
Total	**1,028,256**	**100.0%**	742,748	100.0%

Notes:

(i) Refer to payments that occur across borders or outside China.

(ii) Refer to payment transactions that occur in China.

(iii) In addition to our core business of offering digital solutions, we also operate certain other businesses, primarily including property rental.

Digital Payment Services

The substantial majority of our revenue is generated from our digital payment services, including global payment and domestic payment. Revenue generated from our digital payment services increased from RMB630.0 million for the year ended December 31, 2022 to RMB874.2 million for the year ended December 31, 2023, representing 84.8% and 85.0% of our total revenue for the year ended December 31, 2022 and 2023, respectively. The increase in revenue generated from our digital payment services was mainly due to (i) an increase of 37.1% in our global payment revenue from RMB478.6 million for the year ended December 31, 2022 to RMB656.0 million for the year ended December 31, 2023, driven by an expansion of customers for global payment services, especially cross-border enterprises, and (ii) an increase of 44.1% in our domestic payment revenue from RMB151.5 million for the year ended December 31, 2022 to RMB218.3 million for the year ended December 31, 2023, driven by an expansion of TPV from domestic pay-out services.

Value-Added Services

Our revenue from value-added services increased from RMB91.1 million for the year ended December 31, 2022 to RMB133.5 million for the year ended December 31, 2023, representing 12.3% and 13.0% of our total revenue for the year ended December 31, 2022 and 2023, respectively. The increase in revenue generated from our value-added services was mainly due to an increase of 46.7% in our revenue from value-added services from RMB91.1 million for the year ended December 31, 2022 to RMB133.5 million for the year ended December 31, 2023, primarily driven by rapid expansion of business services, including digital marketing services.

Other Revenue

We also generate a small amount of revenue from other sources including rental income from providing property rental services with respect to our self-owned properties. Other revenue remained relatively stable for the years ended December 31, 2022 and 2023.

Cost of Sales

Our cost of sales increased by 62.9% from RMB276.8 million for the year ended December 31, 2022 to RMB450.9 million for the year ended December 31, 2023, primarily attributable to (i) an increase of 79.7% in costs of sales for global payment from RMB102.9 million for the year ended December 31, 2022 to RMB184.9 million for the year ended December 31, 2023 due to the expansion of acquiring services and increased fees associated with card issuing institutions in virtual card services, (ii) an increase of 51.0% in cost of sales for domestic payment from RMB107.5 million for the year ended December 31, 2022 to RMB162.4 million for the year ended December 31, 2023 mainly due to the increase in processing fees and service charges from domestic TPV growth, and (iii) an increase of 65.7% in costs of sales for value-added services from RMB54.1 million for the year ended December 31, 2022 to RMB89.6 million for the year ended December 31, 2023 due to the rapid expansion of digital marketing with higher service charge to channel partners for customer acquisition and referrals.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 23.9% from RMB466.0 million for the year ended December 31, 2022 to RMB577.4 million for the Reporting Period, primarily attributable to (i) an increase of 25.4% in gross profit from global payment from RMB375.7 million for the year ended December 31, 2022 to RMB471.1 million for the year ended December 31, 2023, (ii) an increase of 27.1% in gross profit from domestic payment from RMB44.0 million for the year ended December 31, 2022 to RMB55.9 million for the year ended December 31, 2023, and (iii) an increase of 18.9% in gross profit from value-added services from RMB36.9 million for the year ended December 31, 2022 to RMB43.9 million for the year ended December 31, 2023.

Our gross profit margin decreased from 62.7% for the year ended December 31, 2022 to 56.1% for the Reporting Period as a result of (i) a decrease in global payment margin from 78.5% for the year ended December 31, 2022 to 71.8% for the year ended December 31, 2023, primarily reflecting the expansion of acquiring services with lower gross profit margin, and (ii) a decrease in value-added services margin from 40.6% for the year ended December 31, 2022 to 32.9% for the year ended December 31, 2023, reflecting the change in service mix, as a result of (1) significant growth of digital marketing with lower margin, and (2) a decrease in revenue from higher-margin technology services due to our strategic focus on business services.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 38.0% from RMB139.0 million for the year ended December 31, 2022 to RMB191.8 million for the year ended December 31, 2023, primarily due to increased share-based compensation under the Pre-IPO Share Option Schemes and enhanced promotion campaigns for customer acquisition and sector coverage to expand our businesses.

General and Administrative Expenses

Our general and administrative expenses increased by 86.0% from RMB258.3 million for the year ended December 31, 2022 to RMB480.5 million for the Reporting Period, primarily due to increased employee benefits under the Pre-IPO Share Option Schemes and listing expenses.

Research and Development Expenses

Our research and development expenses increased by 27.5% from RMB210.4 million for the year ended December 31, 2022 to RMB268.2 million for the Reporting Period, in line with continued efforts in innovation and technology developments.

Other Income – Net

Our other income increased by 299.2% from RMB27.2 million for the year ended December 31, 2022 to RMB108.5 million for the Reporting Period primarily due to a significant increase in interest income on customer accounts driven by our TPV growth and the interest rate hikes on multiple foreign currencies.

Other Gain

Our other gain significantly increased by 1,712.5% from RMB15.4 million for the year ended December 31, 2022 to RMB279.8 million for the Reporting Period, primarily due to a non-recurring dilution gain of approximately RMB244.5 million due to the decrease of shareholding in LianTong after the capital injection provided by us and American Express in December 2023.

Provision for Impairment on Financial Assets

Our impairment losses on financial assets refers to the credit loss assessment and movement in allowance for the impairment of (i) trade receivables, and (ii) other receivables. Our impairment losses on financial assets were RMB0.7 million for the year ended December 31, 2022 and RMB1.8 million for the year ended December 31, 2023, respectively, which was in line with the increase of our trade receivables.

Finance Income/ (Cost) – Net

We recorded finance income – net of RMB4.2 million for the year ended December 31, 2022 and finance cost – net of RMB10.0 million for the Reporting Period primarily due to increases in bank borrowings to support our business operations.

Share of Net Loss of Associates Accounted for Using the Equity Method

Our share of net loss of associates using the equity method decreased from RMB805.0 million for the year ended December 31, 2022 to RMB665.2 million for the year ended December 31, 2023, primarily due to the narrowed share of loss in LianTong, which is mainly due to an increase in LianTong's revenue reflecting its business growth in card transaction volume, and increased revenue generated from transaction related services, and decreases in employee benefits and other fixed expenses with improved operating efficiency, partially offset by an increase in share of loss in Zhong Pu Lian Technology.

Income Tax Expenses

Our income tax expenses significantly decreased from RMB16.2 million for the year ended December 31, 2022 to RMB2.5 million for the year ended December 31, 2023, primarily due to increased recognition of deferred income tax assets for EIT computation.

Loss for the Year

As a result of the foregoing, the recorded loss of the year narrowed by 28.6% from RMB916.9 million for the year ended December 31, 2022 to RMB654.2 million for the year ended December 31, 2023.

The recorded loss for the year consisted primarily of; i) Non-GAAP adjusted loss of RMB654 million; which further consisted of (a) Our share of Liantong's net loss of RMB664 million; (b) Dilution gain of RMB244 million due to the decrease of shareholding in Liantong; (c) Lianlian's own non-GAAP earning of RMB16 million; ii) Share-based compensation expense of RMB191 million; iii) Listing expense of RMB59 million.

Non-IFRS Measures

We define EBITDA (Non-IFRS measure) as loss for the years/periods adjusted by adding back (i) income tax expenses, (ii) finance income/(cost) – net, and (iii) depreciation and amortization, which are non-cash in nature. We define adjusted EBITDA (Non-IFRS measure) as EBITDA (Non-IFRS measure) adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature. We have made such adjustments consistently during the Track Record Period complying with Chapter 3.11 of the Guide for New Listing Applicants issued by the Stock Exchange. We believe that Non-IFRS measures facilitate the comparisons of operating performance from period to period and company to company and provide useful information to investors and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the years may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile Non-IFRS measures for the years presented in accordance with IFRS Accounting Standards:

	Year ended December 31,	
	2023	**2022**
Reconciliation	*(RMB in thousands)*	
Loss for the year	**(654,215)**	(916,866)
Add:		
Income tax expense	**2,459**	16,228
Finance cost/(income) – net	**10,030**	(4,238)
Depreciation of property, plant and equipment	**13,673**	13,909
Depreciation of right-of use assets	**9,213**	8,726
Depreciation of investment properties	**4,014**	4,025
Amortization of intangible assets	**4,670**	3,510
EBITDA(i) (Non-IFRS measure)	**(610,156)**	(874,706)
Add:		
Share-based compensation expenses(ii)	**191,495**	52,278
Listing expense	**59,473**	–
Adjusted EBITDA(iii) (Non-IFRS measure)	**(359,188)**	(822,428)

Notes:

(i) EBITDA (Non-IFRS measure) refers to loss for the years adjusted by adding back (i) income tax expenses, (ii) finance income/(cost) – net, and (iii) depreciation and amortization, which are non-cash in nature.

(ii) Our share-based compensation expenses consist of share options granted under the equity-settled share option schemes and incentive shares or shares granted to our employees. Such expenses in any specific period are not expected to result in future cash payments.

(iii) Adjusted EBITDA (Non-IFRS measure) refers to EBITDA (Non-IFRS measure) adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.

Liquidity and Financial Resources, Treasury Policies and Capital Structure

The Group's primary uses of cash are for funding of its working capital requirements, repayment of loans and related interest expenses. As of December 31, 2023, our principal sources of liquidity have been cash received from the Pre-IPO investors, cash generated from operating activities and bank borrowings. Our primary uses of cash relate to investments into an associate.

The following table sets forth our cash flows for the years indicated:

	Year ended December 31,	
	2023	2022
	(RMB in thousands)	
Net cash generated from/(used in) operating activities	**94,649**	(33,337)
Net cash used in investing activities	**(201,799)**	(941,069)
Net cash generated from financing activities	**149,177**	242,594
Net increase/(decrease) in cash and cash equivalents	**42,027**	(731,812)
Cash and cash equivalents at beginning of the year	**145,504**	871,460
Effects of exchange rate changes on cash and cash equivalents	**2,309**	5,856
Cash and cash equivalents at end of the year	**189,840**	145,504

As of December 31, 2023, we had bank borrowings of RMB437.5 million.

As of December 31, 2023, the sum of long-term bank borrowings amounted to RMB147.9 million, with interest rate of 4.0%, which should be repaid before 20 September 2037. While the sum of short-term bank borrowings amounted to RMB289.6 million, with the maturity of one year or less and the interest rates ranging from 3.80% to 4.65% per annum. The unutilised banking facilities as at December 31, 2023 amounted to approximately RMB788.4 million. The bank borrowings are denominated in RMB. The Group has complied with the financial covenants of its borrowing for the year ended December 31, 2023. The Company did not utilise any financial instrument for hedging. The Group has maintained sufficient liquidity to satisfy its day-to-day management and capital expenditure requirements and is able to control its internal operating cash flows.

We have adopted a treasury and investment policy which sets out overall principles as well as detailed approval processes of our investment activities. Such activities include, among other things, wealth management product, short or long-term loans, investments in subsidiaries, joint ventures, and other equity investments.

Our Directors and senior management monitor our investments with caution. Our investments are strategically aligned with our development strategy and/or enhance our competitive strength. Our internal approval process depends on the type of investments. All investments are required to strictly follow the relevant laws and regulations. For short-term investments, which primarily include deposits, notes, stocks, bonds, and other investments with a term of generally less than one year, we will examine the viability of such short-term investment with a strict tiered approval process; at each period end, a comprehensive analysis on short-term investment needs to be conducted based on prudent financial and accounting policies in order to make adequate impairment provisions for any potential loss. Investment review will be conducted by the end of each investment. Long-term investments, which primarily include bonds, equities, and other investments with a term exceeding one year, we will access the necessity, feasibility, and benefit analysis by a strict tiered approval process. After making each respective investment, we shall account for the underlying long-term investment based on applicable accounting policies and make adequate impairment provisions if necessary.

Our Shareholder meeting, Board and general manager are responsible for our treasury and investment management. Within their respective responsibilities, each of them can make or veto investment decisions. The general manager is responsible for overseeing investment analysis, research and execution. Our finance department manages funds and financial planning of the investments. Once an investment decision is made, our finance department will run the budget, fundraising, accounting, allocation and settlement procedures. Our plans of investments, detailing the time, amount, method, and responsible personnel are required to be reviewed and approved by the general manager, the Board, or Shareholders' meeting. Our investments are also audited by our internal audit department which reported to the Board in the annual internal audit report.

The H Shares have been listed on the Stock Exchange since the Listing Date. There has been no change in the capital structure of the Company since the Listing Date and up to the Latest Practicable Date. The capital of the Company comprises ordinary shares of the Company including H Shares and Unlisted Shares.

Capital Expenditures

During the Reporting Period, the Group's capital expenditures amounted to RMB4.8 million, which primarily consist of purchase of property, plant and equipment and purchase of intangible assets including computer software. We funded our capital expenditure requirements during the Reporting Period mainly from cash generated from operating activities. We intend to fund our future capital expenditures and long-term investments with our existing cash balance, bank and other borrowings and the proceeds from the Global Offering. We may reallocate the funds to be utilized on capital expenditures and long-term investments based on our ongoing business needs.

Inventories

As of December 31, 2023, the Group's inventories amounted to RMB0.7 million, which remained stable as compared to the inventories as at December 31, 2022.

Trade Receivables

Our trade receivables primarily represent amounts due from customers for services performed in the ordinary course of business. As of December 31, 2022 and 2023, we had trade receivables of RMB40.6 million and RMB67.6 million, respectively. We could deduct our fees directly from the transaction fund flows for most of our services. Our settlement period for other trade receivables generally ranges from one to three months. Therefore, trade receivables did not account for a material portion of our assets. The increase in trade receivables was primarily due to our revenue growth as well as a change in our customer mix by engaging more commercial banks, which generally have a settlement period of one to three months. Adequate provisions were made with respect to such commercial banks after considering their overall business reputation and credit rating.

Trade Payables

Our trade payables primarily consist of service charge payables and payables for processing fees to financial institutions and payment networks. Our trade payables increased by 95.2% from RMB38.9 million as of December 31, 2022 to RMB76.0 million as of December 31, 2023. Such increase was primarily due to our business growth, especially value-added services, that leads to increased service charge payables for support of operations.

Prepayments, other receivables and other current assets

Our prepayments, other receivables and other current assets primarily include prepayments to suppliers, prepaid listing expenses, receivables for digital marketing services, loans to and receivables from related parties, and deposits for payment channels and rentals. We had prepayments, other receivables and other current assets of RMB340.2 million and RMB79.0 million as of December 31, 2022 and 2023, respectively. We recorded relatively high prepayments, other receivables and other current assets as of December 31, 2022 primarily due to the loan of RMB305.0 million we provided to LianTong in 2022, which was subsequently repaid in May 2023, and the value-added tax recoverable of RMB16.3 million.

OUTLOOK

Going forward, we plan to implement the following strategies, which we believe, will strengthen our core competitive strengths and enable us to capture rising business opportunities:

- Expanded global customer base;
- Rapid global and domestic payment volume growth;
- Continued revenue growth; and
- Further enhance our management and operating efficiency.

We are committed to seizing the opportunities and leveraging advantages brought by our listing status to achieve the leapfrog in our business development in 2024.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2023, we had a total of 909 employees, 92.30% of which were based in the PRC and 7.70% were based overseas, primarily in Southeast Asia and the United States.

The following table sets forth a breakdown of our employees categorized by function as of December 31, 2023.

Function	Number	% of total
Research and development	**331**	**36.4%**
Sales and marketing	**294**	**32.3%**
General and administration	**284**	**31.3%**
Total	**909**	**100.0%**

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high-quality talent pool is one of the core strengths of our Company. We adopt high standards and strict procedures in our recruitment, including campus recruitment, online recruitment, internal recommendation and recruitment through executive search, to meet the needs of our Company. We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethics and non-competition with all of our executive officers and the vast majority of our employees. We enter into standard employment contracts and confidentiality agreements with our employees. We also enter into non-competition agreements with certain key employees. We place great emphasis on providing our employees with platforms and opportunities for self-improvement. We provide regular and specialized training tailored to the needs of our employees in different departments. We have also launched an online learning platform to complement our existing offline training initiatives. In addition to our internal training programs, we also engage external trainers. All training sessions are conducted periodically and in stages to ensure our employees' continuous learning and development.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund. As of December 31, 2023, we established labor unions in China, which may represent employees for the purpose of collective bargaining. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Reporting Period.

The Company also has adopted the Pre-IPO Share Option Schemes to improve the Company's incentive mechanism, attract and retain talents and to motivate employees to ensure the achievement of the Company's development goals. For further details, please refer to the subsection headed "Pre-IPO Share Option Schemes" in the section headed "Report of Directors" of this annual report.

The total employee benefit expenses, including share-based compensation expenses, for the Reporting Period amounted to RMB670.9 million (2022: RMB458.7 million).

PLEDGE OF ASSETS

As at December 31, 2023, the Group pledged (i) investment properties with net book value of RMB165.0 million, (ii) buildings with net book value of RMB106.1 million, and (iii) land use rights of RMB2.8 million for the Group's bank borrowings of RMB159.1 million. These borrowings are for general business operation purposes. For further details, please refer to Note 26 to the consolidated financial statements in this annual report.

CONTINGENT LIABILITIES

As of December 31, 2023, we did not have any contingent liabilities.

SHARE PLEDGE

During the Reporting Period, there was no pledge by our Controlling Shareholders of their interests in the Shares to secure the Company's debts or to secure guarantees or other support of its obligation before the Listing.

GEARING RATIO

As of December 31, 2023, our gearing ratio, calculated as total borrowings divided by the total equity as at the end of the year, was approximately 73.7%.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, as of December 31, 2023, we did not have plans for material investments and capital assets.

EXPOSURE TO FLUCTUATIONS IN FOREIGN EXCHANGE RATES

The Group operates internationally and is exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company and its subsidiaries. The functional currency of most of the Group's subsidiaries outside the PRC are US dollars. For the foreign exchange risk derived from the future settlement of customer account from the global payment services of the Group, which are reflected on the balance sheet as customer accounts and other payables at the end of the Reporting Period, the Group considers that the businesses in the PRC or overseas are not exposed to any significant foreign exchange risk as customer accounts and other payables of these subsidiaries are mainly denominated in their respective functional currency.

In addition, we may face foreign exchange risk arising from fluctuations in exchange rates within the interval between a customer initiates a foreign exchange transaction and our execution of the order with relevant banks and other financial institutions outside of China. In order to mitigate the potential risk, we leverage our platform with real-time reference quotations to implement the so-called "back-to-back" trading strategy to promptly execute the corresponding order to shorten such interval and accordingly avoid exchange rate fluctuation risks.

SIGNIFICANT INVESTMENT AND MATERIAL EVENT DURING THE REPORTING PERIOD

The Group did not make any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2023) during the year ended December 31, 2023.

PRE-IPO SHARE OPTION SCHEMES

Our Company adopted a Pre-IPO Share Option Scheme on February 1, 2021 which was further amended and approved on June 8, 2023 (the "**2021 Pre-IPO Share Option Scheme**"), on the same date, our Company also adopted a new Pre-IPO Share Option Scheme on June 8, 2023 (the "**2023 Pre-IPO Share Option Scheme**", together with the 2021 Pre-IPO Share Option Scheme, the "**Pre-IPO Share Option Schemes**"). The following is a summary of the principal terms of the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme:

Objectives

The Pre-IPO Share Option Schemes are to improve the Company's incentive mechanism, attract and retain talents and to motivate employees to ensure the achievement of the Company's development goals.

Participants

The eligible participants of the Pre-IPO Share Option Schemes are the Directors, senior management, core technical personnel and core business personnel of the Company, as well as other employees who contribute to the future development and operating of the Company which the Company believes should be incentivized, excluding (i) any shareholder who holds more than 5% of the Company's issued share capital, either individually or collectively; (ii) the actual controller of the Company and his or her spouse, parents and/or children; (iii) independent Directors of the Company; or (iv) Supervisors of the Company.

Each eligible participant under the Pre-IPO Share Option Schemes should have signed an employment contract or service contract with the Company or any of the subsidiaries of the Company. The Directors and senior management under the Pre-IPO Share Option Schemes should have been elected by the Shareholders' meeting of the Company or duly appointed by the Board.

Maximum Number of Shares

The maximum number of Shares to be granted under the Pre-IPO Share Option Schemes shall not exceed 10% of the total issued share capital of the Company at the time when the scheme is considered and approved by the Shareholders' meeting. Accordingly, the maximum number of Shares to be granted under the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme shall not exceed 40,339,000 Shares and 56,125,300 Shares, respectively. The maximum number of Shares which may be granted to a selected participant under the 2021 Pre-IPO Share Option Scheme at any one time or in aggregate shall not exceed 1% of the total issued share capital of the Company as at the date of the adoption of the 2021 Pre-IPO Share Option Scheme. There is no restriction on the maximum entitlement of each participant under the 2023 Pre-IPO Share Option Schemes.

Validity

The 2021 Pre-IPO Share Option Scheme shall be valid and effective for the period of six years commencing on the date of grant. The 2023 Pre-IPO Share Option Scheme shall be valid and effective for the period of five years commencing on the date of grant. As at the Latest Practicable Date, the remaining life of the 2021 Pre-IPO Share Option and the 2023 Pre-IPO Share Option was three years and four years, respectively.

Exercise Period

The options granted under the Pre-IPO Share Option Schemes can be exercised after vesting on any trading day but no later than the 30 months after the Listing Date.

Exercise Price and Basis of Determination of the Exercise Price

The exercise price of the options under the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme is RMB2.96 per Share and RMB5 per Share, respectively.

The exercise price of the options granted under the 2021 Pre-IPO Share Option Scheme shall not be lower than the net asset value per Share of the Company as of December 31, 2020. The exercise price of the options granted under the 2023 Pre-IPO Share Option Scheme shall not be lower than the net asset value per Share of the Company as of December 31, 2022. During the period from the option grant date to the option exercise date, the exercise price of the option will be adjusted accordingly if the Company has capitalization of the capital reserves, distribution of stock dividends, allotment of shares or dividends.

Vesting Schedules

The vesting schedules of the options granted under the 2021 Pre-IPO Share Option Scheme are as follows: (i) 50% (wholly or partially) to be vested after six months after the Listing Date; and (ii) the remaining 50% (wholly or partially) to be vested after 18 months after the Listing Date. The options granted under the 2023 Pre-IPO Share Option Scheme will be vested (wholly or partially) after 18 months after the Listing Date. The actual amount of options to be vested under the Pre-IPO Share Option Schemes are subject to the achievement of certain performance targets of the relevant grantees as further described below.

Performance Targets and Vesting Conditions

The Remuneration and Assessment Committee of the Board will assess the performance indicators of the participants under the Pre-IPO Share Option Schemes each year, and the performance results are of four grades: (i) S, which represents outstanding performance; (ii) A, which represents good performance; (iii) B, which represents average level of performance; and (iv) C, which indicates performance should be improved. The vesting conditions of the options granted under the Pre-IPO Share Option Schemes are as follows: (a) 100% of the options granted can be vested if the performance result is S or A; (b) 80% of the options granted can be vested if the performance result is B; and (c) options granted will be cancelled by the Company if the performance result is C.

As of the Latest Practicable Date, (i) the number of underlying Shares pursuant to the outstanding share options granted under the 2021 Pre-IPO Share Option Scheme amounted to 14,449,500 Shares, and (ii) the number of underlying Shares pursuant to the outstanding share options granted under the 2023 Pre-IPO Share Option Scheme amounted to 55,047,300 Shares, representing approximately 1.3% and 5.1%, respectively of the issued Shares as of the Latest Practicable Date. No further options are expected to be granted under the Pre-IPO Share Option Schemes.

Details of share options granted to Directors and connected persons of our Company or other grantees during the Reporting Period are as follows:

Name of grantee	Date of grant	Exercise price per Share	Vesting period	Exercise period	Number of Shares as at January 1, 2023	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Number of Shares as at December 31, 2023
Directors										
Mr. Xin Jie (辛潔)	June 12, 2023	RMB5	Note 2	Note 3	–	10,000,000	–	–	–	10,000,000
Mr. Xue Qiangjun	February 4, 2021	RMB2.96	Note 2	Note 3	750,000	–	–	–	–	750,000
(薛強軍)	June 12, 2023	RMB5	Note 2	Note 3	–	1,950,000	–	–	–	1,950,000
Mr. Zhu Xiaosong	February 4, 2021	RMB2.96	Note 2	Note 3	850,000	–	–	–	–	850,000
(朱曉松)	June 12, 2023	RMB5	Note 2	Note 3	–	1,850,000	–	–	–	1,850,000
Mr. Wang Yu (王愚)	February 4, 2021	RMB2.96	Note 2	Note 3	750,000	–	–	–	–	750,000
	June 12, 2023	RMB5	Note 2	Note 3	–	1,450,000	–	–	–	1,450,000
Connected Persons (other than Directors)										
Mr. Sun Dali (孫大利)	February 4, 2021	RMB2.96	Note 2	Note 3	750,000	–	–	–	–	750,000
	June 12, 2023	RMB5	Note 2	Note 3	–	1,950,000	–	–	–	1,950,000
Mr. Qing Huang	February 4, 2021	RMB2.96	Note 2	Note 3	750,000	–	–	–	–	750,000
	June 12, 2023	RMB5	Note 2	Note 3	–	1,450,000	–	–	–	1,450,000
Ms. Lin Yin (林銀)	February 4, 2021	RMB2.96	Note 2	Note 3	315,000	–	–	–	–	315,000
	June 12, 2023	RMB5	Note 2	Note 3	–	1,385,000	–	–	–	1,385,000
Other Employees	February 4, 2021	RMB2.96	Note 2	Note 3	13,875,500	–	–	3,547,500	–	10,328,000
	June 12, 2023	RMB5	Note 2	Note 3	–	36,090,300	–	726,500	–	35,363,800

Notes:

(1) There is no consideration paid for the acceptance of the options.

(2) The options granted under the 2021 Pre-IPO Share Option Scheme and/or the 2023 Pre-IPO Share Option Scheme will be vested (wholly or partially) after 18 months after the Listing Date.

(3) The options granted under the 2021 Pre-IPO Share Option Scheme and/or the 2023 Pre-IPO Share Option Scheme can be exercised after vesting on any trading day but no later than the 30 months after the Listing Date.

(4) The average fair value of the options granted on February 4, 2021 was RMB12.23 per Share at the date of grant.

(5) The average fair value of the options granted on June 12, 2023 was RMB11.13 per Share at the date of grant.

For details of fair value of the underlying Shares pursuant to the outstanding share options at the date of grant and the accounting standard and policies adopted, please refer to note 26 to the consolidated financial statements of this annual report.

Pursuant to Rule 17.07(3) of the Listing Rules, the total number of shares that may be issued in respect of share options granted under the 2023 Pre-IPO Share Option Scheme of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the period was 0.06.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed in Note 37 to the consolidated financial statements in this annual report, the Group is not aware of any significant events which could have a material impact on our operating and financial performance after the Reporting Period.

DIRECTORS

Our Board currently consists of eight Directors, of which five are executive Directors and three are independent non-executive Directors.

Executive Directors

Mr. Zhang Zhengyu (章徵宇), aged 58, is the chairman of the Board and an executive Director of our Company. Mr. Zhang joined our Group in February 2009 and served as our chief executive officer from February 2009 to March 2023. Mr. Zhang has been serving as the chairman of the Board since January 2018. He was appointed as our Director in January 2018 and was re-designated as our executive Director in June 2023. He is primarily responsible for the overall strategic planning, business direction and operational management of our Company.

Mr. Zhang founded Zhejiang Lianlian Technology Co., Ltd. (浙江連連科技有限公司) ("**Zhejiang Lianlian**") in 2004 and now serves as its chairman of the board. Mr. Zhang also served as the chairman of the board of Beijing Tianrongxin Technology Co., Ltd. (北京天融信科技有限公司) from May 2012 to January 2018, and as the chairman of the board in Beijing Tianrongxin Network Security Technology Co., Ltd (北京天融信網絡安全技術有限公司) from September 2011 to January 2018. Prior to that, Mr. Zhang served as the vice chairman of the board of Shanghai Create Capital Co., Ltd. (上海格雷特投資管理有限公司) from September 2003 to July 2004.

Mr. Zhang received his bachelor's degree in computer software in July 1989 from Zhejiang University (浙江大學) in the PRC and his master's degree in public policy and management in August 2002 from University of Southern California in the United States.

Mr. Xin Jie (辛潔), aged 50, is an executive Director and chief executive officer of our Company. Mr. Xin was appointed as our Director in April 2021, as the chief executive officer in March 2023 and was re-designated as our executive Director in June 2023. He is primarily responsible for the overall strategic planning and daily operation of our Company.

Prior to joining our Group, Mr. Xin worked in China International Capital Corporation Limited (中國國際金融股份有限公司, a company listed both on the Shanghai Stock Exchange (stock code: 601995) and the Hong Kong Stock Exchange (stock code: 3908)) from July 2007 to January 2021. Mr. Xin served as managing director of CICC Capital Operation Co., Ltd. (中金資本運營有限公司) from March 2019 to January 2021 and in CICC Jiacheng Investment Management Co., Ltd. (中金佳成投資管理有限公司) from February 2017 to March 2019; and served as the chief financial officer and a member of the management committee of CICC from January 2014 and April 2015, respectively, to February 2017, where he was responsible for the overall financial and accounting management, major decision-making and strategic development; and as executive director of CICC from July 2007 to October 2011. Previously, Mr. Xin served as the director of Standard Chartered Private Equity from March 2005 to June 2007, as the deputy chief representative of Veolia Water Group North China from May 2003 to February 2005 and as the general manager of the Beijing office of Good Investment Co. Ltd. from July 2000 to April 2003.

Mr. Xin also served as a director of Zheshang Jinhui Trust Co., Ltd. (浙商金匯信託股份有限公司) from July 2012 to February 2022, during which he was also the chief executive officer from July 2012 to January 2014; and as a director of BrightGene Bio-Medical Technology Co., Ltd. (博瑞生物醫藥(蘇州)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688166), from December 2016 to December 2020.

Mr. Xin received his bachelor's degree in business administration in June 1996 from University of Georgia in the United States and his master's degree in world economics in June 2005 from Nankai University (南開大學) in the PRC.

Mr. Xue Qiangjun (薛強軍), aged 55, is an executive Director, deputy general manager and chief people officer of our company. Mr. Xue was appointed as our Director in January 2018 and was re-designated as our executive Director in June 2023. He has been serving as our deputy general manager since December 2020. He is primarily responsible for the overall strategic financial planning, financial management and financial reporting of our Group, and is responsible for the strategic planning of our Company's human resources and overseeing its implementation. Mr. Xue served as chief financial officer of our Company from January 2010 to December 2020. Mr. Xue was appointed as the chief people officer of the Company since May 2022. He also served as the financial director of our Company from December 2020 to April 2024.

Besides the positions in our Group, Mr. Xue served as a director of Hangzhou Hyperchain Technology Co., Ltd. (杭州趣鏈科技有限公司) from November 2016 to October 2018. He also worked as a general manager in finance department of UnionPay Data Service Co., Ltd (銀聯數據服務有限公司) from February 2004 to December 2009.

Mr. Xue graduated from Zhejiang University (浙江大學) in the PRC and received his bachelor's degree of science in July 1991, his master's degree of economics in March 1996 and his doctoral degree of economics in March 2007.

Mr. Zhu Xiaosong (朱曉松), aged 52, is an executive Director of our Company. Mr. Zhu was appointed as our Director in January 2018 and was re-designated as our executive Director in June 2023. He also served as our deputy general manager from January 2018 to June 2023. Mr. Zhu is primarily responsible for the overall operational management of the global business of our Group.

Besides the positions in our Group, Mr. Zhu served as an executive director of Hangzhou Donghan Paifu Investment Management Co., Ltd. (杭州東翰派富投資管理有限公司, now known as Hangzhou Donghan Paifu Private Equity Fund Management Co., Ltd. (杭州東翰派富私募基金管理有限公司)) from July 2015 to January 2021. Mr. Zhu also served as the vice president in Hangzhou branch of Guangzhou Lianxin Communication Technology Co., Ltd. (廣州連欣通信科技有限公司) from February 2008 to February 2011 and as the president from November 2012 to May 2013. Previously, Mr. Zhu also served as a director and general manager of Shanghai Create Capital Co., Ltd. (上海格雷特投資管理有限公司) from January 2004 to December 2007.

Mr. Zhu received his bachelor's degree in machinery and manufacturing in July 1996 from Tsinghua University (清華大學) in the PRC and his master's degree in business administration in June 2001 from University of California, Los Angeles in the United States.

Mr. Wang Yu (王愚), aged 46, is an executive Director, deputy general manager and chief technology officer of our Company. Mr. Wang was appointed as our chief technology officer, Director and deputy general manager in November 2020, December 2020 and June 2023, respectively, and was re-designated as our executive Director in June 2023. He is primarily responsible for the overall technical management and providing technology direction of our Company.

Prior to joining our Group, Mr. Wang served as a vice president of technology of ZhongAn Online Property Insurance Co., Ltd. (眾安在線財產保險股份有限公司), a company listed on the Stock Exchange (stock code: 6060) from February 2016 to June 2019. Mr. Wang worked as a senior technology expert in Ant Group Co., Ltd. (螞蟻科技集團股份有限公司) from March 2013 to July 2015. He also worked as a technology expert at Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) from January 2012 to March 2013. He also worked at Hangzhou Yisai Communication Co., Ltd. (杭州依賽通信有限公司) from November 2009 to January 2012. Prior to that, Mr. Wang worked at UTStarcom Communication Co., Ltd. (UT斯達康通訊有限公司) (Nasdaq: UTSI) from November 2003 to October 2009.

Mr. Wang received his bachelor's degree in geochemistry in July 1999 from Nanjing University (南京大學) in the PRC and his master's degree in computer application technology in June 2003 from Graduate School of Chinese Academy of Sciences (中國科學院研究生院, now known as University of Chinese Academy of Sciences (中國科學院大學)) in the PRC. Mr. Wang also received a master's degree in business administration in June 2013 from Zhejiang University (浙江大學) in the PRC.

Independent Non-executive Directors

Mr. Chun Chang, aged 67, was appointed as our independent Director in April 2021 and was re-designated as our independent non-executive Director in June 2023. He is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Chang has over 35 years of experience in management. Mr. Chang is now a professor of finance at Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University (上海交通大學上海高級金融學院) since May 2010 and he also worked as its executive dean from 2010 to 2021. Besides his academic achievements, Mr. Chang now serves as an independent Director in the following companies: in Shanghai Life Insurance Co., Ltd. (上海人壽保險股份有限公司) since March 2015; in Fubon Bank (China) Co., Ltd. (富邦華一銀行有限公司) since July 2020; and in Schroeder Bank of Communications Wealth Management Co., Ltd. (施羅德交銀理財有限公司) since February 2022. He previously served as an independent director in CICC Fund Management Co., Ltd. (中金基金管理有限公司) from February 2014 to May 2020. He also served as an independent director in Shanghai Securities Co., Ltd. (上海證券股份有限公司) and in City Cloud International Co. Ltd. (杭州城雲國際有限公司) during the past decade.

Mr. Chang received his bachelor's degree in mathematics in January 1982 from East China Normal University (華東師範大學) in the PRC, his master's degree in science in June 1983 from University of Oregon in the United States and his PhD degree in June 1987 from Northwestern University Kellogg School of Management in the United States.

Mr. Wong Chi Kin (黃志堅), aged 50, was appointed as our independent non-executive Director in June 2023. He is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Wong has over 25 years of solid experience in accounting, banking and corporate finance with reputable commercial banks and leading investment banks (including ING Bank, UBS and Morgan Stanley) as well as various main board listed companies in Hong Kong. Mr. Wong now holds directorship in the following companies which are listed on the Stock Exchange: as an independent non-executive director of Jiu Rong Holdings Limited (久融控股有限公司) (stock code: 2358) since August 2023; as a non-executive director of Tsui Wah Holdings Limited (翠華控股有限公司) (stock code: 1314) since November 2016, where he previously served as its independent non-executive director from November 2012; as an independent non-executive director of Forgame Holdings Limited (雲遊控股有限公司) (stock code: 0484) since April 2020; and as an independent non-executive director of Modern Chinese Medicine Group Co., Ltd. (現代中藥集團有限公司) (stock code: 1643) since April 2023. During the past three years, Mr. Wong served as a non-executive director of Asiaray Media Group Limited (雅仕維傳媒集團有限公司), a company listed on the Stock Exchange (stock code: 1993), since March 2017 to June 2023, and as an independent non-executive director of Mayer Holdings Limited (美亞控股有限公司), a company listed on the Stock Exchange (stock code: 1116), from November 2021 to February 2022. From July 2018 to July 2019, Mr. Wong served as an independent non-executive director of Shenzhou Space Park Group Limited (神舟航天樂園集團有限公司), a company previously listed on the Stock Exchange (former stock code: 0692) and delisted in December 2019 under Rule 6.01A of the Listing Rules.

Besides the directorship, Mr. Wong is a deputy chief executive officer of Orient Victory Smart Urban Services Holding Limited (東勝智慧城市服務控股有限公司, previously known as Orient Victory Travel Group Company Limited (東勝旅遊集團有限公司)), a company listed on the Stock Exchange (stock code: 0265), since July 2023 and previously served as its chief financial officer from October 2014 to 2018. Prior to that, Mr. Wong held various management positions at China Qinfa Group Limited (中國秦發集團有限公司), a company listed on the Stock Exchange (stock code: 0866), including chief financial officer and company secretary from April 2011 to October 2014.

Mr. Wong is a fellow of the following institutions: CPA Australia since February 2001; the Hong Kong Institute of Certified Public Accountants since February 2005. Mr. Wong received his bachelor of science degree with honors in finance from the City University of Hong Kong in December 1996. He then obtained a certificate in consecutive interpretation of Putonghua and English from the University of Hong Kong School of Professional and Continuing Education in March 2001. Mr. Wong received his master's degree in practicing accounting in November 2001 from Monash University in Australia and a master of business administration degree (EMBA) from the Chinese University of Hong Kong in December 2010.

Ms. Lin Lanfen (林蘭芬), aged 54, was appointed as our independent non-executive Director in July 2023. She is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Ms. Lin works for School of Computer Science and Technology at Zhejiang University (浙江大學計算機科學與技術學院) since January 1996. She is now a PhD tutor since January 2007 and is a professor and deputy president of the Institute of Artificial Intelligence (人工智能研究所) of Zhejiang University since January 2006. She also served as the assistant of dean from December 2011 to December 2016. Previously, she was an associate professor from July 1998 to December 2005, as a research assistant from January 1998 to June 1998 and as a postdoctoral fellow from January 1996 to December 1997.

Ms. Lin graduated from Northwestern Polytechnical University (西北工業大學) in the PRC and received her bachelor of engineering degree in aircraft manufacturing engineering in July 1990 and her doctor of engineering degree in aerospace manufacturing engineering in March 1996. Ms. Lin is a member of China Computer Federation (中國計算機學會會員) since May 2005 and a member of Institute of Electrical and Electronics Engineers since March 2018.

Confirmation of Independence from Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

SUPERVISORS

Our Supervisory Committee currently consists of three Supervisors. The Supervisors include two shareholders' representative Supervisors and one employee Supervisor. The shareholders' representative Supervisors and the employee Supervisor are elected at the shareholders' meetings and the staff representative assembly, respectively, for a term of three years, subject to re-election upon their retirement or resignation. The functions and duties of the Supervisory Committee include reviewing financial reports and business reports prepared by the Board and overseeing the financial and business performance of our Group. They are also entitled to appoint certified public accountants and practicing auditors to re-examine our Company's financial information where necessary.

Mr. Wu Wei (吳偉), aged 51, is the Chairman of our Supervisory Committee and a shareholders' representative Supervisor of our Company since December 2020 and is primarily responsible for supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor.

Mr. Wu now serves as the supervisor of Shanghai Create Capital Co., Ltd. (上海格雷特投資管理有限公司) since May 2004. Mr. Wu founded and has been serving as the executive director and general manager of Hangzhou Duyan Equity Investment Co., Ltd. (杭州度岩股權投資有限公司, now known as Hangzhou Duyan Private Equity Fund Co., Ltd. (杭州度岩私募基金有限公司)) since June 2019. Mr. Wu was a director of Synergy Innovation Fund Management Co., Ltd. (協同創新基金管理有限公司) from November 2014 to July 2020. Before that, he served as a secretary of the board at Shahe Industrial Co., Ltd. (沙河實業股份有限公司) from March 1999 to August 1999.

Mr. Wu received his bachelor's degree in technology economy in July 1994 from Huazhong University of Science and Technology (華中理工大學) in the PRC and his master's degree in business administration in June 2004 from Peking University (北京大學) in the PRC.

Ms. Song Jingfang (宋靜芳), aged 49, has been a shareholders' representative Supervisor of our Company since December 2020. Ms. Song joined our Group in February 2009 and has been serving as our strategic development manager. She is primarily responsible for supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor.

Prior to joining our Group, Ms. Song worked at Zhejiang Provincial Department of State Security Training Center (浙江省國家安全廳培訓中心) from January 1993 to October 2007.

Ms. Song received her associate degree in administration management in January 2008 from University for Provincial Organ Workers in Zhejiang Province (浙江省省級機關職工業餘大學) in the PRC.

Ms. Hong Xiaoxue (洪曉雪), aged 28, has been our employee Supervisor since December 2020. Ms. Hong joined our Group and has been serving as a human resources business partner since June 2017. She is primarily responsible for monitoring financial position of our Group, and supervising the performance of Directors and senior management as a representative of our employees.

Ms. Hong graduated in June 2017 from Hangzhou Vocational Technology College (杭州職業技術學院) in the PRC. Ms. Hong graduated from the University of Nantong (南通大學) in July 2023.

SENIOR MANAGEMENT

Our Senior management consists of Mr. Xin Jie (辛潔), Mr. Sun Dali (孫大利), Ms. Wei Ping (魏萍), Mr. Wang Yu (王愚), Mr. Xue Qiangjun (薛強軍), Mr. Yan Hao (閆浩), Mr. Shen Enguang (沈恩光) and Ms. Lv Weiyan (呂蔚嫵). For the biographical details of Mr. Xin, Mr. Xue and Mr. Wang, please see the subsection headed "Directors – Executive Directors" in this section.

Mr. Sun Dali (孫大利), aged 46, is the president of our Company. Mr. Sun joined our Group in December 2020, as senior vice president and chief executive officer of domestic business, and was appointed as the president of our Company in April 2024. He is primarily responsible for assisting the chief executive officer in the overall strategic planning and daily operation of our Company, and is responsible for the overall operation and management of the domestic business.

Prior to joining our Group, Mr. Sun served as the senior vice president of Shanghai Tonghua Jinke Investment Holdings Co., Ltd. (上海通華金科投資控股有限公司) from January 2014 to December 2020. Prior to that, Mr. Sun also served as the general manager of the risk management department of All In Pay Network Services Co., Ltd. (通聯支付網絡服務股份有限公司) from April 2012 to January 2014. Mr. Sun also served as the senior head of the risk management department of China UnionPay Co., Ltd. (中國銀聯股份有限公司) from November 2005 to April 2012.

Mr. Sun obtained a bachelor's degree in administrative management and a certificate in applied mathematics degree from East China University of Technology (華東理工大學) in July 1999 and a master's degree in economics from Zhejiang University (浙江大學) in July 2003. Mr. Sun also obtained a doctoral degree in Operational Research and Cybernetics from Zhejiang University in March 2011.

Ms. Wei Ping (魏萍), aged 52, is the financial director of our Company. Ms. Wei Ping joined our Group in June 2023. She was appointed as the financial director of our Company in April 2024 and is primarily responsible for the strategic financial planning, financial management and financial reporting of our Company.

Prior to joining our Group, Ms. Wei served as the chief financial officer of Tarena Hong Kong Limited (達內教育) (currently known as TCTM Kids IT Education Inc. (童程童美)), a company listed on the NASDAQ Stock Market in the United States (stock code: TEDU) from August 2022 to June 2023. Ms. Wei also served as the chief financial officer of the Shihui Inc. (十薈團) from May 2019 to July 2022. She served as the chief financial officer of Gravitas Education Holdings, Inc.(啟今教育), a company listed on the NASDAQ Stock Market in the United States (stock code: GEHI) from May 2017 to May 2019. Prior to that, Ms. Wei also served as the chief financial officer of Lazada Plc from July 2016 to May 2017.

Ms. Wei obtained her bachelor's degree from Central University of Finance and Economics (中央財經大學) in July 1993. Ms. Wei obtained the qualification of Certified Public Accountant of Illinois (伊利諾伊州) of the United States in July 1999.

Mr. Yan Hao (閆浩), aged 40, joined our Group and has been serving as the secretary of Board since December 2020. He was appointed as our joint company secretary in June 2023, and was appointed as the chief operating officer and a deputy general manager in April 2024. He is primarily responsible for assisting the chief executive officer in the overall strategic planning and daily operation of our Company and the overall information disclosure and investor relationship of our Company.

Prior to joining our Group, Mr. Yan worked at China International Capital Corporation Limited (中國國際金融股份有限公司) from July 2007 to October 2020, where he worked in various departments including capital markets, planning and analysis, and private equity, and his last position before his departure is vice president.

Mr. Yan received his bachelor's degree in finance from Peking University (北京大學) in July 2007.

Mr. Shen Enguang (沈恩光), aged 40, is a deputy general manager of our Company. Mr. Shen joined our Group in September 2020 as a business development researcher and served as the vice president of Lianlian International from April 2022 to February 2023. Since February 2023, Mr. Shen has been the co-chief executive officer of Lianlian International. Mr. Shen was appointed as a deputy general manager of our Company in April 2024, mainly responsible for the overall operation and management of the global business.

Prior to joining our Group, Mr. Shen served as the senior vice president of the HSBC Bank (China) Limited Shanghai Xianlesi Plaza Sub Branch (滙豐銀行(中國)有限公司上海分行仙樂斯廣場支行) from January 2013 to September 2020. Mr. Shen was also a corporate account manager of The Bank of East Asia (China) Limited (東亞銀行(中國)有限公司) from December 2011 to January 2013. Prior to that, Mr. Shen served as a superior account manager of HSBC from January 2010 to November 2011.

Mr. Shen obtained a bachelor's degree in management information system (M.I.S) from Concordia University (康考迪亞大學), Canada in May 2009.

Ms. Lv Weiyan (呂蔚嫣), aged 41, is a deputy general manager of our Company. Ms. Lv joined our Group as the vice president of Lianlian International since November 2018 and was appointed as the co-chief executive officer of Lianlian International in February 2023. Ms. Lv was appointed as a deputy general manager of our Company in April 2024, mainly responsible for the overall operation and management of the global business.

Prior to joining our Group, Ms. Lv worked at certain subsidiaries of Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company listed on the Stock Exchange (stock code: 09988) and of Ant Group Co. Ltd. (螞蟻科技集團股份有限公司) as senior operation expert and other positions from April 2006 to October 2018.

Ms. Lv obtained a bachelor's degree in accounting from Northeastern University (東北大學) in July 2005 and a master's degree in business administration from Peking University (北京大學) in June 2022.

JOINT COMPANY SECRETARIES

Mr. Yan Hao (閆浩), aged 40, is our secretary of Board and joint company secretary. For details of his biographical details, please see the subsection headed "Senior Management" in this section above.

Ms. Cheung Lai Ha (張麗霞), aged 45, was appointed as the joint company secretary of our Company in June 2023. Ms. Cheung is primarily responsible to perform company secretarial matters. Ms. Cheung is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Cheung has over ten years of experience in corporate governance covering various sectors such as company secretary and compliance. Ms. Cheung obtained her master's degree in corporate governance from The Open University of Hong Kong in 2011.

OTHER INFORMATION

Save as otherwise disclosed above, each of our Directors, Supervisors and members of senior management has not been a director of any public company whose securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date.

None of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

None of our Directors, Supervisors and members of the senior management is related to other Directors, Supervisors and members of the senior management.

Except as disclosed above, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2023, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Save as disclosed in this annual report, there has been no change in the Directors, the Supervisors and the senior management of the Company since the Listing Date and up to the date of this annual report.

The Board of the Company is pleased to present this report of the Directors with the consolidated financial statements of the Group for the year ended December 31, 2023.

GLOBAL OFFERING

On March 28, 2024, the H Shares of the Company were listed on the Main Board of the Stock Exchange in a global offering of 64,300,000 H Shares, comprising a Hong Kong public offering of 19,290,000 H Shares and an international offering of 45,010,000 H Shares (as adjusted in the Company's allotment results announcement dated March 27, 2024). The H Shares were issued and subscribed to Hong Kong and overseas investors at an Offer Price of HK$10.220 per H Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, the Stock Exchange transaction fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%) by way of an initial public offering. The exercise period for the over-allotment option has not lapsed as at the Latest Practicable Date.

For details of the Global Offering, please refer to the Prospectus and the allotment results announcement of the Company dated March 27, 2024.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering (after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Listing) amounted to approximately HK$548.0 million. There is no change to the intended use of net proceeds and the expected implementation timetable as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As at the Latest Practicable Date, the Company had not utilized any net proceeds from the Global Offering. The following table sets out breakdown of the use of net proceeds from the Global Offering.

Use of net proceeds	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus *(approximately) (HK$ million)*	Allocated net proceeds from the Global Offering[Note] *(approximately) (HK$ million)*	Net proceeds utilized since the Listing and up to the Latest Practicable Date *(approximately) (HK$ million)*	Expected timeline of full utilization of net proceeds	Remaining Amount as at the Latest Practicable Date *(approximately) (HK$ million)*
To enhance our technological capabilities	60.0%	291.0	328.8	–	By March 31,2029	328.0
(i) To invest in the development of advanced technologies that are pivotal to our business operation, future growth and our ability to remain competitive in the industry	30.0%	145.5	164.4	–	By March 31, 2029	164.4

Use of net proceeds	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus *(approximately)* *(HK$ million)*	Allocated net proceeds from the Global Offering(Note) *(approximately)* *(HK$ million)*	Net proceeds utilized since the Listing and up to the Latest Practicable Date *(approximately)* *(HK$ million)*	Expected timeline of full utilization of net proceeds	Remaining Amount as at the Latest Practicable Date *(approximately)* *(HK$ million)*
(ii) To develop, iterate and promote innovative solutions, which can help us to cater additional customer needs besides current digital payment services and diversify our value-add services	20.0%	97.0	109.6	–	By March 31, 2029	109.6
(iii) For maintenance and improvement of our existing technology infrastructure to ensure reliability and security	10.0%	48.5	54.8	–	By March 31, 2029	54.8
To expand our business operations globally	30.0%	145.5	164.4	–	By March 31, 2029	164.4
(iv) To enhance our market presence in overseas markets, notably in Southeast Asia, the Middle East and South America, and to build and expand our overseas team to broaden our customer base and strengthen our service capability	20.0-25.0%	97.0-121.3	109.6-137.0	–	By March 31, 2029	109.6-137.0
(v) To apply and obtain additional licenses globally.	5.0-10.0%	24.3-48.5	27.4-54.8	–	By March 31, 2029	27.4-54.8
For future strategic investment and acquisitions to enrich our service and product offerings, enhance our technology capabilities and strengthen our international operations	5.0%	24.3	27.4	–	By March 31, 2029	27.4
For general corporate purposes and working capital needs	5.0%	24.3	27.4	–	By March 31, 2029	27.4
Total	100.0%	485.1	548.0	–		548.0

Note: Assuming the over-allotment option is not exercised as the exercise period for the over-allotment option has not lapsed as at the Latest Practicable Date.

For further details, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in provision of digital payment services and value-added services to enable global commerce and improve the efficiency of fund and information flow. Our customers are primarily business clients, consisting of small and midsized merchants and enterprises. Globally, we help our merchant customers to repatriate their funds from sale of goods and provision of services, and make payments quickly and reliably through virtual accounts we assign to our customers under our accounts endorsed by global commercial banks. In China, we act primarily as a payment service provider to help our enterprise customers to streamline their fund collection process and reduce operational costs by offering enterprise customers a digital platform, which consolidates payment information from various online and offline payment methods initiated by end-buyers when purchasing goods. Our services ultimately facilitate the completion of the payment process.

There were no significant changes in the nature of the Group's principal activities during the Reporting Period. Please refer to Note 17 to the consolidated financial statements in this annual report for details of the principal activities of the principal subsidiaries of the Group. An analysis of the Group's revenue, other income and gains for the Reporting Period by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and Notes 8 and 9 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the Reporting Period is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. The review and discussion form part of this Directors' report.

Principal Risks and Uncertainties

Our business and operation are subject to the following principal risks and uncertainties.

- Our success depends on our ability to develop products and services to address the rapidly evolving markets that we serve, and if we cannot continue to innovate, timely respond or adapt to rapid technological development or other changes, or if our research and development results do not achieve their expected results, our business, financial condition, results of operations and prospects would be materially and adversely affected;

- We are subject to certain risks relating to LianTong, primarily attributable to our operating loss and share of loss from our investment in LianTong;

- Changes in laws, regulations or government policies related to our business may impose additional obligations on us;

- Substantial and increasingly intense competition may harm our business. If we are unable to compete effectively, our business, financial condition, results of operations and prospects would be materially and adversely affected;

- We have incurred net losses in the past, and we may continue to incur losses in the future;

- The political and economic policies of the U.S. may adversely impact our existing business, future expansion plans and results of operations;

- If we are unable to successfully manage the complexity of our global operations and deal with the challenges and risks related to our overseas expansion, especially potential expansion into certain overseas markets where we may have limited or no experience, our business, financial condition and results of operations could be adversely affected; and

- A significant portion of our TPV of global payment services is generated from our cross-border e-commerce and related businesses on a limited number of major e-commerce platforms. Our business, financial condition and results of operations may be negatively affected if such e-commerce platforms terminate their relationship with us or do not renew their current agreements with us.

RESULTS OF OPERATIONS

The results of the Group for the Reporting Period are set out in the Consolidated Statements of Comprehensive Loss on page 115 of this annual report.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements, is set out on page 6 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIVIDEND POLICY AND FINAL DIVIDEND

The Company is a joint stock limited company incorporated under the laws of the PRC. The declaration and payment of any dividends in the future will be determined by our Board of Directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distributions. As confirmed by our PRC Legal Advisor, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

The Company may distribute dividends in cash or in such other manner as the Board may consider appropriate in the future. During the Reporting Period, none of the Shareholders has waived or agreed to waive any dividends. Having due regard to the long-term interests of the Shareholders and the Company, the Board did not recommend any payment of dividends for the Reporting Period.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group for the Reporting Period are set out in Note 13 to the consolidated financial statements of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on June 7, 2024. A notice convening the AGM will be published and despatched to the Shareholders in due course in the manner prescribed by the Listing Rules. In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from June 4, 2024 to June 7, 2024 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders should lodge all completed transfer documents accompanies by the relevant share certificates to Computershare Hong Kong Investor Services Limited, the H Share Registrar of the Company at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares), or to the Company's registered office at B3, 12/F, Building 1, 79 Yueda Lane, Binjiang District, Hangzhou, Zhejiang Province, PRC (for holders of Unlisted Shares) no later than 4:30 p.m. June 3, 2024 for handling registration procedures.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, the Group has, in all material aspects, complied with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material in compliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment. We strive to comply with applicable rules, laws, regulations and industry standards on workplace safety and environmental matters. In doing so, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Reporting Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental laws or regulations.

Further details will be set out in the "Environmental, Social and Governance Report" of this annual report.

SHARE CAPITAL

As at the Latest Practicable Date, the total Share Capital of the Company was RMB1,079,060,000, divided into 1,079,060,000 Shares of nominal value RMB1.0 each including 418,668,764 H Shares and 660,391,236 Unlisted Shares.

Details of movements in the share capital of the Company for the Reporting Period are set out in Note 24 to the consolidated financial statements of this annual report.

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period (2022: nil).

RESERVES

Details of movements in the reserves of the Company for the Reporting Period are set out in Note 38 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2023, the Company had no reserves available for distribution to the Shareholders.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the Reporting Period and up to the Latest Practicable Date, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

The Company had no arrangement for pre-emptive rights and share options during the Reporting Period. Neither the Articles of Association nor the PRC laws stipulates that the Company shall give priority to existing shareholders in offering new shares in proportion to the shareholdings.

DIRECTORS AND SUPERVISORS

Our Board currently consists of eight Directors, of which five are executive Directors and three are independent non-executive Directors.

Executive Directors

Mr. Zhang Zhengyu (章徵宇) *(Chairman)*
Mr. Xin Jie (辛潔) *(Chief executive officer)*
Mr. Xue Qiangjun (薛強軍) *(Chief people officer)*
Mr. Zhu Xiaosong (朱曉松)
Mr. Wang Yu (王愚) *(Chief technology officer)*

Independent non-executive Directors

Mr. Chun Chang
Mr. Wong Chi Kin (黃志堅)
Ms. Lin Lanfen (林蘭芬)

Our Supervisory Committee currently consists of three Supervisors. The Supervisors include two shareholders' representative Supervisors and one employee Supervisor.

Supervisors

Mr. Wu Wei (吳偉)
Ms. Song Jingfang (宋靜芳)
Ms. Hong Xiaoxue (洪曉雪)

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

CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In April, 2024, Mr. Xue Qiangjun (薛強軍) resigned as an executive Director as he would like to devote more energy to other management affairs. The resignation of Mr. Xue Qiangjun will take effect from the date on which the new Director elected at the general meeting of the Company assumes the office. During the period when his resignations have not yet taken effect, Mr. Xue Qiangjun will continue to perform his duties in accordance with the relevant laws, administrative regulations and the Articles of Association.

On April 25, 2024, the Board resolved to recommend the appointment of Ms. Wei Ping (魏萍) as an executive Director. The appointment is subject to the approval by the Shareholders at the forthcoming 2023 AGM. For details of the aforesaid change in Director, please refer to the announcement of the Company dated April 25, 2024.

After making specific enquiry by the Company and confirmed by the Directors and the Supervisors, save as disclosed in this annual report, there is no change to any information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Listing Date and up to the date of this annual report.

In addition, on April 25, 2024, the Board approved the appointment of the following senior management with effect from the same date: (i) Mr. Sun Dali (孫大利) as the president of the Company, (ii) Ms. Wei Ping (魏萍) as the financial director, (iii) Mr. Yan Hao (閆浩) as the chief operating officer and a deputy general manager of the Company; (iv) Mr. Shen Enguang (沈恩光) as the deputy general manager of the Company, and (v) Ms Lv Weiyan (呂蔚嫵) as a deputy general manager of the Company. Mr. Xue Qiangjun ceased to be the financial director of the Company on the same date.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent during the Reporting Period.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

Details of the remuneration of our Directors and Supervisors for the Reporting Period are set out in Note 39 to the consolidated financial statements of this annual report.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the subsection headed "Connected/Related Party Transaction" in this section, none of the Directors or Supervisors nor any entity connected with the Directors or Supervisors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, neither our Controlling Shareholders nor any of our Directors are considered to have interests in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, Supervisors and the Company's senior management received their remuneration in the form of salaries, social security, housing benefits and other employee benefits, the employer's contribution to the pension plans, discretionary bonuses and share-based compensation. The compensation of Directors, Supervisors and the Company's senior management is determined based on each Director, Supervisor and senior management's responsibilities, qualification, position and seniority. Details of the emoluments of the Directors, the Supervisors and the Company's senior management and emoluments of the five highest paid individuals in the Group are set out in Notes 39 and 7 to the consolidated financial statements of this annual report.

During the Reporting Period, no emoluments were paid by the Group to any Director, Supervisor or senior management as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors, Supervisors or senior management has waived any emoluments during the Reporting Period.

Save as disclosed above, no other payments have been made or are payable, during the Reporting Period, by our Group to or on behalf of any of the Directors, the Supervisors or the Company's senior management.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

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

CONVERTIBLE BONDS

During the Reporting Period, the Group has not issued any convertible bonds.

EQUITY-LINKED AGREEMENT

To the best knowledge of the Directors, save as disclosed in this annual report and the Prospectus, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Period and up to the Latest Practicable Date.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period and up to the Latest Practicable Date, no member of the Group was involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

LOANS AND OTHER BORROWINGS

Details of bank loans or other borrowings of the Company and its subsidiaries for the Reporting Period are set out in Note 29 to the consolidated financial statements in this annual report.

As at December 31, 2023, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors and senior management of the Company, or their respective connected persons.

INTERESTS AND SHORT POSITION OF EACH OF OUR DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As the Company has not been listed on the main board of the Stock Exchange as at December 31, 2023, Divisions 7 and 8 of Part XV and section 352 of the SFO are not applicable to the Directors, Supervisors and chief executives of our Company as at December 31, 2023.

As at the Latest Practicable Date, the interests and short positions of the Directors, the Supervisors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/ Supervisor/Chief Executive	Position	Nature of Interest	Class of Shares	Number of Shares held (including Shares underlying the outstanding options)	Approximate percentage of shareholding in the relevant class of Shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Mr. Zhang Zhengyu (章徵宇)[3]	Chairman of the Board and executive Director	Beneficial interest	Unlisted Sharees	117,428,375	17.78%	10.88%
		Interest in controlled corporation	Unlisted Sharees	172,217,799	26.08%	15.96%
		Sub-total	**Unlisted Sharees**	**289,646,174**	**43.86%**	**26.84%**

Name of Director/ Supervisor/Chief Executive	Position	Nature of Interest	Class of Shares	Number of Shares held (including Shares underlying the outstanding options)	Approximate percentage of shareholding in the relevant class of Shares[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Mr. Xin Jie (辛潔)[(4)]	Executive Director and chief executive officer	Beneficial interest	H Shares	10,000,000	2.39%	0.93%
Mr. Xue Qiangjun (薛強軍)[(5)]	Executive Director, deputy general manager and financial director, chief people officer	Beneficial interest	H Shares	2,700,000	0.64%	0.25%
Mr. Zhu Xiaosong (朱曉松)[(6)]	Executive Director	Beneficial interest	H Shares	2,700,000	0.64%	0.25%
Mr. Wang Yu (王愚)[(7)]	Executive Director, deputy general manager and chief technology officer	Beneficial interest	H Shares	2,200,000	0.53%	0.20%

Notes:

(1) The calculation is based on a total number of 660,391,236 Unlistied Shares in issue and a total number of 418,668,764 H Shares in issue as at the Latest Practicable Date.

(2) The calculation is based on the total number of 1,079,060,000 Shares in issue as at the Latest Practicable Date.

(3) As of the Latest Practicable Date, Mr. Zhang directly holds 10.88% interest of our Company. By virtue of SFO, Mr. Zhang is deemed to be interested in the Shares held by Chuanglianzhixin which represents 15.96% interest of our Company as of the Latest Practicable Date. Therefore, Mr. Zhang is deemed to be interested in a total of 26.84% interest of our Company under SFO as of the Latest Practicable Date.

(4) As of the Latest Practicable Date, Mr. Xin Jie was granted 10,000,000 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(5) As of the Latest Practicable Date, Mr. Xue Qiangjun was granted 2,700,000 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(6) As of the Latest Practicable Date, Mr. Zhu Xiaosong was granted 2,700,000 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(7) As of the Latest Practicable Date, Mr. Wang Yu was granted 2,200,000 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(8) All interests stated are long positions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITION OF EACH OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Substantial Shareholders	Nature of Interest	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Mr. Lu Zhonglin (呂鐘霖)	Beneficial interest	Unlisted Shares	92,316,555	13.98%	8.56%
Hangzhou Chuanglianzhixin Investment L.P. (杭州創連致新投資合夥企業(有限合夥))[(3)] ("**Chuanglianzhixin**")	Beneficial interest	Unlisted Shares	172,217,799	26.08%	15.96%
Hangzhou Yudao Investment Management Co., Ltd. (杭州宇道投資管理有限公司)[(3)]	Interest in controlled corporation	Unlisted Shares	172,217,799	26.08%	15.97%
Hangzhou Fuyu Investment Management Co., Ltd. (杭州福宇投資管理有限公司)[(3)]	Interest in controlled corporation	Unlisted Shares	172,217,799	26.08%	15.96%
Tianjin Everbright Innovation Technology Investment Center L.P. (天津光大創新科技投資中心(有限合夥)[(4)] ("**Everbright Investment**")	Beneficial interest Beneficial interest	Unlisted Shares H Shares	39,964,800 39,964,800	6.05% 9.55%	3.70% 3.70%
Everbright Industrial Capital Management Co., Ltd. (光大實業資本管理有限公司)[(4)]	Interest in controlled corporation Interest in controlled corporation	Unlisted Shares H Shares	39,964,800 39,964,800	6.05% 9.55%	3.70% 3.70%

Name of Substantial Shareholders	Nature of Interest	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合夥))[4]	Interest in controlled corporation	Unlisted Shares	39,964,800	6.05%	3.70%
	Interest in controlled corporation	H Shares	39,964,800	9.55%	3.70%
China Everbright Industrial (Group) Co., Ltd. (中國光大實業(集團)有限責任公司)[4] ("**Everbright Industrial**")	Interest in controlled corporation	Unlisted Shares	39,964,800	6.05%	3.70%
	Interest in controlled corporation	H Shares	39,964,800	9.55%	3.70%
China Everbright Group Co., Ltd. (中國光大集團股份公司)[4] ("**Everbright Group**")	Interest in controlled corporation	Unlisted Shares	39,964,800	6.05%	3.70%
	Interest in controlled corporation	H Shares	39,964,800	9.55%	3.70%
Central Huijin Investment Co., Ltd. (中央匯金投資有限責任公司)[4]	Interest in controlled corporation	Unlisted Shares	39,964,800	6.05%	3.70%
	Interest in controlled corporation	H Shares	39,964,800	9.55%	3.70%
China Investment Corporation (中國投資有限責任公司)[4]	Interest in controlled corporation	Unlisted Shares	39,964,800	6.05%	3.70%
	Interest in controlled corporation	H Shares	39,964,800	9.55%	3.70%
Boyu Jingtai (Shanghai) Equity Investment Partnership (Limited Partnership) (博裕景泰(上海)股權投資合夥企業(有限合夥))[5] ("**Boyu Jingtai**")	Beneficial interest	Unlisted Shares	30,432,270	4.61%	2.82%
	Beneficial interest	H Shares	30,432,271	7.27%	2.82%
Boyu Jingtai (Shanghai) Enterprise Management Co., Ltd. (博裕景泰(上海)企業管理有限公司)	Interest in controlled corporation	Unlisted Shares	30,432,270	4.61%	2.82%
	Interest in controlled corporation	H Shares	30,432,271	7.27%	2.82%
Boyu Jingtai (Ningbo) Investment Management Co., Ltd. (博裕景泰(寧波)投資管理有限公司)[5]	Interest in controlled corporation	Unlisted Shares	30,432,270	4.61%	2.82%
	Interest in controlled corporation	H Shares	30,432,271	7.27%	2.82%

Name of Substantial Shareholders	Nature of Interest	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Ms. Tao Rong (陶融)[(5)]	Interest in controlled corporation	Unlisted Shares	30,432,270	4.61%	2.82%
	Interest in controlled corporation	H Shares	30,432,271	7.27%	2.82%
Ms. Huang Ailian (黃愛蓮)[(5)]	Interest in controlled corporation	Unlisted Shares	30,432,270	4.61%	2.82%
	Interest in controlled corporation	H Shares	30,432,271	7.27%	2.82%
Zhejiang Saizhibole Equity Investment Management Co., Ltd. (浙江賽智伯樂股權投資管理有限公司)[(6)] ("**Saizhibole**")	Interest in controlled corporation	Unlisted Shares	60,818,971	9.21%	5.64%
	Interest in controlled corporation	H Shares	91,228,456	21.79%	8.45%
Hangzhou Saizhi Investment Co., Ltd. (杭州賽智投資有限公司)[(6)]	Interest in controlled corporation	Unlisted Shares	60,818,971	9.21%	5.64%
	Interest in controlled corporation	H Shares	91,228,456	21.79%	8.45%
Mr. Chen Bin (陳斌)[(6)(7)]	Interest in controlled corporation	Unlisted Shares	60,818,971	9.21%	5.64%
	Interest in controlled corporation	H Shares	115,903,863	27.68%	10.74%
Mr. Huang Xin (黃昕)[(6)(7)]	Interest in controlled corporation	Unlisted Shares	60,818,971	9.21%	5.64%
	Interest in controlled corporation	H Shares	115,903,863	27.68%	10.74%

Notes:

(1) The calculation is based on a total number of 660,391,236 Unlistied Shares in issue and a total number of 418,668,764 H Shares in issue as at the Latest Practicable Date.

(2) The calculation is based on the total number of 1,079,060,000 Shares in issue as at the Latest Practicable Date.

(3) The general partner of Chuanglianzhixin is Hangzhou Yudao Investment Management Co., Ltd. (杭州宇道投資管理有限公司), which is owned as to 99.9025% by Mr. Zhang and 0.0975% by Mr. Zhu Xiaosong (朱曉松). The limited partner which holds more than one third of partnership interests of Chuanglianzhixin is Hangzhou Fuyu Investment Management Co., Ltd. (杭州福宇投資管理有限公司), which is wholly owned by Mr. Zhang and holds as to 82.67% of the partnership interests of Chuanglianzhixin. Therefore, by virtue of SFO, each of Hangzhou Yudao Investment Management Co., Ltd. (杭州宇道投資管理有限公司), Hangzhou Fuyu Investment Management Co., Ltd. (杭州福宇投資管理有限公司) and Mr. Zhang is deemed to be interested in the Shares held by Chuanglianzhixin.

(4) The general partner of Everbright Investment is Everbright Industrial Capital Management Co., Ltd. (光大實業資本管理有限公司), which is wholly owned by Everbright Industrial. The limited partner which holds more than one third of partnership interests of Everbright Investment is Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合伙)) which holds as to 53.16% of the partnership interests of Everbright Investment. Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合伙)) is owned as to 70.59% by Everbright Industrial which is wholly owned by Everbright Group. Everbright Group is owned as to 63.16% by Central Huijin Investment Co., Ltd. (中央匯金投資有限責任公司), 33.43% by the MOF and 3.4% by National Council for Social Security Fund (全國社會保障基金理事會). Central Huijin Investment Co., Ltd. (中央匯金投資有限責任公司) is in turn wholly owned by China Investment Corporation (中國投資有限責任公司) and the State Council.

Therefore, by virtue of SFO, each of Everbright Industrial Capital Management Co., Ltd. (光大實業資本管理有限公司), Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合伙)), Everbright Industrial, Everbright Group, Central Huijin Investment Co., Ltd. (中央匯金投資有限責任公司) and China Investment Corporation (中國投資有限責任公司) is deemed to be interested in the Shares held by Everbright Investment.

(5) The general partner of Boyu Jingtai is Boyu Jingtai (Shanghai) Enterprise Management Co., Ltd. (博裕景泰(上海)企業管理有限公司), which is wholly owned by Boyu Jingtai (Ningbo) Investment Management Co., Ltd. (博裕景泰(寧波)投資管理有限公司) and owned each as to 50% by Ms. Tao Rong (陶融) and Ms. Huang Ailian (黃愛蓮). The limited partner which holds more than one third of partnership interests of Boyu Jingtai is National Council for Social Security Fund (全國社會保障基金理事會). Therefore, by virtue of SFO, each of Boyu Jingtai (Shanghai) Enterprise Management Co., Ltd. (博裕景泰(上海)企業管理有限公司), Boyu Jingtai (Ningbo) Investment Management Co., Ltd. (博裕景泰(寧波)投資管理有限公司), Ms. Tao Rong (陶融) and Ms. Huang Ailian (黃愛蓮) is deemed to be interested in the Shares held by Boyu Jingtai.

(6) Saizhibole is the general partner of each of Hangzhou Hangshi Sailian Investment L.P. (杭州杭實賽連投資合夥企業(有限合伙)), Hangzhou Sailian Phase II Investment L. P. (杭州賽連貳期投資合夥企業(有限合伙)), Hangzhou Saizhi Yunsheng Investment L.P. (杭州賽智雲昇投資合夥企業(有限合伙)) and Hangzhou Sailian Phase I Investment L. P. (杭州賽連壹期投資合夥企業(有限合伙)), which directly holds 4.48%, 3.65%, 3.65% and 3.21% interests of our Company respectively. Saizhibole is wholly owned by Hangzhou Saizhi Investment Co., Ltd. (杭州賽智投資有限公司) which is held by Hangzhou Saishenggu Equity Investment Management Co., Ltd. (杭州賽聖谷股權投資管理有限公司) as to 42.08%, Mr. Chen Bin (陳斌) as to 40.54% and Mr. Huang Xin (黃昕) as to 17.37%. Hangzhou Saishenggu Equity Investment Management Co., Ltd. (杭州賽聖谷股權投資管理有限公司) is controlled by Mr. Chen Bin (陳斌) as to 70% and Mr. Huang Xin (黃昕) as to 30% respectively.

Therefore, by virtue of SFO, each of Saizhibole, Hangzhou Saizhi Investment Co., Ltd. (杭州賽智投資有限公司), Hangzhou Saishenggu Equity Investment Management Co., Ltd. (杭州賽聖谷股權投資管理有限公司), Mr. Chen Bin (陳斌) and Mr. Huang Xin (黃昕) is deemed to be interested in the Shares held by Hangzhou Hangshi Sailian Investment L.P. (杭州杭實賽連投資合夥企業(有限合伙)), Hangzhou Sailian Phase II Investment L. P. (杭州賽連貳期投資合夥企業(有限合伙)), Hangzhou Saizhi Yunsheng Investment L.P. (杭州賽智雲昇投資合夥企業(有限合伙)) and Hangzhou Sailian Phase I Investment L. P. (杭州賽連壹期投資合夥企業(有限合伙)) together.

(7) Mr. Chen Bin (陳斌) and Mr. Huang Xin (黃昕) controls Hangzhou Saide Investment Management Co., Ltd. (杭州賽德投資管理有限公司) as to 70% and 30% respectively. Hangzhou Saide Investment Management Co., Ltd. (杭州賽德投資管理有限公司) controls Hangzhou Saide Zhiyun Investment L.P. (杭州賽德智雲投資合夥企業(有限合伙)) as to 63.95%, which controls Jinhua Puhua Jishi Equity Investment L.P. (金華市普華濟時股權投資合夥企業(有限合伙)) as to 42.48%, which directly owns 2.45% interests in our Company. Therefore, by virtue of SFO, Mr. Chen Bin (陳斌) and Mr. Huang Xin (黃昕) are deemed to be interested in the shares held by Jinhua Puhua Jishi Equity Investment L.P. (金華市普華濟時股權投資合夥企業(有限合伙)).

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including customers, suppliers, employees and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2023, revenue from the Group's five largest customers contributed less than 30% of the Group's total revenue during the year.

Major Suppliers

For the year ended December 31, 2023, purchases from our five largest suppliers contributed approximately 52.5% (2022: 53.0%) of the Group's total cost of procurement while our largest supplier contributed approximately 22.2% (2022: 19.5%) of the Group's cost of procurement during the year.

For the year ended December 31, 2023, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers or suppliers of the Group.

TAXATION

Tax position of the Company during the year ended December 31, 2023 is set forth in Note 11 to the consolidated financial statements of this annual report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the H Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the H Shares, they are advised to consult their professional advisers.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

During the Reporting Period, details of the retirement benefit scheme are set out in Note 40 to the consolidated financial statements.

CONNECTED/RELATED PARTY TRANSACTION

Among the related party transactions disclosed in Note 36 to the consolidated financial statements, the following transactions constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are not exempted to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that save as disclosed below, the remaining related party transactions did not fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) under Chapter 14A of the Listing Rules that are required to be disclosed in this annual report and the Company had complied with the disclosure requirements about the continuing connected transactions in accordance with Chapter 14A of the Listing Rules, details of which are set forth as follows.

Payment Solutions Framework Agreement

On March 7, 2024, our Company (for itself and on behalf of other members of our Group) entered into a framework agreement (the "**Payment Solutions Framework Agreement**") with Mr. Zhang Zhengyu (for himself and on behalf of the Payment Solutions Procurement Entities (as defined in the Prospectus) to govern the terms and conditions of the transactions between our Group and Payment Solutions Procurement Entities in connection with the provision of the Payment Solutions (as defined in the Prospectus) from our Group. Pursuant to the Payment Solutions Framework Agreement, the Payment Solutions Procurement Entities agreed to procure the Payment Solutions from our Group from time to time. The Payment Solutions Framework Agreement will take effect upon the Listing and will be valid until December 31, 2026, renewable by mutual agreement of the parties, subject to compliance with all relevant requirements under the Listing Rules and applicable laws and regulations. Separate underlying agreements with precise scope of services, payment service commissions, payment channels, method of payment, assignment of responsibilities will be entered into among parties.

Before entering into any separate service agreement pursuant to the Payment Solutions Framework Agreement, the relevant parties will consider (i) the efficiency and prevalence of payment channels operated by different online payment service providers; (ii) customers' preference of different online payment service providers; and (iii) the fee rates proposed by our Group with the rates offered by other comparable service providers, which are Independent Third Parties. We will only enter into such service agreement with Payment Solutions Procurement Entities (i) when the fee rates chargeable are in line with (a) those chargeable by independent third-party service providers and/or (b) those payable to us by independent third party customers and (ii) the agreement is in the best interests of our Company and our Shareholders as a whole. The fees that we receive from Payment Solutions Procurement Entities are based on payment service fee rates and actual payment volumes processed on our platform and research and development cost of relevant value-added services. The fee rates reflect, among other things, our bank-processing costs and operating costs allocable to the services provided by us, and accordingly are subject to adjustment on an annual basis to the extent that these costs may increase or decline.

As Mr. Zhang Zhengyu is our Controlling Shareholder and the Payment Solutions Procurement Entities are associates of Mr. Zhang under the Listing Rules, the Payment Solutions Framework Agreement constituted continuing connected transactions under Chapter 14A of the Listing Rules.

The annual caps under the Payment Solutions Framework Agreement for the years ended or ending December 31, 2024, 2025 and 2026 are RMB 2,800,000, RMB3,400,000 and RMB4,800,000 respectively.

The aggregate transaction amount incurred in accordance with the Payment Solutions Framework Agreement for the year ended December 31, 2023 was RMB2,282,000.

Waiver Application for Non-fully Exempt Continuing Connected Transactions

As the above non-fully exempt continuing connected transactions are expected to continue a recurring and continuing basis, our Directors consider that compliance with the above announcement requirements will be impractical, will incur unnecessary administrative costs for us, and will be unduly burdensome to us. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement requirements in respect of the above non-fully exempt continuing connected transactions. The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above for the year ended December 31, 2023 has followed the pricing principles of such continuing connected transactions.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors had reviewed the above non-fully exempt continuing connected transactions and confirmed that these transactions had been entered into:

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

(2) either on normal commercial terms or on better terms; and

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

As the Company is not a listed company for the year ended December 31, 2023, the annual review and reporting requirements under Chapter 14A of the Listing Rules are not applicable to the Company for the year ended December 31, 2023. The Company will comply with the relevant requirements under the Listing Rules in its subsequent annual reports.

PROPERTY INTERESTS AND PROPERTY VALUATION

The Company has valued the property interests of the Group and included such valuation in the Prospectus and those property interests are not stated at valuation (or at subsequent valuation) in the financial statement. The valuation of the property interests of the Group as at January 31, 2024 was RMB270.8 million as included in the Prospectus. There is no additional depreciation against the statement of comprehensive income during the Reporting Period had the property interests been stated at such valuation.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the subsection headed "Connected/Related Party Transaction" in this section, during the year ended December 31, 2023, none of the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholders or any of its subsidiaries, and there is no contract of significance in relation to provision of services by the Controlling Shareholders or any of its subsidiaries to the Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public since the Listing Date and up to the Latest Practicable Date.

PERMITTED INDEMNITY PROVISIONS

The Company has maintained directors' liability insurance to protect the Directors of the Company against any potential losses arising from his/her actual or alleged misconduct.

DONATIONS

During the Reporting Period, we did not make any charitable and other donations.

AUDIT COMMITTEE

The Board has established an Audit Committee, which comprises three independent non-executive Directors, namely, Mr. Wong Chi Kin (chairperson of the Audit Committee), Mr. Chun Chang and Ms. Lin Lanfen. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the management of the Company and the Auditor, reviewed the applicable accounting principles, standards and practices adopted by the Group as well as the consolidated financial statements of the Group for the year ended December 31, 2023 and the disclosure in this annual report.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions of the CG Code as its own code of corporate governance.

As the H Shares had not yet been listed on the Stock Exchange during the Reporting Period, the CG Code was not applicable to the Company during the Reporting Period. During the period from the Listing Date to the Latest Practicable Date, the Company has complied with all the principles and applicable code provisions under the CG Code.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the "Corporate Governance Report" included in this annual report.

AUDITOR

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and audited by PricewaterhouseCoopers who will retire at the forthcoming AGM of the Company and, being eligible, offer themselves for reappointment.

The Company issued H Shares and its H Shares were listed on the Main Board of the Stock Exchange on March 28, 2024, and there has been no change in auditor since the Listing Date and up to the Latest Practicable Date.

By order of the Board
Mr. ZHANG Zhengyu
Executive Director and Chairman of the Board
Hangzhou, the PRC, April 25, 2024

Report of the Supervisory Committee

During the Reporting Period, all members of the Supervisory Committee have complied with the principle of integrity and earnestly performed their supervisory duties in accordance with the relevant regulations set out in the PRC Company Law, the Articles of Association and Rules of Procedure of the Supervisory Committee to protect the interests of the shareholders and the Company.

WORKS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

For the year ended December 31, 2023, the Supervisory Committee held five meetings and the details are as follows:

On May 24, 2023, the 9th meeting of the first session of the Supervisory Committee was held and the "Proposal on the Cancellation of certain share options under the 2021 Pre-IPO Share Option Scheme" (《關於注銷公司2021年期權激勵計畫部分股票期權的議案》), the "Proposal on the amendment of the 2021 Pre-IPO Share Option Scheme" (《關於修訂<2021年期權激勵計畫>的議案》), the "Proposal on the draft 2023 Pre-IPO Share Option Scheme" (《關於公司2023年期權激勵計畫(草案)的議案》), and the "Proposal on the management measures for the implementation and evaluation of the Company's 2023 Pre-IPO Share Option Scheme"《(關於公司2023年期權激勵計畫實施考核管理辦法的議案》) were duly considered and approved.

On June 1, 2023, the 10th meeting of the first session of the Supervisory Committee was held and the "Proposal on the amendment of the rules of reference of the Supervisory Committee in accordance with the requirements for H-share listed companies" (《關於按照H股上市公司要求修訂監事會議事規則的議案》), the "Proposal on the distribution of the rolling profit before the initial public offering of the Shares" (《關於公司首次公開發行股票前滾存利潤分配的議案》), and the "Proposal on the report on the work of the Supervisory Committee for the Year 2022"《(關於2022年度監事會工作報告的議案》) were duly considered and approved.

On June 12, 2023, the 11th meeting of the first session of the Supervisory Committee was held and the "Proposal on the grant of share options to the grantees under the 2023 Pre-IPO Share Option Scheme"《(關於向公司2023年期權激勵計畫對象授予期權的議案》) was duly considered and approved.

On December 11, 2023, the 12th meeting of the first session of the Supervisory Committee was held and the "Proposal on the election of the Supervisory Committee and the nomination of candidates for non-employee representative supervisors for the second session of the Supervisory Committee" (《關於公司監事會換屆選舉暨提名第二屆監事會非職工代表監事候選人的議案》), the "Proposal on the nomination of Mr. Wu Wei as a candidate for non-employee representative supervisor of the Company" (《關於提名吳偉為公司非職工代表監事候選人的議案》), and the "Proposal on the nomination of Ms. Song Jingfang as a candidate for non-employee representative supervisor of the Company" (《關於提名宋靜芳為公司非職工代表監事候選人的議案》) were duly considered and approved.

On December 26, 2023, the 1st meeting of the second session of the Supervisory Committee was held and the "Proposal on the election of Wu Wei as the chairman of the Supervisory Committee"《(關於選舉吳偉為公司監事會主席的議案》) was duly considered and approved.

COMMENTS OF THE SUPERVISORY COMMITTEE ON CERTAIN MATTERS OF THE COMPANY IN 2023

During the Reporting Period, the members of the Supervisory Committee adhered to the principles of fidelity and accountability to all shareholders and duly performed their duties and works according to the relevant laws and regulations. The Supervisory Committees worked actively, supervised the regulatory compliance and operation, financial condition, use of proceeds and internal control, etc. of the Company through attending shareholders' general meetings and board meetings as nonvoting delegates and onsite inspections.

The Supervisory Committee has arrived at the following opinions:

(1) During the Reporting Period, the Board of Directors conscientiously performed the rights and obligations conferred by the PRC Company Law and the Articles of Association, made timely decisions on major matters such as operation plans and conscientiously implemented the resolutions of the General Meeting and the Board of Directors. The senior management operated in accordance with the law and in a standardized manner. The Directors and senior management were able to perform their obligations in good faith, and there were no violations of the law, the Articles of Association or acts detrimental to the interests of shareholders.

(2) During the Reporting Period, the Supervisory Committee supervised and inspected the financial system and financial position of the Company and considered that the Company's financial system was sound, its financial operations were standardised and its financial position was good, and that the Company's annual audit report and the independent auditor's report truly, accurately and completely reflected the financial position, results of operations and cash flows of the Company.

(3) During the Reporting Period, the connected transactions between the Company and various connected persons were in compliance with the relevant regulations of the Hong Kong Stock Exchange. The prices of the connected transactions were reasonable and fair, and the principles of fairness, equity and impartiality were followed. No circumstances were found to be prejudicial to the interests of the Company and the non-connected shareholders.

In the coming year, the Supervisory Committee will continue to play the role of supervising and monitoring with an aim to protect the interests of all shareholders and the Company.

Chairman of the Supervisory Committee

Wu Wei

Hangzhou, the PRC, April 25, 2024

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended December 31, 2023.

COMPLIANCE WITH THE CG CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholder. The Company has adopted the code provisions of the CG Code as its own code of corporate governance.

As the H Shares had not yet been listed on the Stock Exchange during the Reporting Period, the CG Code was not applicable to the Company during the Reporting Period. During the period from the Listing Date to the Latest Practicable Date, the Company has complied with all the principles and applicable code provisions under the CG Code.

In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently consists of five executive Directors and three independent non-executive Directors. Therefore, we consider that the Board has a fairly strong independence element in its composition.

The Directors will review the corporate governance policies and compliance with the CG Code and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company each financial year and apply the "comply or explain" principle in the corporate governance report which is included in this annual report.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code to regulate all dealings by the Directors, the Supervisors and relevant employees of securities in the Company and other matters covered by the Model Code since the Listing Date. As the H Shares had not yet been listed on the Stock Exchange during the Reporting Period, the Model Code was not applicable to the Company during the Reporting Period. Having made specific enquiry with all the Directors and Supervisors, all the Directors and Supervisors confirmed that they have strictly complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the period from the Listing Date to the Latest Practicable Date.

THE BOARD

Responsibilities

The Company clearly defines the responsibilities of the Shareholders' General Meetings, the Board, the senior management and the Supervisory Committee.

The Shareholders' General Meetings is the highest authority of the Company, and the Board is responsible to the general meeting.

The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our Shareholders' General Meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws and regulations, including the Listing Rules.

The Board shall represent the long-term interest of the Company and the interest of shareholders and related parties when making scientific and strategic decisions, be effectively supervised and evaluated when controlling corporate resources and conducting operation management and maintain effective stimulation and supervision over the senior management when duly delegating its power to the senior management. The Company has a Chief Executive Officer, which is mainly accountable to the Board and responsible for managing the daily business operations of our Group. The Board is the core of the Company's corporate governance framework and its role is clearly separated from that of senior management.

The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established five Board committees, including the Audit Committee, the remuneration and assessment committee (the "**Remuneration and Assessment Committee**"), the nomination committee (the "**Nomination Committee**"), the compliance and risk management committee (the "**Compliance and Risk Management Committee**") and the strategy committee (the "**Strategy Committee**") (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

The Supervisory Committee is responsible for supervising the performance of duties of our Board and the senior management of our Company and overseeing the financial, internal control and risk conditions of our Company. Under the leadership of the Board, senior management is responsible for implementing the resolutions of the Board and for daily business and management of the Company, and reports to the Board and the Supervisory Committee.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Company has arranged appropriate insurance cover in respect of liability arising from legal action against its Directors.

Board Composition

As of December 31, 2023 and up to the Latest Practicable Date, the Board currently consists of eight Directors, including five executive Directors (namely, Mr. Zhang Zhengyu (Chairman), Mr. Xin Jie, Mr. Xue Qiangjun, Mr. Zhu Xiaosong and Mr. Wang Yu), and three independent non-executive Directors (namely, Mr. Chun Chang, Mr. Wong Chi Kin and Ms. Lin Lanfen). As far as the Company is aware, there is neither financial, business, family or material/related relationship between members of the Board and the chief executive officer, nor significant relationships between Directors, Supervisors and senior management that need to be disclosed.

The biographies of the Directors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report.

During the period for the year ended December 31, 2023 to the Latest Practicable Date, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

During the period for the year ended December 31, 2023 to the Latest Practicable Date, the Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee, the Compliance and Risk Management Committee and the Strategy Committee. In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently consists of five executive Directors and three independent non-executive Directors. Therefore, we consider that the Board has a fairly strong independence element in its composition.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the business strategies of the Group and maximizes effectiveness of its operation.

Save as disclosed in this annual report, there is no changes in Directors, Supervisors and senior management of the Company since the Listing Date and up to the date of this annual report.

Independent Non-executive Directors

Throughout the period form the Listing Date and up to the Latest Practicable Date, the Board at all times fulfilled the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Independent Views and Input

In order to ensure independent views and input are available to our Board, our Board has developed the following mechanisms, including but not limited to:

(i) at least one-third of Board members are independent non-executive Directors;

(ii) independent non-executive Directors possess professional knowledge and broad experience;

(iii) no independent non-executive Director has served our Company for more than nine years;

(iv) no independent non-executive Director holds more than six listed company directorships to make sure that each of independent non-executive Directors has sufficient time to make contributions to the Board;

(v) every independent non-executive Director has made an annual confirmation of his independence to our Company; and

(vi) our Board, each of its Board committees or every Director is able to seek professional advice in appropriate circumstances at our Company's expenses.

The implementation and effectiveness of relevant mechanisms have been reviewed by our Board and will further be reviewed annually.

Board Diversity Policy

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the overall management, accounting, corporate finance and software engineering. They obtained degrees in various areas including management, business administrations, economics, mathematics, finance and computer software. Our board diversity policy is well implemented as evidenced by the fact that there are Directors ranging from 46 years old to 67 years old with experience from different industries, sectors and genders.

We will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will encourage our incumbent Board members to recommend female candidate directors and take other actions to help achieve greater board diversity, for example inviting some of our outstanding female staff at mid to senior level to attend and observe Board meeting. This will allow our Board to understand more about these potential female candidates before they are nominated to our Board and provide opportunities for potential female candidates to prepare themselves for director duties. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff including but not limited to business operation, management, accounting and finance, legal and compliance. As such, we are of the view that our Board will be offered chances to identify competent female staff at mid to senior level to be nominated as a Director in future with a pipeline of female candidates.

We are committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

As of the Latest Practicable Date, our Board comprises seven male members and one female member. Our Nomination Committee is responsible for ensuring the diversity of our Board members. Our Nomination Committee will review the board diversity policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

Induction and Continuous Professional Development

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, all Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying. The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors during the Reporting Period is summarized as follows:

Name of Directors	Nature of Continuous Professional Development
Executive Directors:	
Mr. Zhang Zhengyu	A/B
Mr. Xin Jie	A/B
Mr. Xue Qiangjun	A/B
Mr. Zhu Xiaosong	A/B
Mr. Wang Yu	A/B
Independent Non-executive Directors:	
Mr. Chun Chang	A/B
Mr. Wong Chi Kin	A/B
Ms. Lin Lanfen	A/B

Notes:

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Appointment and Re-Election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to Article 99 of the Articles of Association, a director shall serve for a term of three-year, and can be re-elected and reappointed upon the expiry of the term. A director shall be elected or replaced by the general meeting, and may be removed by the general meeting before the expiry of his/her term of office. The term of office of a director shall commence from the date on which the said director assumes office until the expiry of the term of office of the current session of the board of directors. A director shall continue to perform his/her duties as a director in accordance with law, administrative regulations, departmental rules and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be terminated by either party thereto giving at least one month's written notice. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be terminated by either party thereto giving at least one month's written notice.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-appointment of Directors and succession plans for the Directors.

Board Meetings and General Meetings

The Company has adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices and documents of regular Board meeting shall be served to all Directors at least fourteen (14) days prior to the date of meeting (excluding the date of the meeting). An agenda and accompanying board papers would be sent, in full, to all directors at least 3 days (or other agreed period) before the intended date of a board or board committee meeting. To convene an extraordinary meeting of the Board of Directors, the Board of Directors shall notify in writing all directors 3 days prior to the meeting. The board of directors shall make arrangements to ensure that all Directors are given an opportunity to put matters for discussion on the agenda of regular meetings of the Board. The Board shall keep minutes of resolutions passed at board meetings. The minutes shall be signed by the Directors present at the meeting. The Directors shall be responsible for the resolutions of the Board, and the Shareholders have the right to inspect the Board resolution.

There are two types of Shareholders' general meetings: annual general meetings and extraordinary general meetings. A Shareholders' general meeting shall be convened by the board of directors. The annual general meeting shall be convened once a year, and be held within 6 months after the end of the previous accounting year. The convener shall inform each Shareholder of the time, venue and matters to be considered at the meeting 21 days before the annual Shareholders' general meeting, and shall inform each Shareholder the extraordinary general meeting 15 days before the meeting.

At Board meetings, the senior management of the Company shall report the information regarding business activities and development of the Company to all Directors on a timely basis. The executive Directors shall also often communicate with the non-executive Directors for their opinions on the Company's business development and operations. If any Director or his/her associate (as defined under the Listing Rules) has related relationships with or interests in in any proposed resolution to be considered at the Board meeting, such Director shall abstain from voting on such resolution.

Since the Listing Date, no general meeting has been held and therefore no Director attended the general meeting. The forthcoming AGM will be held on Friday, June 7, 2024. The notice of the AGM will be despatched to the Shareholders on April 26, 2024 in the manner prescribed by the Listing Rules.

As the H Shares had not yet been listed on the Stock Exchange during the Reporting Period, the attendance record of the Directors at Board meetings and general meetings will be disclosed in accordance with the Listing Rules in subsequent annual reports of the Company. For the same reason, the Company was not required to comply with the requirements of the CG Code which stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors during the year ended December 31, 2023.

During a period from the Listing Date and up to the date of this annual report, the Board held three board meetings to, among other things, approve, the Company's audited consolidated results for the year ended December 31, 2023, this annual report and the Environmental, Social and Governance Report, the proposed appointment of Director and appointment of senior management and other matters.

During the period from the Listing Date and up to the date of this annual report, the attendance records of Board meetings are set out below:

Name of Directors	**Attendance/ No. of Meetings held**
Executive Directors:	
Mr. Zhang Zhengyu	3/3
Mr. Xin Jie	3/3
Mr. Xue Qiangjun	3/3
Mr. Zhu Xiaosong	3/3
Mr. Wang Yu	3/3
Independent non-executive Directors:	
Mr. Chun Chang	3/3
Mr. Wong Chi Kin	3/3
Ms. Lin Lanfen	3/3

Corporate Governance Function

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. From the Listing Date and up to the Latest Practicable Date, the Board confirms that it has:

(a) reviewed the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;

(b) reviewed and monitored the training and continuous professional development of the Directors and senior management;

(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to the Group's employees and directors; and

(e) reviewed the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

BOARD COMMITTEES

The Board has established five committees namely, the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee, the Compliance and Risk Management Committee and the Strategy Committee. All Board Committees are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of each of the Audit Committee, the Remuneration and Assessment Committee and the Nomination Committee are available on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the CG Code. The Audit Committee comprises three members, namely Mr. Wong Chi Kin, Mr. Chun Chang and Ms. Lin Lanfen, all being independent non- executive Directors. The Audit Committee is chaired by Mr. Wong Chi Kin.

The primary duties of the Audit Committee include, but not limited to (i) proposing the appointment or change of external auditors to our Board and monitoring the independence of external auditors and evaluating their performance; (ii) guiding internal audit work; (iii) examining the financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters; and (iv) assessing the effectiveness of internal control; (v) coordinating the communication among management, internal audit department, related departments and external audit agency; and (vi) dealing with other matters that are authorized by the Board or involved in relevant laws and regulations. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the period from the Listing Date and up to the date of this annual report, the Audit Committee held one meeting to, among others, review the Company's audited consolidated results for the year ended December 31, 2023 and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also reviewed and discussed the risk management and internal control measures and systems of the Company, the effectiveness of the Company's internal audit function, financial reporting and the appointment of the Auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Audit Committee meetings are set out below:

Name of Directors	**Attendance/ No. of Meetings held**
Mr. Wong Chi Kin	1/1
Mr. Chun Chang	1/1
Ms. Lin Lanfen	1/1

Nomination Committee

The Nomination Committee was established by our Company with written terms of reference in compliance with the CG Code. The Nomination Committee currently comprises three members, including one executive Director, namely, Mr. Zhu Xiaosong, and two independent non-executive Directors, namely, Ms. Lin Lanfen and Mr. Wong Chi Kin. The Nomination Committee is chaired by Ms. Lin Lanfen.

The primary duties of the Nomination Committee include, but not limited to (i) making recommendations to our Board with regards to the size and composition of our Board based on our Company's business operation, asset scale and equity structure; (ii) researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board; (iii) conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management; (iv) examining our Board candidates, general manager and members of the senior management and making recommendations to our Board; (v) assessing and reviewing the independence of independent non-executive Directors; and (vi) dealing with other matters that are authorized by our Board. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Our Nomination Committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing board diversity under the CG Code. Our Nomination Committee will review the Board Diversity Policy and our diversity profile (including gender balance) from time to time to ensure its continued effectiveness. For details of our Board Diversity Policy please refer to the subsection headed "The Board – Board Diversity Policy" in this Corporate Governance Report.

The Company has also adopted procedures for nomination and election of Directors. The policy sets out the criteria and procedures for selection and performance evaluation and provides guidance to the Board on the nomination and appointment of Directors. The Board believes that a clear selection process facilitates corporate governance, ensures the continuity of Board, maintains the leadership of Board, and enhances the efficiency and diversity of the Board.

The Nomination Committee can nominate candidates for Directors. When evaluating the suitability of recommended candidates and their potential contributions to the Board, the Nomination Committee may refer to certain selection criteria such as integrity, professional qualifications and skills, achievements and experience in the Internet and technology fields, commitment and related contributions. The Nomination Committee shall report the evaluation results to the Board on the appointment of suitable Director candidates and provide relevant recommendations for the Board to make decisions and formulate a general election plan. The Board shall bear the ultimate responsibility for the selection and appointment of Directors.

During a period from the Listing Date and up to the date of this annual report, the Nomination Committee held one meeting, during which the Nomination Committee has, among others, assessed the independence of independent non-executive Directors, reviewed the backgrounds of proposed Director and senior management and reviewed the structure, number, composition and diversity of the Board. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Nomination Committee meetings are set out below:

Name of Directors	Attendance/ No. of Meetings held
Ms. Lin Lanfen	1/1
Mr. Wong Chi Kin	1/1
Mr. Zhu Xiaosong	1/1

Remuneration and Assessment Committee

The Company has established a Remuneration and Assessment Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration and Assessment Committee currently comprises three members, including one executive Director, namely Mr. Zhang Zhengyu. and two independent non-executive Directors, namely, Mr. Chun Chang and Ms. Lin Lanfen. The Remuneration and Assessment Committee is chaired by Mr. Chun Chang.

The primary duties of the Remuneration and Assessment Committee include, but not limited to (i) formulating individual remuneration plans for Directors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies; (ii) examining the criteria of performance evaluation of Directors and the senior management of our Company, and conducting annual performance evaluation; (iii) supervising the implementation of the remuneration plan of the Company; and (iv) dealing with other matters that are authorized by the Board. The written terms of reference of the Remuneration and Assessment Committee are available on the websites of the Stock Exchange and the Company. The Remuneration and Assessment Committee makes recommendations to the board on the remuneration packages of individual executive directors and senior management arrangement.

During a period from the Listing Date and up to the date of this annual report, the Remuneration and Assessment Committee held one meeting, during which the Remuneration and Assessment Committee has, among others, reviewed the remuneration policy and structure of the Company, assessed performance of the executive Directors and the senior management of the Company, approved the terms of service contracts of the executive Directors and senior management of the Company and other related matters of the Company.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Remuneration and Assessment Committee meetings are set out below:

Name of Directors	**Attendance/ No. of Meetings held**
Mr. Chun Chang	1/1
Ms. Lin Lanfen	1/1
Mr. Zhang Zhengyu	1/1

Remuneration of Directors, Supervisors and Senior Management

Details of the remuneration by band of the Directors, the Supervisors and senior management of the Company, whose biographies are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report (save for Mr. Sun Dali, Ms. Wei Ping, Mr. Shen Enguang and Ms. Lv Weiyan who were appointed as senior management of the Company after the Reporting Period and their remuneration by band will be disclosed in the subsequent annual report of the Company), for the year ended December 31, 2023, are set out below:

Remuneration range (RMB)	**Number of individuals**
Nil to RMB1,000,000	6
RMB1,000,001 to RMB2,000,000	–
RMB2,000,001 to RMB3,000,000	1
RMB3,000,001 to RMB4,000,000	–
RMB4,000,001 to RMB5,000,000	–
RMB5,000,001 to RMB6,000,000	–
RMB6,000,001 to RMB7,000,000	–
RMB7,000,001 to RMB8,000,000	–
RMB8,000,001 to RMB9,000,000	2
RMB9,000,001 to RMB10,000,000	–
Above RMB10,000,001	3

Further details of the remuneration of the Directors and the five highest paid employees required to be disclosed under Appendix D2 of the Listing Rules have been set out in Notes 7 and 39 to the consolidated financial statements in this annual report.

Compliance and Risk Management Committee

The Company has established a Compliance and Risk Management Committee. The Compliance and Risk Management Committee currently comprises three members, namely Mr. Zhang Zhengyu, Mr. Xin Jie and Mr. Wong Chi Kin. The Compliance and Risk Management Committee is chaired by Mr. Zhang Zhengyu.

The primary duties of the Compliance and Risk Management Committee include, but not limited to (i) reviewing general goals and fundamental policies of our compliance and risk management, internal control and risk management system of our Group; (ii) improving corporate governance of our Group; (iii) assessing the risks our operations may be exposed to and make recommendations to our Board accordingly; and (iv) dealing with other matters that are authorized by the Board.

During a period from the Listing Date and up to the date of this annual report, the Compliance and Risk Management Committee held one meeting, during which the Compliance and Risk Management Committee has reviewed (i) the Corporate Governance Report in this annual report and (ii) the risk management and internal control policy and the effectiveness of the Company's internal audit function.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Compliance and Risk Management Committee meetings are set out below:

Name of Directors	Attendance/ No. of Meetings held
Mr. Zhang Zhengyu	1/1
Mr. Xin Jie	1/1
Mr. Wong Chi Kin	1/1

A risk management and internal control system was established in accordance with the requirements of paragraph D.2 under Part 2 of the Corporate Governance Code. The Compliance and Risk Management Committee reviewed the risk management and internal control during the Reporting Period and concluded that there had been no deficiency in material risk management and internal control nor any weakness in material risk management and internal control based on the outcome of the risk management and internal control work implemented by the Group as of the Latest Practicable Date. Please refer to the section headed "Risk Management and Internal Control" in the "Corporate Governance Report" of this annual report for more details about our risk management and internal control system.

Strategy Committee

The Company has established a Strategy Committee. As at the Latest Practicable Date, the Strategy Committee currently comprises three members, namely Mr. Zhang Zhengyu, Mr. Xin Jie and Mr. Chun Chang. The Strategy Committee is chaired by Mr. Chun Chang.

The primary duties of the Strategy Committee include, but not limited to (i) reviewing the Company's long-term development strategies, major investment decisions and other important matters affecting the Company's development; (ii) providing recommendations with respect to key strategic initiatives; (iii) assisting the Board in establishing the strategic planning process, identifying and addressing organizational challenges and evaluating strategic alternatives; and (iv) dealing with other matters that are authorized by our Board.

During a period from the Listing Date and up to the date of this annual report, the Strategy Committee has held one meeting, during which the Strategy Committee has reviewed the long-term development strategies, major investment decisions and other important matters affecting the development of the Company. The attendance records for the Strategy Committee meetings are set out below:

Name of Directors	Attendance/ No. of Meetings held
Mr. Zhang Zhengyu	1/1
Mr. Xin Jie	1/1
Mr. Chun Chang	1/1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2023 and to the Latest Practicable Date which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The external Auditor's statement about reporting responsibility is set out on pages 109 to 114 of this annual report.

SUPERVISORY COMMITTEE

As of December 31, 2023 and up to the Latest Practicable Date, the Supervisory Committee consists of three Supervisors, including two shareholders' representative Supervisors, namely Mr. Wu Wei and Ms. Song Jingfang, and one employee Supervisor, namely Ms. Hong Xiaoxue. The biographies of the Supervisors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report.

During the Reporting Period, all members of the Supervisory Committee have complied with the principle of integrity and earnestly performed their supervisory duties in accordance with the relevant regulations set out in the PRC Company Law, the Articles of Association and Rules of Procedures for the Supervisory Committee of the Company to protect the interests of the Shareholders and the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Company is devoted to establishing and maintaining risk management and internal control systems including policies and procedures that it considers to be appropriate for its business operations, and it is dedicated to continuously improving these systems.

The Audit Committee assists the Board in leading the reviewing of the Company's financial supervisions and controls, risk management and internal control systems. This review formally takes place at each Audit Committee meeting, one of which includes an annual review on the effectiveness of the risk management and internal control systems.

We employ a comprehensive "three lines of defense" model for risk management. The first line of defense is from our operational departments, which hold primary responsibility for managing risks associated with their respective business activities. The second line of defense comprises our specialized risk management departments. These departments provide strategic guidance and support, helping related divisions to establish and execute robust risk management procedures. They also monitor the effectiveness of these procedures and contribute to critical risk-related decision-making. Our internal audit department acts as the auditor and constitutes the third line of defense. Its role involves supervising the overall risk management system, evaluating risks related to the company's governance structure and conducting regular inspections in crucial areas. Leveraging this risk management framework, we aim to ensure the effective and continual management of all types of risks across the company.

Risk Management

We have adopted the following specific measures to manage our risk management:

- ***Legal and Compliance Risk Management***

  We have established a framework for compliance risk management, involving our Board of Directors, senior management, and legal and compliance departments, along with various other departments. The departments responsible for compliance and risk management operate independently, free from interference or influence from other departments or individuals. These departments report directly to the Board of Directors and senior management. This system facilitates the creation of comprehensive policies and processes for managing compliance, ensuring continued conformity to all relevant laws and regulations. We have dedicated legal and compliance departments with compliance officers tasked with keeping abreast of updates to laws, regulations and policies. The persons in charge of the legal and compliance departments has extensive experience in legal and regulatory compliance from working in or serving clients in banking and other financial-related industries in China. Our legal and compliance departments promptly identify any significant implications these changes may have on our business operations, and adjust our policies, procedures and compliance standards accordingly. Moreover, they implement a range of compliance and risk management activities and measures to ensure that our legal and compliance risks are kept within an acceptable limit, primarily including: (i) monitoring regulatory changes in the jurisdictions where we have business operations and staying up-to-date with the latest developments in the industry we operate and assessing the potential impact of the changes and developments on our business operations; (ii) maintaining well-defined and up-to-date policies and procedures and provide regular and specific trainings to guide employees on compliance matters; (iii) engaging in internal risk assessment before launching new products or services or making significant changes to existing ones; (iv) establishing a system to prepare and submit reports on financial transactions, anti-money laundering measures, fraud prevention, and other regulatory requirements promptly and diligently to regulatory authorities in different jurisdictions; (v) communicating with regulatory authorities in different jurisdictions to seek practicable guidance on compliance matters; and (vi) assisting and overseeing how well each department fulfills their compliance duties to identify potential compliance risks and address risks to ensure in compliance with applicable laws and regulations.

- ***Partner Financial Institutions Risk Management***

  We have established comprehensive systems and policies to manage risks together with our partner financial institutions such as banks. Our risk management team regularly monitors our collaboration with partner financial institutions. Prior to formal engagement, we thoroughly assess the financial institution's suitability across a range of objective metrics.

  Once a formal business relationship is established, we monitor the relationship on an ongoing basis. In addition to ongoing monitoring, we conduct reviews on all of our partner financial institutions and adjust our risk management policies based on external factors and market developments.

- ***Financial Reporting Risk Management***

  We have established a set of accounting policies in connection with our financial reporting risk management, which covers budget management, treasury management, financial statements preparation and staff management. We have procedures and IT systems in place to facilitate the implementation of our accounting policies and review of our management accounts. We also provide regular training to our finance department employees to ensure that they are kept up-to-date with our financial management and accounting policies.

  In conducting risk assessments, the Company comprehensively utilized a combination of qualitative and quantitative methods to analyse the possibility of risk occurrence and the impact on the achievement of objectives, and finally prioritized the risks according to their significance.

Establishment of the Internal Control System

The Board has established the internal control system, and monitored and reviewed on an annual basis in compliance with paragraph D.2 of the CG Code. Such system is designed to manage rather to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our internal control system. The Audit Committee is delegated to monitor the implementation of the risk management policies and internal control system across the Company on an ongoing basis in order to ensure that the internal control system is effective in identifying, managing and mitigating risks in its business operations.

Main Features of the Internal Control System and Process Used to Review the Effectiveness of the Internal Control System and Rectify Defects

Below is a summary of the internal control policies, measures and procedures our Company has implemented:

- The Board has delegated the Audit Committee chaired by Mr. Wong Chi Kin, with the responsibility to review and supervise the financial reporting process and internal control system of the Company on an on-going basis and to review the effectiveness of the systems annually in compliance with paragraph D.2 of the CG Code. The review covers all material controls, including financial, operational and compliance controls. The duties of the Audit Committee shall include but not limited to: (i) to propose the appointment or replacement of the external auditor, and supervise and assess the work of the external auditor; (ii) to guide the internal audit work, and supervise the Company's internal audit system and its implementation; (iii) to facilitate the communication between the management, the internal audit department and relevant departments of the Company and the external auditor; (iv) to review and issue opinions on the financial reports of the Company, and review the Company's financial information and its disclosure; (v) to review the internal control system of the Company, and evaluate the effectiveness of internal control; and (vi) other matters authorized by the Board.

- The Company has adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;

- The Company has adopted various measures regarding conflict of interests in our operations, which enable us to identify, monitor and review transactions with potential conflict of interests, and to take corresponding actions;

- The Company has provided and will continue to provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in employee handbooks;

- The Company has engaged Somerley Capital Limited as its compliance adviser to provide advice to its Directors and management team until the end of the first fiscal year after the Listing regarding matters relating to the Listing Rules. The Company's compliance adviser is expected to ensure the use of funding complies with the disclosure in the Prospectus, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion; and

- The Company will also consult its PRC legal advisor on a regular basis for advice on relevant PRC laws and regulations to increase compliance awareness and to keep it abreast of relevant regulatory developments.

Procedures and Internal Controls for Processing and Releasing Inside Information

With approval from the Board and pursuant to the requirements of domestic and foreign laws and regulations, Listing Rules and Articles of Association as well as the practical conditions of our Company, our Company has formulated a policy on information disclosure management to determine the division of duties and responsibilities on information disclosure, the procedures for processing and releasing inside information and other information required to be disclosed. Pursuant to this system, our Company must, as soon as any inside information comes to its knowledge or a false market may be established, disclose the information to the public to the reasonable and practicable extent.

During the period from the Listing Date to the Latest Practicable Date, our Company has truthfully, accurately, legally and timely disclosed information in strict compliance with the requirements of domestic and foreign laws and regulations, the Listing Rules, the Articles of Association and the policy on information disclosure management of our Company without any false statements, misleading statements or material omissions, to ensure investors will be able to receive the disclosed information fairly, timely and effectively.

Anti-corruption and Whistleblowing Policy

The Company has adopted anti-corruption and whistleblowing policies to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit Committee of the Company shall review such policies regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

Effectiveness of Risk Management and Internal Control

For the year ended December 31, 2023 and up to the Latest Practicable Date, the Board was not aware of any material defect in internal control of the Group. The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for once for the year ended December 31, 2023 and up to the Latest Practicable Date, and considered the risk management and internal control systems to be effective and adequate and the Group has established an effective risk management and internal control system, which achieves our objectives of risk management and internal control and is free of material defect and significant defect. The review has been discussed by the Company's management and evaluated by the Audit Committee.

DIVIDEND POLICY

Our Board may declare dividends in the future after taking into account various factors including our future earnings and cash inflows, future plan for use of funds, long-term development of our business and other legal and regulatory restrictions.

The Company is a joint stock limited company incorporated under the laws of the People's Republic of China. The payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles. PRC laws also require foreign invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves until the aggregate amount of such reserves reach 50% of its registered capital, which are not available for distribution as cash dividends.

AUDITOR'S REMUNERATION

The remuneration paid and payable to PricewaterhouseCoopers, the external auditor of the Company, in respect of audit services and non-audit services (mainly taxation services) for the year ended December 31, 2023 amounted to approximately RMB4.2 million and RMB0.4 million respectively.

JOINT COMPANY SECRETARIES

Mr. Yan Hao (閆浩), has been as one of our joint company secretaries since June 2023, who is responsible for overall information disclosure and investor relationship of our Company. Please see the subsection headed "Senior Management – Mr. Yan Hao" in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report for his biography.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engaged Ms. Cheung Lai Ha (張麗霞), assistant vice president of Governance Services of Computershare Hong Kong Investor Services Limited, an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom to assist Mr. Yan Hao. Ms. Cheung Lai Ha is primarily responsible to perform company secretarial matters. Mr. Yan Hao has also been designated as the primary contact person at the Company who would work and communicate with Ms. Cheung Lai Ha on the Company's corporate governance and secretarial and administrative matters.

Mr. Yan Hao and Ms. Cheung Lai Ha have confirmed that they received no less than 15 hours of relevant professional training during the year ended December 31, 2023 and therefore complied with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at www.lianlian.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Company's management regularly reviewed the implementation and effectiveness of these shareholder communication channels and confirmed their effectiveness during a period from the Listing Date and up to the Latest Practicable Date.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Pursuant to article 48 to 52 of the Articles of Association, the Company shall convene an extraordinary general meeting (i) at the request of Shareholders who individually or collectively hold more than 10% of the Company's shares by written requisition(s), (ii) the Board deems it necessary to convene the meeting, (iii) the Supervisory Committee proposes to convene the meeting and (iv) independent non- executive Directors propose to convene the meeting. However, prior to the announcement of the resolutions approved at the general meeting, the number of the Company's shares individually or jointly held by the above shareholders shall not be lower than 10% of the total number of the Company's shares with voting rights.

Pursuant to Article 51 of the Articles of Association, the Board shall give a written reply as to whether it agrees or disagrees to hold an extraordinary general meeting within 10 days upon receipt of the request. Where the Board agrees to hold an extraordinary general meeting, it shall issue a notice of the extraordinary general meeting within five days after the resolution was made. Where the Board of Directors does not agree to hold an extraordinary general meeting or fails to give a reply within 10 days upon receipt of the request, it shall be deemed that shareholders who individually or together hold 10% or more of the shares of the Company shall have the right to submit a proposal to the Supervisory Committee on holding an extraordinary general meeting and such request shall be made to the Supervisory Committee in writing. Where the Supervisory Committee agrees to hold an extraordinary general meeting, it shall issue a notice of extraordinary general meeting within five days after receiving the request. Any changes to the original request in the notice shall be approved by the relevant shareholders. Where the Supervisory Committee fails to give the notice of the General Meeting within the specified time limit, it shall be deemed that the Supervisory Committee does not convene or preside over the meeting, in which case, shareholders who individually or together hold 10% or more of the shares of the Company for 90 or more consecutive days may convene and preside over the meeting on their own.

Pursuant to Article 56 of the Articles of Association, when the Company convenes a shareholders' general meeting, the shareholders who individually or jointly, hold more than 3% of the total number of voting shares of the Company, have the right to put forward a new proposal to the Company and submit it to the convener not less than 10 days before the shareholders' general meeting is held. The convener of the shareholders' general meeting shall, within 2 days after receiving the proposal, issue a supplementary notice of the shareholders' general meeting to inform other shareholders content of such proposal.

The convener shall inform each Shareholder of the time, venue and matters to be considered at the meeting 15 days before extraordinary general meeting.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board and Contact Details

For enquiries about shareholdings, share registration and related matters, Shareholders shall direct their enquiries to the Company's Hong Kong branch share registrar and the contact details are set out as follows:

Computershare Hong Kong Investor Services Limited

Address	:	Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Telephone	:	(852) 2862 8555

For any other enquiries to be brought to the attention of the Board, Shareholders shall send their written enquiries to the Company either via mail to the Company's principal office in Hong Kong or the registered office or via email, attention to the joint company secretary. The contact details of the Company are set out as follows:

Registered office in the PRC	:	B3, 12/F, Building 1, 79 Yueda Lane, Binjiang District, Hangzhou, Zhejiang Province, PRC
Principal place of business in Hong Kong	:	46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Email	:	ir@lianlian.com

For the avoidance of doubt, Shareholder(s) must deposit and send the duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law. The Company will not normally deal with verbal or anonymous enquiries.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the Articles of Association on June 21, 2023, which has been effective from the Listing Date. No changes were made to the Articles of Association since the Listing Date and up to the Latest Practicable Date.

The latest version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

DIVERSITY

The Company is committed to promote diversity in our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure. The Company seeks to achieve board diversity and workforce diversity through the consideration of a number of factors, including but not limited to gender, age, language, cultural background, educational background, industry experience and professional experience.

We have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy is well implemented as evidenced by the fact that there are one female and eight male Directors with experience from different industries and sectors. For more details, please refer to the section headed "Corporate Governance Report – Board of Directors – Board Diversity Policy" in this annual report. In 2023, we hired 268 full-time employees, of which 141 were male and 127 were female. As at December 31, 2023, the gender ratio in the workforce (including senior management) was approximately 455 males to 454 female. The Board considers that the current gender ratio reflects a gender balance in our employee structure. Going forward, the Company will continue to monitor and evaluate the diversity policy and adopt measurable objectives from time to time to ensure continued effectiveness and the Company's diversity policy and the gender balance in our employee structure. The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is committed to ensuring the recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates will be considered. The Company will also continue to create favorable conditions in our working environment to attract more women to join the Group and maintain or increase the proportion of female employees (including senior management) in the future.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Following the principles of objectivity, transparency, and comprehensiveness, this Report offers stakeholders an accurate disclosure of the environmental, social, and governance practices and results of Lianlian DigiTech Co., Ltd.

Reporting Scope

This Report encompasses Lianlian DigiTech Co., Ltd. and its subsidiaries and branches. Unless otherwise specified, the reporting period of this Report spans from January 1, 2023, to December 31, 2023. All financial figures presented in this Report are denominated in RMB.

Reporting Principles

This Report complies with all mandatory disclosure requirements and "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange").

This Report adheres to the reporting principles of materiality, quantitative, and consistency. It is developed through a set of procedures: identifying and prioritizing significant stakeholders and material environmental, social, and governance (hereinafter referred to as ESG) issues; defining the ESG reporting boundary; gathering relevant data and materials; compiling the report based on the information; and reviewing the report content. This ensures the completeness, materiality, accuracy, and balance of the Report.

Materiality: The content of this Report is determined through a set of systematic materiality assessment processes, which include identifying ESG-related issues, assessing their materiality and relevance and scope of issues, preparing the information reported and reviewing and responding to stakeholders' feedback on our ESG work;

Quantitative: Wherever possible, the Group uses quantifiable metrics to collect ESG data, and discloses key performance indicators (KPIs) herein;

Consistency: The Group has established a methodology of ESG data collection and plans to use consistent methodology in the future for data collection and disclosure to ensure meaningful comparisons of data over time.

Reliability Statement

The information and data disclosed in this Report are derived from the Lianlian DigiTech's statistical reports and official documents, which have been reviewed by the relevant authorities. We undertakes that there are no false records or misleading statements in this Report and that we are responsible for the authenticity, accuracy and completeness of the content.

About the Names

For ease of presentation and reading, unless otherwise stated, "the Company" and "Company" in this Report are refer to Lianlian DigiTech Co., Ltd.; "Lianlian" "the Group" and "We" are refer to Lianlian DigiTech Co., Ltd. and its subsidiaries through this Report.

Review and Approval

This Report has been confirmed by the management and was approved by the Board of Directors on April 25, 2024.

Report Access

This Report can be viewed and downloaded from the website of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk/). For further inquiries, of if you have any comments and suggestions about this Report, please contact the Company by telephone (+86) 0571-56072600, or by fax (+86) 0571-56072618.

1 CORPORATE GOVERNANCE

Lianlian DigiTech integrates the concept of sustainable development into its corporate governance system. We uphold the principles of compliance operation and business ethics, strengthen our risk management capabilities to ensure the Company's long-term stable operation.

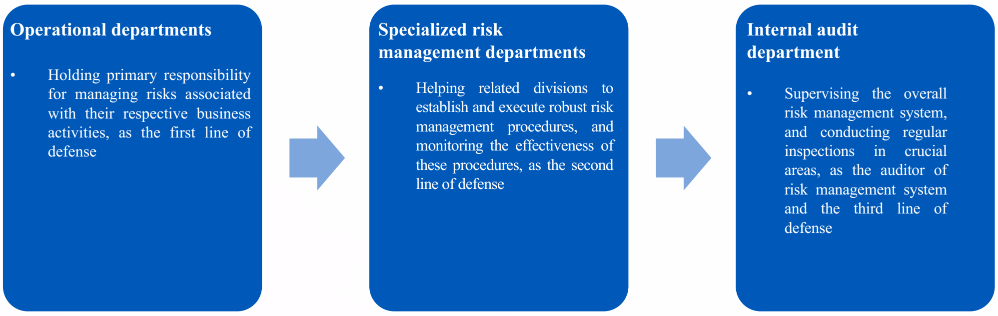
1.1 Compliance Operation

1.1.1 Risk Management

Lianlian DigiTech has developed internal control systems like *Compliance Risk Management Policy*, and built a robust and comprehensive risk management system to effectively manage and mitigate potential risks in our operations.

We have established a framework for compliance risk management, involving our Board of Directors, senior management, and Legal and Compliance Departments, along with various other departments, to carry out compliance and risk management work in an orderly manner. The Legal and Compliance Department is responsible for identifying the significant risks in business operations, promptly adjusting policies, procedures and compliance standards, and implementing risk management measures.

We employ a comprehensive "three lines of defense" model for risk management, which assigns clear responsibilities for risk management at each level. This ensures that risks are managed effectively throughout each step of our operations.



"Three lines of defense" structure for risk management

Precautionary measures

- Professional auditors verify identities of key clients and ascertain the authenticity of their business operations
- We evaluate the creditworthiness and business continuity of clients to clarify potential risks during the on-boarding stage

Ongoing monitoring

- We employ monitoring mechanisms to make long-term efforts in identifying illegal fund transfers by illicit merchants
- We use big data analytics and pre-set customer risk rating models to identify and intercept risky transactions rapidly

Post-event review and improvement

- We conduct comprehensive reviews for any identified risk events to enhance our risk prevention strategies
- We perform root cause analyses of risk events and implement improvement measures to prevent similar risks from occurring

"Three lines of defense" implementation mechanism

To ensure business continuity and compliance, we have adopted a series of risk control measures to comprehensively enhance risk management, and protect the interests of all stakeholders while fulfilling regulatory obligations.

Measures for overall risks

- Continuous monitoring of regulatory policy changes in the regions where we operate and staying updated on the latest industry developments
- Conducting internal risk assessments before launching new products or services to avoid potential significant risks during business development in a timely manner
- Providing regular training on the latest policies and procedures to employees so as to equip them with the knowledge and skills needed for managing industry compliance dynamics and risk control effectively

Measures for key risks

- Addressing the industry's focus on money laundering risks, we have established a set of management systems including the Management Measures for Money Laundering Risk Assessment and the Implementation Rules for Customer Money Laundering Risk Classification to define the process and methods of money laundering risk assessment and set up and implement an accountability mechanism for money laundering risks
- Leveraging digital technology, we use facial recognition to verify the authenticity of merchant transactions and prevent money laundering activities in violation of laws and regulations
- We have accumulated and adjusted models for recognizing illicit merchants and abnormal behaviors for a long term, enabling timely and accurate identification and management of money laundering related risks

Risk control measures

1.1.2 Business Ethics

Lianlian DigiTech has adhered strictly to laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*, and has established internal business ethics management systems, including the *Internal Control Policy for Anti-Money Laundering and Countering the Financing of Terrorism*. Our Employee Code of Conduct clearly outlines the business ethical principles that all employees must follow, setting a high standard for professional ethics.

Business Ethics Management System

Lianlian DigiTech prioritizes the development of business ethics and complies with anti-corruption laws, regulations, and regulatory requirements in the regions where we operate. We have established internal management systems such as the Anti-Corruption and Anti-Bribery Policy to clearly define our commitment to combating corruption and outlining anti-corruption principles and responsibilities for all departments and employees.

To prevent corruption-related incidents, we actively promote a culture of integrity, strengthen our employees' awareness of not wanting to be corrupt and not daring to be corrupt, and regularly evaluate the effectiveness of our anti-corruption efforts through audits. Additionally, we strictly regulate the business ethics behavior of our third-party partners, contributing a fair and honest business environment.

- Mandatory integrity training: All newly hired employees are required to complete training on the Anti-Corruption and Anti-Bribery Policy. Additionally, annual training sessions are conducted to update employees on the latest laws and regulations concerning anti-corruption and anti-bribery
- Binding partners: We conduct anti-corruption due diligence questionnaires for all third-party partners and incorporate anti-corruption clauses into our contracts to strictly prevent bribery or corruption by our third-party partners
- Internal audit: We leverage internal audits to assess the implementation and effectiveness of our anti-corruption and anti-bribery measures in order to ensure company-wide adherence to our anti-corruption policy

Anti-corruption Management Measures

Addressing the critical issue in business ethics related to money laundering, we have established a robust anti-money laundering and countering the financing of terrorism management framework. Responsibilities are distributed among the Board of Directors, senior management, the Anti-Money Laundering Center, and various departments to ensure coordinated efforts in managing money laundering risks. We implement comprehensive preventative measures to strengthen our control over money laundering and the financing of terrorism activities, including customer identification and risk due diligence, establishing watchlists, transaction monitoring and recordkeeping to ensure their authenticity and traceability in all aspects.

Whistle-blowing and Complaints

We have established a whistle-blowing and complaints mechanism, including complaints and whistle-blowing related system to educate our employees about the definition of corrupt behavior, whistle-blowing channels, and the process for handling whistle-blower reports. Our Employee Disciplinary System further clarifies the violation levels and disciplinary measures for anti-corruption and anti-bribery. We encourage employees and other stakeholders to report misconduct, such as corruption and fraud, through various channels including complaint phone, email, letterbox and face-to-face meetings, ensuring accessibility and ease of whistle-blowing.

Through a whistle-blower protection mechanism, we maintain strict confidentiality of whistle-blower identities and submit materials to effectively safeguard their legal rights. Individuals who violate these confidentiality measures or retaliate against whistle-blowers will face severe disciplinary actions, including hand over to judicial authorities.

Building a Culture of Integrity

We provide regular, comprehensive, and differentiated business ethics training for our executives, new employees, business professionals, and relevant departments to ensure their understanding of Lianlian DigiTech's business ethics requirements and policies. During the Reporting Period, we organized 15 anti-money laundering training sessions with a total of 166 person-times. These sessions employed various methods, such as sharing typical anti-money laundering cases, interpreting regulatory policies, and disseminating anti-money laundering news and risk alerts, to continuously strengthen employees' awareness and capabilities in combating money laundering. We have also provided training to directors on listing rules, including Corporate Governance Code, anti-corruption measures, and anti-money laundering regulations.

During the Reporting Period, neither Lianlian DigiTech nor its employees were involved in any legal cases related to corruption and bribery.

1.2 ESG Governance

1.2.1 Board Statement

The Lianlian DigiTech Board of Directors is the highest responsible part of ESG governance. It oversees and approves all environmental, social, governance, and climate-related risks and opportunities, which have impact on us, and reviews and approves the Group's ESG-related policies and objectives.

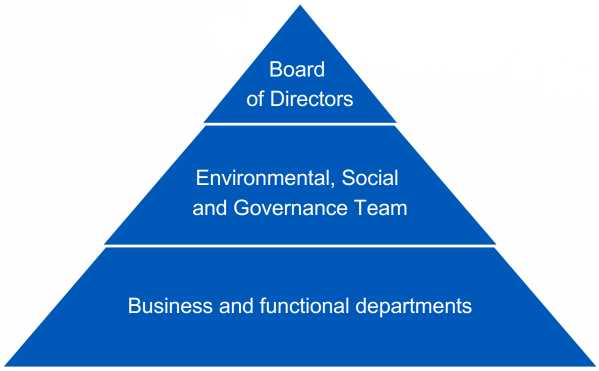
The Board actively considers stakeholder expectations and needs, participates in identification, assessment, and analysis of the significance of material ESG issues to both the Group and its stakeholders, prioritizes these issues and manages ESG-related matters and risks accordingly.

To monitor and review the progress of the Group's ESG objectives, the Board annually evaluates ESG-related risks and materiality, and assesses the effectiveness of management processes through reviewing the implementation and disclosure performance of material ESG issues, in order to continuously improve the sustainability of the Group's operations and business development.

1.2.2 ESG Governance Structure

We have established a three-tier ESG governance structure: The Board of Directors holds overall responsibility for ESG governance, including reviewing and making decisions on ESG strategies, objectives, and policies, regularly reviewing the progress of ESG objectives, determining and overseeing material ESG issues and associated risks, and opportunities.

The Environmental, Social and Governance (ESG) Team assists the Board in implementing ESG strategies, objectives, and policies, and performs assessment and continuous monitoring of ESG-related risks. Additionally, the ESG Team is responsible for organizing and promoting the effective implementation of ESG policies and initiatives across various business and functional departments, reporting to the Board on a semi-annual basis on the Group's ESG performance and management effectiveness.



ESG governance structure

1.2.3 Communication with Stakeholders

The Group has established a regular stakeholder communication mechanism with diverse communication channels to gather their feedback and expectations regarding the Group's sustainability efforts. We maintain close communication with internal and external stakeholders, focusing on identifying their key concerns so as to help the Group comprehensively manage the ESG risks and opportunities. The ways we communicated with our key stakeholders during the year are shown in the table below:

Table: Lianlian DigiTech's Key Stakeholders and Communication Channels

Stakeholders	Expectations and Demands	Main Communication Channel
Governments and regulators	Business ethics Information security and privacy protection Addressing climate change Energy conservation and carbon reduction	Policy consultation Information disclosure Meetings
Clients	Business ethics Information security and privacy protection Customer Services Product quality	Customer complaint handling Customer satisfaction survey Company website WeChat official account
Partners & industry associations	Joint efforts among industry peers	Strategic partnership Industry exchange meetings
Employees	Employee hiring and interests Employee health and safety Employee development and training	Employee communication platform Team activities Internal inquiry channel
Shareholders and investors	Corporate governance Risk management Business ethics	Shareholders' meeting Investor meetings Information disclosure Telephone & email communication
Community & public welfare organizations	Contributions to community	Public welfare activities Volunteer services Collaborative partnership
Suppliers	Supply Chain Management Product quality	Supplier qualification review Telephone & email communication

1.2.4 Material Issues

To determine the material ESG issues for Lianlian DigiTech, we conduct an identification and assessment on ESG issues based on industry development trends and stakeholder expectations analysis, which, coupled with the Board of Directors' review comments, to help us prioritize these issues as a crucial reference for formulating our ESG policies and disclosures in this Report.

Identification and analysis

- We conduct research on industry development trends and peer benchmarking and external policies study to identify material issues with potential impact on our development

Evaluation and prioritization

- We assess the impact of each issue on the Company's sustainable operations and prioritize them, taking into account the concerns of our stakeholders

Approval and disclosure

- We finalize the material issues based on the Board's review opinions and disclose the annual performance in connection therewith in this Report

Material issues assessment process

Based on the identification and evaluation results, we pinpointed 17 material ESG issues for Lianlian DigiTech, encompassing 4 environmental issues, 10 social issues, and 3 governance issues. The materiality level of each issue is indicating in the table below:

Table: List of Material ESG Issues

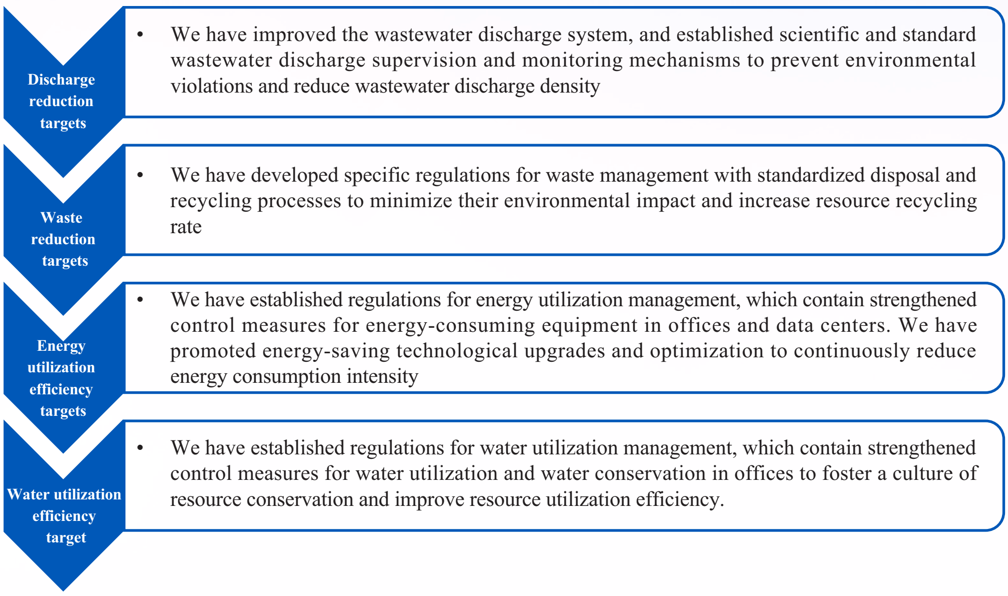
Category	Name	Materiality
Environmental	Energy conservation and carbon reduction Addressing climate change	Most important
	Management of resources Emission management	Important
Social	Employee development and training Product quality Customer services Information security and privacy protection	Most important
	Employee hiring and interests Employee health and safety Supply chain management Joint efforts among industry peers Intellectual property protection	Important
	Contributions to community	Related
Governance	Business ethics Risk and compliance management	Most important
	Corporate governance	Important

2. GREEN OPERATION

Lianlian DigiTech upholds the concept of green and sustainable development, dedicated to minimizing the environmental impact of our operations. We strictly adhere to applicable laws and regulations in the regions where we operate, such as the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Water Pollution*, and *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, and fulfill environmental management requirements, with a view to building an environmentally friendly and resource-efficient enterprise.

2.1 Environmental Goals

Based on our current development status and referencing best practices, we have established long-term environmental management goals encompassing four key areas: emissions, waste, energy, and water resources to effectively drive and guide the Group's environmental management efforts.



Long-term objectives of environmental management

2.2 Emissions Management

Waste management

We strictly abide by the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations, clearly define environmental management responsibilities for each department and establish procedures for waste collection and disposal in offices so as to ensure separate collection and compliant disposal of waste.

The waste generated from Lianlian DigiTech's operations primarily consists of household waste, waste consumables, and kitchen garbage from office activities. We adopt targeted effective disposal measures for different types of emissions to ensure compliance of emission with national and local standards. During the Reporting Period, the total amount of non-hazardous waste generated from our operations was 435 tonnes, and the non-hazardous waste discharge density stood at 0.42 tonnes per RMB million of revenue.

Waste disposal methods

Wastewater management

We have obtained the Urban Sewage Discharge Permit as required by regulations and strictly implement the separate collection and transportation of rainwater and sewage.

2.3 Resource management

Lianlian DigiTech champions the harmonious development of humanity and nature. We attach great importance on our resource consumption and continuously improve resource utilization efficiency through various initiatives.

2.3.1 Energy Conservation and Carbon Emission Reduction

Energy management

Following the *Energy Conservation Law of the People's Republic of China* and other laws and regulations, we have established guidelines for energy-consuming scenarios and processes while ensuring a comfortable working environment. We have also defined the energy management responsibilities for relevant departments and require responsible personnel to fully exercise their supervisory functions to ensure effective energy management implementation.

Our operations primarily consume gasoline, natural gas and externally purchased electricity. We practice energy conservation and cost reduction, implement optimization measures for lighting, HVAC equipment, and other energy-consuming devices to minimize unnecessary energy consumption.

- Using sensor-activated lights in public areas, scientifically controlling lighting switches, and turning off lights in unoccupied areas for extended periods to save electricity
- Adjusting and controlling HVAC background equipment temperatures based on actual outdoor and indoor temperatures to avoid unnecessary energy waste
- Implementing minimum temperature requirements, regular maintenance of air-cooling equipment, and timed controls to ensure scientific and rational use of air conditioning, thereby reducing power consumption
- Shutting down some IT facilities during off-peak seasons or automatically shutting down parts of systems and facilities to reduce energy consumption based on business volume fluctuations

Energy conservation management measures

Lianlian DigiTech fully recognizes the significant impact of reducing data center energy consumption on promoting energy conservation and emission reduction. We consider energy consumption levels and energy utilization efficiency as crucial factors when selecting data centers and cloud service providers. We prioritize suppliers who implement sustainable development initiatives and commit to reducing carbon emissions, so as to build low-energy, high-efficiency green data centers.

Greenhouse gas management

Actively responding to China's carbon peaking and carbon neutrality strategic requirements, Lianlian DigiTech continuously explores carbon reduction opportunities. Our operational carbon emissions primarily stem from electricity consumption. We consider greenhouse gas emission reduction as a key aspect of environmental management and continuously reduce carbon emissions through robust energy conservation management measures. We also encourage employees to use public transport vehicles to reduce carbon emissions from commuting.

Our energy consumption and greenhouse gas emissions during the Reporting Period are shown in the table below.

Table: Energy consumption and greenhouse gas emissions in 2023

Indicators	Unit	2023
Natural gas	10,000 m^3	9.35
Gasoline	Tonnes	13.93
Total direct energy consumption[1]	Tonnes of standard coal	123.39
Direct energy consumption density	Tonnes of standard coal/RMB million of revenue	0.12
Externally purchased electricity	10,000 KWH	369.05
Total indirect energy consumption	Tonnes of standard coal	453.56
Indirect energy consumption density	Tonnes of standard coal/RMB million of revenue	0.44
Scope 1 greenhouse gas emissions[2]	Tonnes of CO_2 equivalent	244.64
Scope 2 greenhouse gas emissions[3]	Tonnes of CO_2 equivalent	2,104.66
Total greenhouse gas emissions (Scope 1+ Scope 2)	Tonnes of CO_2 equivalent	2,349.31
Greenhouse gas emissions Intensity	Tonners of CO_2/RMB million of revenue	2.28

2.3.2 Resource Conservation

Water management

Adhering to the principle of water conservation, Lianlian DigiTech comprehensively utilizes water resources. Our water consumption mainly derives from domestic water usage in office spaces, all sourced from municipal water supplies. We have obtained water extraction permits in accordance with the law and have not encountered any significant issues in securing suitable water sources. Our water resource consumption during the Reporting Period is shown in the table below.

Table: Water consumption in 2023

Indicators	Unit	Total consumption/density
Water consumption	Tonnes	44,662
Water consumption intensity	Tonnes/RMB million of revenue	43.43

1 Energy consumption is calculated according to the General principles for calculation of the comprehensive energy consumption (GB2589-2020)

2 Scope 1 was calculated based on (1) the low calorific values of natural gas and gasoline set out in the Study on China's Greenhouse Gas Inventory in 2005, which is 389.31GJ/10,000 Nm^3 and 44.8 GJ/t respectively; (2) the carbon content per unit calorific value of natural gas and gasoline set out in the 2006 IPCC National Greenhouse Gas Inventory Guidelines and the Provincial Greenhouse Gas Inventory Guidelines (Trial), which is 0.0153tC/GJ and 0.0189tC/GJ respectively; (3) the carbon oxidation rate of natural gas and gasoline set out in the Provincial Greenhouse Gas Inventory Preparation Guidelines (Trial), which is 99% and 98% respectively

3 Scope 2 was calculated based on 0.5703t CO_2/MWh, the average carbon dioxide emission factor of China's regional power grid in 2022 set out in the Notice on Effectively Managing the Report of Greenhouse Gas Emissions of Power Generation Enterprises from 2023 to 2025 by the Ministry of Ecology and Environment

We have installed water-saving appliances in restrooms, sinks, and other water usage locations, along with water-saving signs to promote water conservation awareness and continuously reduce water consumption density.

Green office

We greatly advance green office and green operation pattern, actively promote paperless office practices, implement online process approvals, and double-sided printing to minimize paper resource consumption. We collect waste paper and consumables from office and have them recycled by third-party partners to reduce resource waste and improve resource utilization efficiency.

2.4 Addressing Climate Change

In the context of global climate change, Lianlian DigiTech recognizes that climate-related risks may significantly impact its stable operations. Based on our business and operational characteristics, we continuously identify climate-related risks and actively formulate response plans to comprehensively enhance climate resilience and lay a solid foundation for our sustainable development.

During the Reporting Period, we analyzed the physical and transition risks that the Group may face based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Risk type	Risk description	Timeframe	Potential impact	Countermeasure
Physical risk	Extreme weather events caused by climate change	Mid-to-long term	• Data centers and server clusters may be damaged by extreme events such as floods, hurricanes, or fires, leading to service interruptions and customer downtime	• Developing and improving emergency plans and response mechanisms for extreme weather events • Equipping data center locations with comprehensive drainage systems and rainwater collection facilities, and conducting thorough environmental safety hazard inspections to reduce safety risks
	Sea level rise	Mid-to-long term	• Office locations may face the risk of tsunamis, impacting operational safety of local company	• Developing and improving flood control emergency plans and response mechanisms to minimize the adverse impacts and safety risks of tsunamis and floods on stable operations

Risk type	Risk description	Timeframe	Potential impact	Countermeasure
Transition risk	Energy price fluctuations	Mid-to-long term	• As energy demand increases, energy costs and prices may rise, impacting the operating costs of server clusters and data centers, ultimately affecting the prices charged for server hosting or cloud services	• Exploring energy-saving opportunities and improving energy utilization efficiency by adopting more energy-efficient equipment • Increasing the use of clean energy and the utilization proportion of renewable energy to avoid cost issues caused by price increases of a single energy type
	Policy and regulatory environment	Short term	• Relevant policies impose higher requirements on corporate carbon emissions and data accuracy	• Further improving the statistical standard of environmental data, including carbon emissions, to enhance the accuracy of data disclosure
		Mid-to-long term	• Policy changes may lead to new regulations and policy requirements for server clusters, data centers, and overall operations of the Company	• Continuously monitoring changes in external laws and regulations, and promptly updating and improving internal systems to ensure that all aspects of operations comply with the regulations and requirements of national and local regulators

3. BEING PEOPLE-ORIENTED

Lianlian DigiTech firmly believes that our employees are the cornerstone of our growth and progress. We are dedicated to fostering an equitable, inclusive, and diverse work environment. We offer extensive growth and development opportunities for our employees, working hand-in-hand to achieve mutual success.

3.1 Compliant Employment

We strictly adhere to laws and regulations, including the *Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China*, and *Employment Promotion Law of the People's Republic of China*, and have established the Employee Code of Conduct to ensure the protection of every employee's legal rights and interests.

Recruitment and employment

On the principles of openness, fairness, and equality, based on standardized recruitment process and mechanism, Lianlian DigiTech attracts talents from all walks of life through diverse online and offline channels.

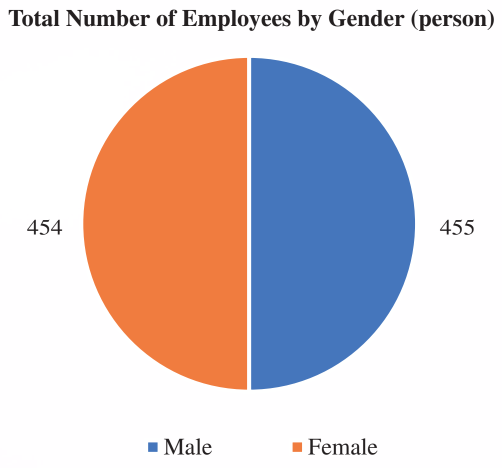
We strictly prohibit the employment of child labor. During recruitment, interviews, and hiring, we rigorously verify the certificates showing age and other information of applicants to ensure they meet employment requirements. We also have clear regulations regarding dismissal and termination of labor contracts, ensuring transparency in the employment process.

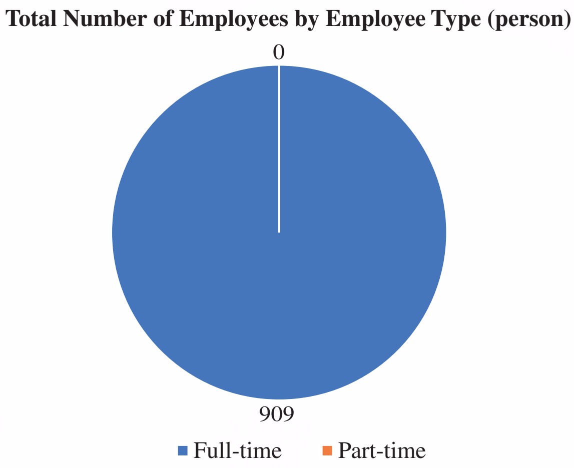
Preventing forced labor and discrimination

We prohibit all forms of violation and misconduct, including forced labor, infringement, and harassment. We are committed to providing equal opportunities for employment and advancement, and we oppose any form of discrimination based on race, ethnicity, nationality, gender, physical condition, religion, sexual orientation, or age.

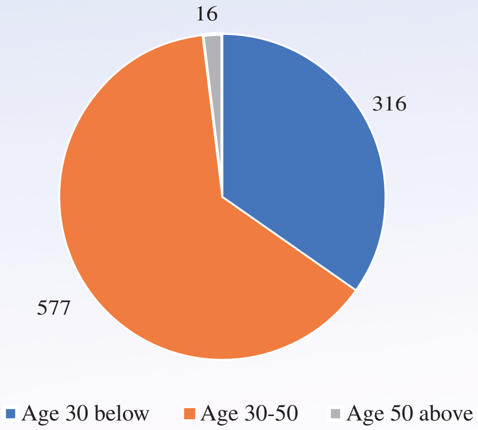
In the event of any employment violation or discrimination, we will conduct a prompt investigation and, in accordance with internal policies and regulations, take appropriate disciplinary or termination actions against responsible individuals and employees. If necessary, cases will be transferred to public security authorities.

As of the end of the Reporting Period, Lianlian DigiTech had 909 employees. The breakdown by category is shown in the following chart.

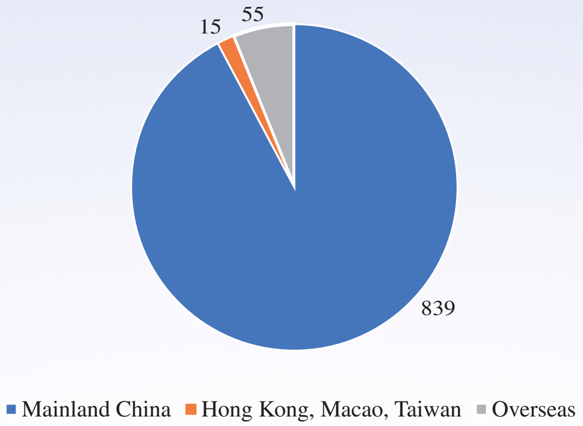




Total Number of Employees by Age (person)



Total Number of Employees by Geographical Region (person)



The employee turnover rate at Lianlian DigiTech during the Reporting Period is shown in the following table.

Table: Turnover rate by category

Indicator		Unit	2023
Employee Turnover Rate by Gender	Male	%	32.39
	Female	%	24.46
Employee Turnover Rate by Age	Age < 30	%	34.03
	Age 30-50	%	25.45
	Age > 50	%	23.81
Employee Turnover Rate by Geographical Region	Mainland China	%	27.92
	Hong Kong, Macao and Taiwan	%	6.25
	Overseas regions	%	41.49

3.2 Employees' Rights and Interests

We provide our employees with competitive compensation and benefits packages, safeguard their legal rights and interests and continuously improve their satisfaction and well-being.

3.2.1 Compensation and Benefits

We manage our compensation in strict accordance with applicable laws and regulations in regions where we operate, including the *Labor Contract Law of the People's Republic of China*, *Regulations on Paid Annual Leave for Employees*, and *Administrative Measures of Zhejiang Province on Enterprise Wage Payment*. We clearly define that employee compensation consists of salary, statutory benefits, and company-provided benefits. In addition to statutory benefits, we offer additional benefits, including but not limited to supplementary commercial insurance, lunch subsidies, afternoon tea, marriage and pregnancy benefits, and holiday benefits.

3.2.2 Care and Communication

We actively fulfill our corporate social responsibility by organizing employee care activities such as free haircuts, free medical consultations, sports events, and group-buying events to enhance the quality of life for our employees.

Mid-Autumn Festival Group-buying Event

- In September 2023, the Company's administrative team and the labor union jointly organized a Mid-Autumn Festival group-buying event to provide employees with holiday benefits. Employees could enjoy company-provided discounts to purchase mooncakes, fruits, and other festive goods at lower prices. Nearly 700 employees participated in this event.

"March 8th Goddess Day" Caring Event

- On March 8, 2023, the Company held a "March 8th Goddess Day" caring event for all female employees, presenting them with flowers and other gifts to convey the Company's care and responsibility.

Our Employee Code of Conduct and Employee Disciplinary Policy provide for employee grievances and complaints, and specify multiple communication and feedback channels to allow employees to make claims on issues of concern and enable them to receive active responses.

3.3 Development and Training

Lianlian DigiTech has been committed to achieving mutual development for both the Company and its employees. We have established a scientific promotion mechanism and provide employees with a multi-dimensional training system, aiming to create a high-quality platform for talent development.

3.3.1 Employee Development

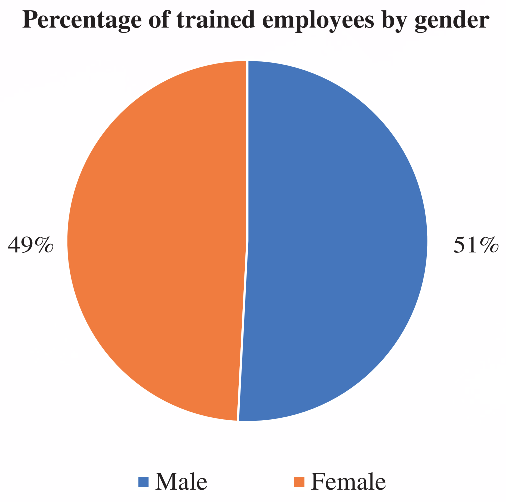
We have established a "professional + management" dual-track promotion system for employees in both sales and non-sales roles. We consider factors such as professional knowledge, performance, and overall capabilities in making promotion decisions through nomination and presentation processes.

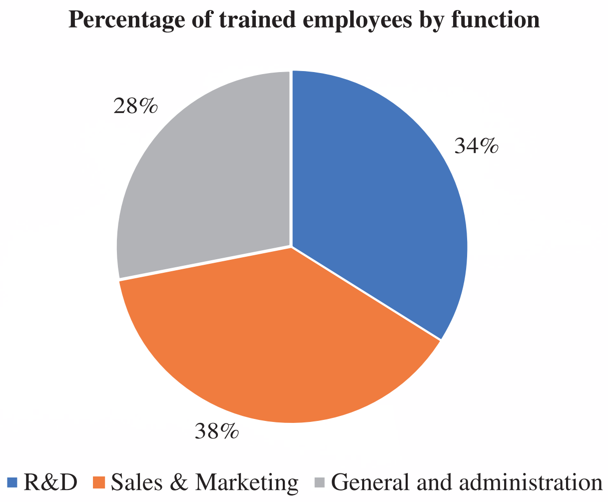
For employee performance assessment, we have formulated a Performance Management system. Performance assessments are conducted quarterly, semi-annually, or annually, and employee performance is categorized based on a certain proportion and assessment results, ensuring a scientific and rational approach to employee performance assessment.

3.3.2 Employee Training

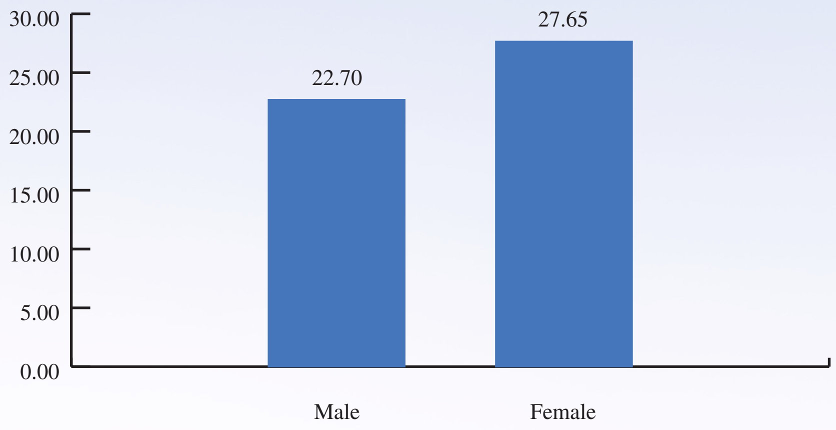
To help employees integrate into the workplace and further improve their professional skills and management level, we offer comprehensive training support for employees of different levels and categories. In 2023, we conducted training for new employees and sales persons, covering multiple topics such as team integration, skill development, and concept cultivation.

The percentage of employees trained and average training hours by category during the Reporting Period are presented in the following table.

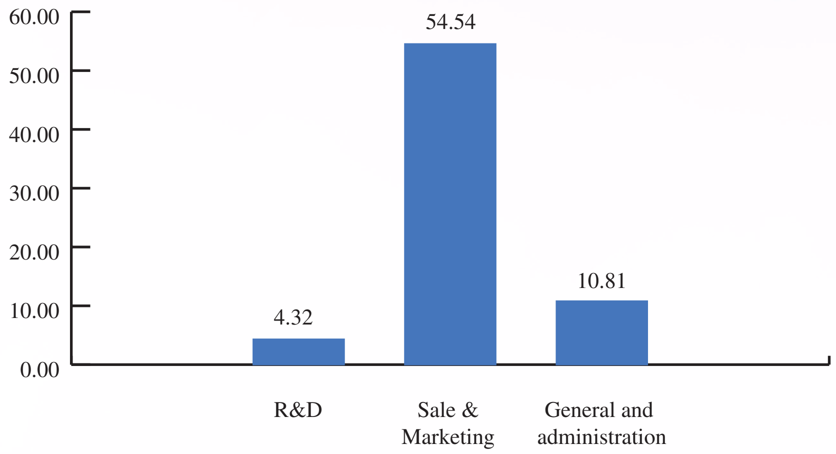




Average Training Hours by Gender (Hour/person)



Average Training Hours by Function (Hour/person)



3.4 Health and Safety

Lianlian DigiTech prioritizes employee safety and physical and mental health. We strictly adhere to laws and regulations such as the *Occupational Disease Prevention and Control Law of the People's Republic of China*, and have established the Workplace Safety Regulations to prevent potential safety hazards and risks, and create a work environment and conditions that meet national standards.

We provide employees with work-related injury insurance as required by laws and regulations. We have dedicated facilities such as nursing rooms and have developed strict regulations for workplace disinfection and cleaning to ensure a safe office environment.

In addition to ensuring workplace safety, we continuously monitor employee health by providing annual free health checkups and corresponding report interpretation and medical services. Based on annual health checkup results, we appropriately adjust our supplementary medical insurance plan for the following year to provide ongoing protection for employee health.

There has been no work-related fatalities at Lianlian DigiTech in the past three years. During the Reporting Period, the number of workdays lost due to work-related injuries was zero.

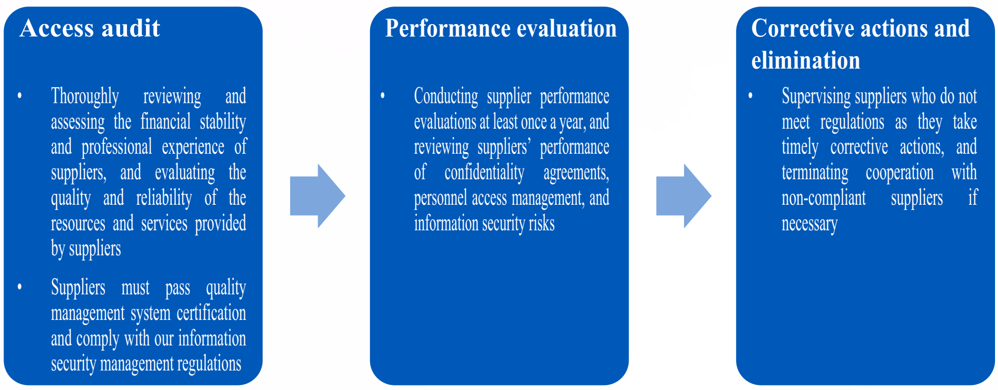
4 SUPPLY CHAIN MANAGEMENT

Being dedicated to building a stable, efficient, and responsible supply chain, Lianlian DigiTech continuously improves its supplier management system, strengthens the environmental and social risk oversight across the supply chain, and strives to establish open and win-win partnerships with its suppliers.

4.1 Supply Chain Compliance Management

Lianlian DigiTech has established and implemented the Procurement Management System and Supplier Management System to standardize procurement processes, and define management measures for supplier access, classification management, evaluation, and elimination throughout the lifecycle. We categorize suppliers into technical service suppliers, information security suppliers, and software development suppliers, and implement tiered management based on their qualifications and performance evaluations.

We conduct qualification reviews according to the supplier access requirements, rigorously implement supplier performance evaluations, and supervise the implementation of corrective actions, dedicating to enhancing the quality and sustainability of our supply chain. Additionally, we maintain regular communication with suppliers through site visits, emails, and phone calls, ensuring transparency and stability in our cooperation with suppliers.



Supplier Management Mechanism

Number of suppliers of Lianlian DigiTech by geographical region during the Reporting Period is as follows:

Table: Number of suppliers by geographical region in 2023

Geographical Regions	Unit	2023
Mainland China	/	167
Hong Kong, Macao and Taiwan regions	/	9
Overseas regions	/	33
Total	/	209

4.2 Supply Chain Risk Management

To ensure the strength and effectiveness of our social and environmental risk assessments for suppliers, we comprehensively review and evaluate their qualifications during the access stage, including negative reports related to business ethics, labor employment and rights and interests, data security, environmental management, and other ESG aspects. To mitigate supply chain risks, we focus on supplier ESG performance during the evaluation process and urge them to improve their ESG management practices, achieving dynamic management of supply chain risks.

We attach great importance to building a culture of integrity in procurement. Through anti-corruption and integrity clauses in supplier contracts, we strictly regulate interactions and cooperation between our personnel and suppliers. To mitigate the indirect impact of supplier environmental footprints, we actively research the carbon footprint of third-party service providers. We also consider environmental and low-carbon standards as one of the evaluation factors when selecting service suppliers, promoting a low-carbon and green supply chain.

5 PRODUCTS AND SERVICES

Lianlian DigiTech prioritizes exceptional quality and leading service as its core competitive strengths, and ensures the quality of products and services throughout the entire process, from research and development to operation and maintenance. Our customer-centric concept drives us to actively meet their diverse needs, safeguard information and privacy security in all aspects, and always improve customer experience and satisfaction.

5.1 Responsible Products

5.1.1Product Quality Control

Lianlian DigiTech adheres to regulatory requirements in the regions where it operates, such as the Administrative Measures for Payment Services of Non-Financial Institutions and the Security Assessment Measures for Outbound Data Transfers, demonstrating its commitment to building secure, reliable, stable, and high-quality digital payment solutions. We have established management regimes for information system product R&D and operation and maintenance to ensure quality and efficiency by standardizing the entire lifecycle management in this regard.

R&D stage	Operation and maintenance stage
• We have established the Information System R&D Management Regime to standardize our information system R&D, which ensures R&D quality and improve R&D efficiency at every stage, from software requirements and design to coding, testing, and release	• Following the Information System Operation and Maintenance Management Regime, we carry out operation and maintenance of infrastructure, database, and applications, alarm monitoring, and routine inspections in a standardized manner. This enhances service quality and delivery efficiency while ensuring the secure and reliable operation of information system

Product Quality Management System

As of the end of the Reporting Period, we have obtained ISO 9001 Quality Management System certification and ISO 20000 Information Technology Service Management System certification, and obtained the technical qualification certification in compliance with the requirements of the public security department, the People's Bank of China and international standards, which providing strong support for the quality of our products and services. Our portfolio of 64 payment licenses and related qualifications covers seven major markets, namely mainland China, Hong Kong, Singapore, the United States, the United Kingdom, Thailand, and Indonesia.


英格尔认证
INGEER CERTIFICATION ASSESSMENT SERVICES

质量管理体系认证证书

认证编号：117 23 Q0 0024-02 R1M

兹证明：连连银通电子支付有限公司

统一社会信用代码：913300007517286921

注册地址：浙江省杭州市滨江区越达巷79号1号楼11楼

经营地址：浙江省杭州市滨江区越达巷79号连连大厦1号楼11层

建立的管理体系符合：GB/T 19001-2016 /ISO 9001:2015 质量管理体系 要求

认证范围：互联网支付、移动电话支付的相关服务及其系统软件研发

核　准：

上海英格尔认证有限公司

网址：www.icasiso.com

ISO 9001 Certificate


DNV

管理体系认证证书

证书号码：264079-2018-AQ-RGC-UKAS
首次签发日期：2018年06月21日
有效期限：2021年06月21日 – 2024年06月21日

兹证明

连连数字科技股份有限公司

中国浙江省杭州市滨江区越达巷79号1号楼10楼&11楼，邮编：310015
地址见附页

信息技术服务管理体系符合：

ISO/IEC 20000-1:2018标准

此证书对下列产品或服务范围有效：

连连数字科技股份有限公司服务管理体系支持依据服务目录从公司办公地点及数据中心向外部客户提供第三方支付业务服务及支付平台的运行与维护服务

证书签发地点及日期：
上海，2021年06月10日

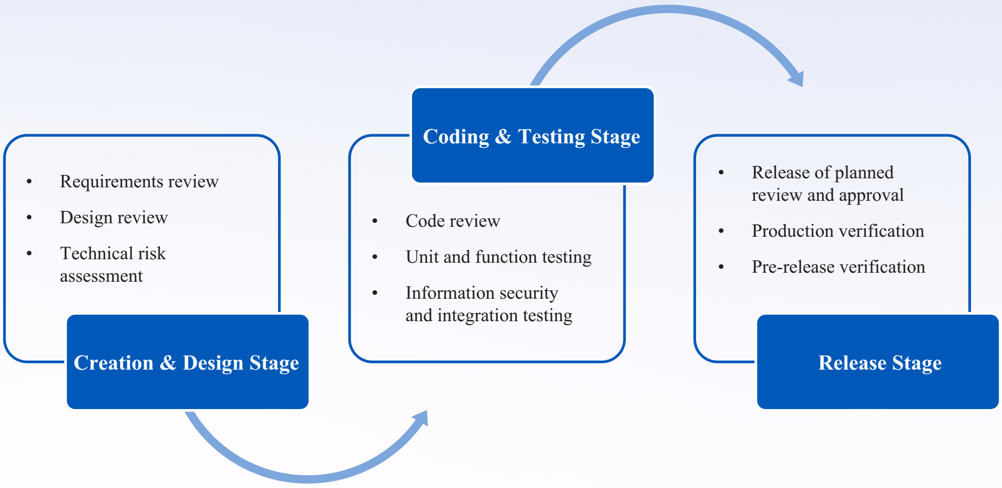
证书认可签发机构：
DNV - Business Assurance

ISO 20000 Certificate

Table: Technical security and compliance certifications obtained by Lianlian DigiTech (part)

Qualification in line with requirements of public security authorities	Internet Payment (including Cross-border Payment) System Cybersecurity Level Testing Certification Mobile Phone Payment (Remote Payment) System Cybersecurity Level Testing Certification Basic Network System Cybersecurity Level Testing Certification
Technical qualification in line with requirements of the People's Bank of China	Service Certification (Basic Certification (Level 1)) for Payment Service Facilities of Non-bank Payment Institutions China Unionpay UPDSS Certificate Personal Financial Information Protection Capability Certification
Technical qualification up to international standards	Yintong PCI DSS Certification Litepay PCI DSS Certification Lianlian DigiTech Thailand PCI DSS Certification Lianlian DigiTech Singapore PCI DSS Certification Lianlian DigiTech USA PCI DSS Certification Lianlian DigiTech International PCI DSS Certification

We utilize our self-developed R&D collaboration platform to control project progress and quality at the R&D stage, and take multiple measures to strictly ensure product release quality and information security. As Lianlian DigiTech primarily provides online services through its technology platform, no product is subject to recall.



Quality Review Mechanism During Project R&D Process

We emphasize cultivating a culture of quality, and always strengthen employees' quality awareness and quality control capabilities. During the Reporting Period, we organized eight quality and technology-related training sessions, covering topics such as process standardization, tool and platform use, technical risk awareness, and testing standards, to continuously improve our quality control level.

Lianlian DigiTech actively participates in various industry exchange activities. We have become a standing director unit of the Payment & Clearing Association of China and have joined multiple industry associations, including the National Internet Finance Association of China and the Zhejiang Provincial Technical Committee for Professional Standardization. Through participation in association forums and building cooperative relationships, we enhance our service capabilities, continuously improve the quality control level of our technology platform, and work together with partners to promote the healthy development of the industry ecosystem.

5.1.2Responsible Marketing

Lianlian DigiTech adheres to the principles of truthfulness, transparency, integrity, and compliance in its brand publicity activities. We strictly follow internal regulations such as the External Publicity Management Measures, New Media Management System, Social Media Application Management Measures, and Public Opinion Management System to strictly regulate the publicity, review, release, and management processes of product content and brand-related advertisements.

To ensure the compliance and accuracy of external publicity content, we have established a strict review process, including several rounds of consideration and verification, such as content submission for approval, material authorization, text review, feedback-based adjustment, and final review and release. This effectively strengthens the compliance supervision of advertisements. Furthermore, we organize compliance training for advertising and publicity to enhance employees' understanding of product content, guide them in the correct use of publicity methods, and prevent infringement and illegal publicity activities.

5.2 Customer Services

5.2.1 Customer Management

Lianlian DigiTech abides by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and other applicable laws and regulations. We provide customer services in line with established policies, including the Customer Rights and Interests Protection System, Guidelines for Cross-border Customer Service Standards, and Cross-border Customer Complaint Handling Process, to completely respect and protect customer rights and interests.

Lianlian DigiTech actively responds to customer feedback and complaints, and utilizes service hotlines and several media channels to address customer concerns with dedication and care. Additionally, we set up self-service inquiry options for frequently asked questions through our official website and WeChat official account in order to enhance the timeliness and effectiveness of our services.

To effectively handle customer complaints, we have established a robust complaint acceptance process, and take a proactive approach to resolve customer complaints in line with supporting internal policies such as Customer Complaint Handling Process, and Guidelines on Standardized Customer Services. The complaint handling system allows for accurate and complete recording of customer complaint information, which is shared with relevant departments at the first time. Based on risk analysis results, we implement targeted improvement measures for business processes, service agreements, and information disclosure.

Continuous improvements based on customer complaints

In 2023, Lianlian DigiTech received a total of 1,422 complaints from financial consumers through various channels. We have taken a series of measures to address the most common issues raised in these complaints, including continuously improving domestic and cross-border business processes, enhancing service response efficiency, and elevating customer experience.

For issues identified with our partner merchants, we implement solutions such as sending risk alerts and rectification suggestions, reducing transaction limits for high-risk merchants, and even terminating partnerships with those posing significant risks. This ensures merchants strengthen risk control, improve information disclosure, and effectively protect the legitimate rights and interests of financial consumers.

In addition, based on the optimization of our products and functions, we continuously improve our service capabilities, and strengthen the access and transaction monitoring for partner merchants. We safeguards the fund and information security of financial consumers, and effectively reduces the occurrence of customer complaints at source.

To comprehensively understand customers' feedback on our products and services, we regularly conduct customer satisfaction surveys and implement improvement measures based on the results thereof. In 2023, we distributed a questionnaire through various channels, including email, SMS, and our international service account to collect customer satisfaction ratings across three dimensions: service, product, and exchange rate. In response to issues identified in this survey, we launched the "Smile 101" project to continuously enhance service quality and customer satisfaction.

5.2.2 Customized Services

By deeply understanding the business needs of customers across different industries and leveraging our technology platform resources, we create diverse digital payment application scenarios in order to provide global merchants and corporate customers with one-stop, comprehensive digital solutions. we offer customized digital payment solutions for various customer types, including Cross-border E-commerce Customers, Platform and Institutional Customers, Foreign Trade Customers, and Overseas Education Institutions, to help them in their global development.

Cross-border E-commerce Customers

- Lianlian DigiTech launched the service provider payment service to help customers quickly connect with ecosystem service providers within their industries, improving payment efficiency while reducing transaction risks.

Platform and Institutional Customers

- Lianlian DigiTech created an integrated one-stop payment experience to enable customers to access Lianlian's global payment network with a single connection, significantly improving efficiency.

Foreign Trade Customers

- Through a combination of system-based and manual review, we accelerate the review of transaction backgrounds for customers, effectively control risks and continuously improve customer experience.

Overseas Education Institutions

- We collaborate with card organizations like Visa, MasterCard, and American Express to provide card payment services for overseas education institutions, and help Chinese students conveniently pay for their overseas study expenses.

Customized services for various types of customers

To continuously improve the customer service experience, we utilize technologies such as Optical Character Recognition (OCR), electronic signatures, and networked data verification. This reduces the manual workload for information entry, and enhances efficiency and accuracy. Furthermore, we have added slider verification measures in scenarios like user registration, login, and password modification, optimizing the user experience while enhancing the security of user accounts and funds.

Through innovative products and technologies, Lianlian DigiTech consistently meets customer needs, and provides strong support for cross-border payment infrastructure for individuals, small and medium-sized enterprises, large institutions, and society as a whole. Focusing on the financing challenges of small and medium-sized enterprises, we offer more flexible and inclusive financing products and financial services. This empowers their sustainable operation and development, and benefits a wider range of vulnerable groups with the value of the industry.

Enabling small and medium-sized cross-border e-commerce enterprises to solve capital payment problems

Based on the needs for compliance in the process of capital outbound, customer needs for expense support to be split into accounts, and the high cost of purchasing foreign exchange, Lianlian DigiTech has designed a complete whole-chain capital solution for acquiring -splitting -capital compliance in capital outbound through the integration of its own strengths and by linking up the key links of domestic and overseas payments. This capital outbound compliance solution ensures high-efficiency operations along the whole chain route, compliant transaction declaration for outbound capital, and complete acquiring and splitting chain, effectively helping small and medium-sized enterprises to improve transaction efficiency and security.

5.3 Intellectual Property Rights

Lianlian DigiTech adheres to all applicable laws and regulations in regions where it operates, including the *Trademark Law of the People's Republic of China*, *Patent Law of the People's Republic of China*, and follows its internal Intellectual Property Rights Management System to manage and protect intellectual property rights. To cultivate innovation and enhance our competitive advantage, we have established an intellectual property rights team, which is responsible for optimizing intellectual property rights management, such as application for intellectual property rights, reward system, and risk disposition.

We actively monitor the potential intellectual property rights infringements and incentivize employees to report any suspected violations. As of the end of the Reporting Period, Lianlian DigiTech held 256 trademarks, 47 patents, and 105 software copyrights in China. We were also recognized as a "Zhejiang Province High-tech 'Little Giant' Enterprise" during the Reporting Period.

5.4 Information Security and Privacy Protection

Lianlian DigiTech attaches great importance to information security and privacy protection, and strictly adheres to applicable laws and regulations and regulatory requirements in regions where it operates, such as the *Data Security Law of the People's Republic of China*, *Cybersecurity Law of the People's Republic of China*, *Measures for Security Assessment of Cross-Border Data Transfer*, and *Personal Information Protection Law of the People's Republic of China*.

We have established an institutional system, including the Information Security Management Policy, Cybersecurity Management Measures, Data Management Regime, and Personal Information Protection Impact Assessment Regime. These provide scientific guidelines for data and privacy protection throughout our operations. Additionally, the Partner Data Compliance Management Specification that we are implementing ensures the secure handling of data by third-party partners, and safeguards both the Company's data and customer privacy.

We have comprehensively strengthened our data governance across multiple aspects, including data access control, data storage, vulnerability monitoring, and audit-based screening. This continuous effort elevates our data security management and effectively controls and minimizes the risk of data breaches, ultimately providing a strong foundation for protecting our customers' privacy.

Using data access control system

- We implement granular rules on data desensitization based on data sensitivity and establish role-based access controls to prevent excessive authorization and mitigate the risk of data misuse.

Ensuring data storage security

- Advanced data backup technology we have adopted ensures regular backups of offline data from our payment systems, maintaining the integrity and auditability of historical data. We have comprehensive data backup and recovery plans to guarantee data reliability and availability.

Strengthening vulnerability monitoring

- We engage professional external institutions for penetration testing, conduct internal vulnerability assessments using scanning tools, and promptly address any identified vulnerabilities. Our self-developed Lianlian Guard System provides real-time monitoring of application logs, with an alert mechanism to promptly detect anomalies.

Performing audit-based screening

- Our well-defined Personal Privacy Impact Assessment (PIA) process ensures regular assessment and compliance with privacy protection requirements for all data processing activities. We also commission external auditors to further minimize the risk of information leaks by professional third-party audit-based screening.

Organizing information security training

- Regular employee training on privacy protection and data security is mandatory, including online information security training and exams for all new employees. This fosters data security awareness among all employees and a culture of long-term security and protection.

Data Security Management Measures

Our robust data security management system and our achievements in personal information protection have earned us the ISO 27001 Information Security Management System Certification. We also received the Personal Financial Information Protection Certification and were recognized as a "Demonstration Unit for Sound Operation of Personal Financial Information Protection System" by the National Financial Technology Certification Center (Beijing) during the Reporting Period.

ISO 27001 Certification Certificate

Personal Financial Information Protection Certification Certificate

Certificate for Demonstration Unit for Sound Operation of Personal Financial Information Protection System

6. CONTRIBUTIONS TO COMMUNITY

Lianlian DigiTech actively embraces its corporate social responsibility, striving to create value for society. We have consistently focused on philanthropic needs in areas like healthcare, education, and rural revitalization. Through establishing a charitable foundation, building a philanthropic platform, and organizing donation activities, we contribute to promoting sustainable social development.

Since the establishment of the Lianlian DigiTech Public Welfare Foundation in 2019, we have centered our efforts around the theme of "Focus on the Future" to assist families facing poverty due to illness or financial hardship and address various children's issues. By wholeheartedly promoting philanthropy in areas such as poverty alleviation and educational support, we are forging a unique philanthropic path that reflects Lianlian DigiTech's distinct values.

During the Reporting Period, our total investment in social welfare initiatives through our associated Public Welfare Foundation reached RMB199,100.

Lianlian DigiTech donated supplies to the College of Medicine in Dege Zongsa, Tibet

Public Welfare Donation Activity for the College of Medicine in Dege Zongsa, Tibet

To address shortage of funding and resources of the College of Medicine in Dege Zongsa, the Lianlian DigiTech Public Welfare Foundation donated teaching displays, books, and various living supplies in 2023, with a total value of approximately RMB179,100. These donations significantly improves the teaching quality and living conditions at the college, demonstrating Lianlian DigiTech's commitment and motivation to support the nation's rural revitalization strategy and poverty alleviation through education.

APPENDIX INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE ISSUED BY THE HONG KONG STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs			Index
A. Environmental			
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		2.2 Emissions Management
	KPI A1.1	The types of emissions and respective emissions data.	As a non-manufacturing company, air emissions do not constitute a significant impact. Lianlian DigiTech does not, based on the principle of materiality, collect or disclose the types of air emissions and respective emissions data.
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.2 Emissions Management
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	As a non-manufacturing company, hazardous waste emissions do not constitute a significant impact. Lianlian DigiTech does not, based on the principle of materiality, collect or disclose the total hazardous waste and intensity.
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.2 Emissions Management
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	2.1 Environmental Goals 2.2 Emissions Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.1 Environmental Goals 2.2 Emissions Management

Subject Areas, Aspects, General Disclosures and KPIs			Index
Aspect A2:	General Disclosure		2.3 Resource Management
Use of resources	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.		
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2.3 Resource Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2.3 Resource Management
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2.1 Environmental Goals 2.3 Resource Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.1 Environmental Goals 2.3 Resource Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The core business of the Group revolves around digital payment services, which means we do not utilize packaging materials used for finished products and are exempt from related reporting requirements.
Aspect A3:	General Disclosure		2.2 Emissions Management 2.3 Resource Management
The Environment and Natural Resources	Policies on minimizing the issuer's significant impact on the environment and natural resources.		
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2.2 Emissions Management 2.3 Resource Management
Aspect A4:	General Disclosure		2.4 Addressing Climate Change
Climate change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	2.4 Addressing Climate Change

Subject Areas, Aspects, General Disclosures and KPIs			Index
B. Social			
Employment and Labour Practices			
Aspect B1:	General Disclosure		3.1 Compliant Employment
Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		
	KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	3.1 Compliant Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Compliant Employment
Aspect B2:	General Disclosure		3.4 Health and Safety
Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4 Health and Safety
	KPI B2.2	Lost days due to work injury.	3.4 Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.4 Health and Safety
Aspect B3:	General Disclosure		3.3 Development and Training
Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.3 Development and Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	3.3 Development and Training

Subject Areas, Aspects, General Disclosures and KPIs			Index
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		3.1 Compliant Employment
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.1 Compliant Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Compliant Employment

Operating Practices

Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		4.1 Supply Chain Compliance Management
	KPI B5.1	Number of suppliers by geographical region.	4.1 Supply Chain Compliance Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.1 Supply Chain Compliance Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.2 Supply Chain Risk Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.2 Supply Chain Risk Management

Subject Areas, Aspects, General Disclosures and KPIs			Index
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		5.1 Responsible Products
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The core business of the Group revolves around digital payment services, which means we do not have products subject to recalls and are exempt from related reporting requirements.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.2 Customer Services
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.3 Intellectual Property Rights
	KPI B6.4	Description of quality assurance process and recall procedures.	The core business of the Group revolves around digital payment services, which means we do not have products subject to assurance and recalls and are exempt from related reporting requirements.
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.4 Information Security and Privacy Protection

Subject Areas, Aspects, General Disclosures and KPIs			Index
Aspect B7: Anticorruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		1.1 Compliance Operation
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.1 Compliance Operation
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.1 Compliance Operation
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	1.1 Compliance Operation
Community			
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		6 Contributions to Community
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6 Contributions to Community
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6 Contributions to Community

To the Shareholders of Lianlian DigiTech Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Lianlian DigiTech Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 115 to 217, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

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

The key audit matter identified in our audit is related to revenue recognition of digital payment services.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of digital payment services	
Refer to note 5 to the consolidated financial statements. For the year ended 31 December 2023, the Group recognised revenue of approximately RMB874,212,000 from digital payment services mainly included pay-in, pay-out, acquiring, foreign exchange, virtual card and payment aggregation services. The revenue of digital payment services is mainly recognised at a point in time upon completion of the payment services, which is mainly calculated based on applicable service fee rates of the transaction amount or a fixed service fee per transaction as agreed in the customer contracts. In addition, foreign exchange revenue is recognised at a point in time when the currency exchange transaction is completed. The Group also collect a fixed fee on monthly, quarterly or annual basis from its customers, of which the revenue is recognised over a period of time. We identified revenue recognition of digital payment services as a key audit matter, as auditing revenue from digital payments services required significant extent of effort due to the large volume and the involvement of the complex information systems.	Our procedures in relation to the revenue recognition of digital payment services mainly included: We understood and evaluated management's internal controls, and tested relevant controls, on a sample basis, in relation to the revenue recognition of digital payment services, including information technology general controls related to complex IT environment, IT dependencies including system generated reports, interfaces between business systems and key automated application controls used in capturing and processing the payment services transactions in relation to revenue recognition of digital payment services with the assistance of our internal information technology specialists. We understood and evaluated the appropriateness of the Group's accounting policy on recognition of revenue from digital payment services by tracing to the sales agreements, on a sample basis, to examine the key terms including the Group's performance obligations. We performed risk-based data analysis over revenue from digital payment services, at a disaggregated level, including analysing patterns of operations based on our industry knowledge to evaluate the overall trend and fluctuations of revenue.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of digital payment services (continued)	
	We reconciled digital payment services revenue transaction data from business systems to general ledgers to test the completeness of revenue. With assistance of computer assisted audit techniques, we tested the revenue transactions of digital payment services, on a sample basis, by: (i) tracing the payment service fee rates of the transaction amount or a fixed service fee per transaction to the customer contracts; (ii) tracing the revenue recognised from foreign currency exchange transactions to bank transaction records; (iii) performing confirmation procedures with customers for revenue from digital payment services and relevant account balances. For revenue from fixed fee on monthly, quarterly or annual basis, we traced the fixed fee and service period to the customer agreements, and recalculated the revenue recognised over time and agreed to revenue subledgers. Based on the above procedures, we found the revenue recognition of digital payment services was supported by the evidence we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Kam Chin.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 25 April 2024

Consolidated Statements of Comprehensive Loss

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	*5*	**1,028,256**	742,748
Cost of sales	*6*	**(450,904)**	(276,779)
Gross profit		**577,352**	465,969
Selling and marketing expenses	*6*	**(191,799)**	(138,976)
General and administrative expenses	*6*	**(480,473)**	(258,314)
Research and development expenses	*6*	**(268,165)**	(210,401)
Other income	*8*	**108,457**	27,169
Other gains	*9*	**279,848**	15,440
Provision for impairment on financial assets	*3.1(b)*	**(1,763)**	(747)
Operating profit/(loss)		**23,457**	(99,860)
Finance income	*10*	**2,771**	8,419
Finance costs	*10*	**(12,801)**	(4,181)
Finance (cost)/income – net		**(10,030)**	4,238
Share of net loss of associates accounted for using the equity method	*17*	**(665,183)**	(805,016)
Loss before income tax		**(651,756)**	(900,638)
Income tax expenses	*11*	**(2,459)**	(16,228)
Loss for the year		**(654,215)**	(916,866)
Loss for the year attributable to:			
– Owners of the Company		**(656,064)**	(916,540)
– Non-controlling interests		**1,849**	(326)
		(654,215)	(916,866)
Loss per share attributable to the owners of the Company			
Basic loss per share (in RMB)	*12(a)*	**(0.65)**	(0.90)
Diluted loss per share (in RMB)	*12(b)*	**(0.65)**	(0.90)
Other comprehensive (loss)/(income)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(615)**	66
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investment at fair value through other comprehensive income		**(3,981)**	5,026
Other comprehensive (loss)/income for the year, net of income tax		**(4,596)**	5,092
Total comprehensive loss for the year		**(658,811)**	(911,774)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		**(660,585)**	(911,376)
– Non-controlling interests		**1,774**	(398)
		(658,811)	(911,774)

The notes on pages 120 to 217 are an integral part of the consolidated financial statements.

Consolidated Balance Sheets

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	*13*	**120,773**	132,967
Right-of-use assets	*14(a)*	**19,381**	15,531
Investment properties	*15*	**165,039**	169,053
Intangible assets	*16*	**17,191**	19,019
Deferred income tax assets	*31*	**17,806**	4,687
Investments accounted for using the equity method	*17*	**292,518**	205,620
Financial assets at fair value through other comprehensive income	*22*	**39,006**	43,689
Financial assets at fair value through profit or loss	*21(a)*	**82,445**	82,578
Total non-current assets		**754,159**	673,144
Current assets			
Prepayments, other receivables and other assets	*19*	**79,049**	340,230
Trade receivables	*20*	**67,552**	40,623
Financial assets at fair value through profit or loss	*21(a)*	**192,321**	188,567
Inventories		**667**	687
Customer accounts and restricted cash	*23*	**9,183,911**	8,757,259
Cash and cash equivalents	*23*	**189,840**	145,504
Total current assets		**9,713,340**	9,472,870
Total assets		**10,467,499**	10,146,014
Liabilities			
Non-current liabilities			
Borrowings	*29*	**147,900**	158,950
Lease liabilities	*14(b)*	**7,599**	4,896
Deferred income tax liabilities	*31*	**165**	89
Deferred income	*30*	**9,480**	11,820
Total non-current liabilities		**165,144**	175,755
Current liabilities			
Trade payables	*27*	**76,006**	38,946
Contract liabilities	*5(d)*	**12,645**	9,601
Income tax payables		**8,614**	4,611
Borrowings	*29*	**289,645**	105,279
Lease liabilities	*14(b)*	**9,874**	9,071
Accruals and other payables	*28*	**9,311,927**	8,742,296
Total current liabilities		**9,708,711**	8,909,804
Total liabilities		**9,873,855**	9,085,559

		As at 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Equity			
Share capital	*24*	**1,014,760**	1,014,760
Other reserves	*25*	**2,255,086**	2,067,341
Accumulated losses		**(2,680,545)**	(2,023,710)
Equity attributable to owners of the Company		**589,301**	1,058,391
Non-controlling interests		**4,343**	2,064
Total equity		**593,644**	1,060,455
Total equity and liabilities		**10,467,499**	10,146,014

The notes on pages 120 to 217 are an integral part of the consolidated financial statements.

The financial statements on pages 115 to 217 were approved by the board of directors (the "Board") on 25 April 2024 and were signed on it behalf.

Xin Jie
Director

Xue Qiangjun
Director

Consolidated Statements of Changes in Equity

	Notes	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the Company					
Balance as at 1 January 2022		1,014,760	2,009,899	(1,107,170)	1,917,489	820	1,918,309
Loss for the year		–	–	(916,540)	(916,540)	(326)	(916,866)
Other comprehensive income/(loss)		–	5,164	–	5,164	(72)	5,092
Total comprehensive loss		–	5,164	(916,540)	(911,376)	(398)	(911,774)
Transactions with equity holders of the Company:							
Share-based compensation	*7, 26*	–	52,278	–	52,278	–	52,278
Capital contributions from non-controlling interests		–	–	–	–	1,642	1,642
Balance as at 31 December 2022		1,014,760	2,067,341	(2,023,710)	1,058,391	2,064	1,060,455
Balance as at 1 January 2023		**1,014,760**	**2,067,341**	**(2,023,710)**	**1,058,391**	**2,064**	**1,060,455**
(Loss)/profit for the year		**–**	**–**	**(656,064)**	**(656,064)**	**1,849**	**(654,215)**
Other comprehensive loss		**–**	**(4,521)**	**–**	**(4,521)**	**(75)**	**(4,596)**
Total comprehensive loss		**–**	**(4,521)**	**(656,064)**	**(660,585)**	**1,774**	**(658,811)**
Transactions with equity holders of the Company:							
Profit appropriations to statutory reserves	*25*	**–**	**771**	**(771)**	**–**	**–**	**–**
Share-based compensation	*7, 26*	**–**	**191,495**	**–**	**191,495**	**–**	**191,495**
Capital contributions from non-controlling interests		**–**	**–**	**–**	**–**	**505**	**505**
Balance as at 31 December 2023		**1,014,760**	**2,255,086**	**(2,680,545)**	**589,301**	**4,343**	**593,644**

The notes on pages 120 to 217 are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

	Notes	Year ended 31 December **2023** ***RMB'000***	 2022 *RMB'000*
Cash flows from operating activities			
Cash generated from/(used in) operations	*33(a)*	**685**	(55,121)
Interests received		**101,988**	29,164
Income tax paid		**(8,024)**	(7,380)
Net cash generated from/(used in) operating activities		**94,649**	(33,337)
Cash flows from investing activities			
Proceeds from repayment of loans to related parties	*36(b)(iv)*	**300,000**	–
Loans to related parties	*36(b)(iv)*	**–**	(300,000)
Interests received from loans to related parties	*36(b)(iv)*	**10,785**	–
Proceeds from disposal of property, plant and equipment and intangible assets		**–**	32
Other investment income received	*8*	**308**	335
Capital injection for associates	*17*	**(507,611)**	(620,000)
Payment for financial assets at FVPL	*3.3(b)*	**(470)**	–
Payment for acquisition of property, plant and equipment		**(1,599)**	(11,986)
Payment for acquisition of intangible assets		**(3,212)**	(9,450)
Net cash used in investing activities		**(201,799)**	(941,069)
Cash flows from financing activities			
Proceeds from capital contribution from non-controlling interests		**505**	1,642
Proceeds from borrowings		**586,449**	259,415
Repayment of borrowings		**(412,688)**	(557)
Pledged deposits for borrowings	*23(a)*	**–**	(5,100)
Release of pledged deposits		**5,100**	–
Interests of borrowings paid		**(12,616)**	(2,379)
Principal and interests of lease payments	*14(b)*	**(10,199)**	(10,427)
Payments for listing expenses		**(7,374)**	–
Net cash generated from financing activities		**149,177**	242,594
Net increase/(decrease) in cash and cash equivalents		**42,027**	(731,812)
Cash and cash equivalents at beginning of the year		**145,504**	871,460
Effects of exchange rate changes on cash and cash equivalents		**2,309**	5,856
Cash and cash equivalents at end of the year	*23*	**189,840**	145,504

The notes on pages 120 to 217 are an integral part of the consolidated financial statements.

1 GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the "PRC" or China) on 2 February 2009. The address of the Company's registered office is B3, 12/F, Building 1, No. 79 Yueda Alley, Binjiang District, Hangzhou, Zhejiang, the PRC. In December 2020, the Company was converted into a joint stock limited company.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in provision of digital payment services and value-added services in China. The ultimate controlling party of the Group is Mr. Zhang Zhengyu.

The Company completed its initial public offering and listed its shares on the Main Board of The Stock Exchange of Hong Kong on 28 March 2024.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand RMB (RMB'000), unless otherwise stated.

These consolidated financial statements of the Group have been approved for issue by the Board on 25 April 2024.

2 BASIC OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and derivative liability at fair value through profit or loss or through other comprehensive income, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group'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 4 below.

2 BASIC OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) New and amended Standard adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

	New/amended standards	Effective date
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for the year ended 31 December 2023 and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	New/amended standards	Effective date
Amendments to IAS 1	Classification of Liabilities as Current or Non- current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2 BASIC OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policy and disclosures

The Group has already commenced an assessment of the impact of these new or amended standards, interpretations, and amended improvements, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management of the Group. The Group currently does not use any derivative financial instruments to hedge certain risk exposure.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the Company and its subsidiaries.

The functional currency of most of the Group's subsidiaries outside PRC are US dollars. As at 31 December 2023, if the RMB strengthened/weakened by 5% against the USD with all other variables held constant, loss before income tax for the year would have been approximately RMB5,520,000 higher/lower (31 December 2022: RMB12,448,000 higher/lower). If the USD strengthened/weakened by 5% against other currencies with all other variables held constant, loss before income tax for the year would have been approximately RMB1,365,000 higher/lower (31 December 2022: RMB94,000 higher/lower).

For the foreign exchange risk derived from the future settlement of customer accounts from the global payment services of the Group, which are reflected on the balance sheet as customer accounts and other payables at the end of the reporting period, the Group considers that the businesses in the PRC or overseas are not exposed to any significant foreign exchange risk as customer accounts and other payables of these subsidiaries are mainly denominated in their respective functional currency.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) ***Market risk*** (continued)

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets and liabilities, except for lease liabilities (Note 14(b)), cash and cash equivalents (Note 23), customer accounts and restricted cash (Note 23), and borrowings (Note 29). Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate risk mainly arises from borrowings. As at 31 December 2023 and 2022, the Group's borrowings carried at fixed rates and floating rates, which exposed the Group to fair value interest rate risk and cash flow interest rate risk.

Management does not anticipate significant impact to interest-bearing assets and other liabilities resulted from the changes in interest rates.

(b) ***Credit risk***

Credit risk mainly arises from cash and cash equivalents, customer accounts and restricted cash, trade receivables, loan and factoring receivables and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

(i) Risk management

The Group expects that there is no significant credit risk associated with cash and cash equivalents, customer accounts and restricted cash, since they are deposited at state-owned banks or reputable commercial banks which are high-credit-quality financial institutions. Management does not expect that there will be any significant losses from non-performance by these counterparties. The expected credit loss is immaterial.

For trade receivables, the Group has policies in place to ensure that transactions with credit terms are made to counterparties with an appropriate credit history. Management performs ongoing credit evaluations of its counterparties, of which the credit quality is assessed by taking into account their financial position, past experience and other factors (Note 3.1b(ii)).

For other receivables, management makes periodic assessment on the recoverability of other receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit losses approach that results from possible default event within 12 months of each reporting date is adopted by management (Note 3.1b(ii)).

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) *Credit risk* (continued)

(ii) *Impairment of financial assets*

The Group has two types of financial assets that are subject to the expected credit loss assessment, which are trade receivables and other financial assets at amortised cost.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, account receivables have been grouped based on similar credit risk characteristics and collectively assessed to likelihood of recovery, taking into account the industries that the customer are operating in, their aging category and past collection history. For trade receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) *Credit risk* (continued)

(ii) *Impairment of financial assets* (continued)

Trade receivables (continued)

The expected loss rates are based on credit rating of debtors with similar risk profiles and were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product index ("GDP"), consumer price index ("CPI") and China internet industry price index ("CIIPI") of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The loss allowance as at 31 December 2023 and 2022 was determined as follows for trade receivables.

As at 31 December 2023

	Gross carrying amount *RMB'000*	Expected credit loss rate	Loss allowance *RMB'000*
Within 3 months	**59,409**	**2.52%**	**(1,496)**
3 months to 6 months	**8,930**	**11.02%**	**(984)**
6 months to 1 year	**2,616**	**35.28%**	**(923)**
More than 1 year	**1,199**	**100.00%**	**(1,199)**
	72,154	**6.38%**	**(4,602)**

As at 31 December 2022

	Gross carrying amount *RMB'000*	Expected credit loss rate	Loss allowance *RMB'000*
Within 3 months	30,694	1.28%	(392)
3 months to 6 months	5,885	3.82%	(225)
6 months to 1 year	4,906	23.24%	(1,140)
More than 1 year	2,201	59.34%	(1,306)
	43,686	7.01%	(3,063)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables (continued)

Movements in allowance for impairment of trade receivables are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
At beginning of the year	**(3,063)**	(2,529)
Increase in loss allowance	**(1,835)**	(640)
Write-off	**296**	106
At end of the year	**(4,602)**	(3,063)

Trade receivables are written off when there is a failure of a debtor to make contractual payments for a period of greater than 2 years past due.

Other financial assets at amortised cost

The Group's other financial assets at amortised cost include other receivables and loan and factoring receivables.

Other receivables

Other receivables mainly include other receivables from related parties, deposits and interest receivable. Other receivables that are not credit-impaired on initial recognition are classified in stage 1 and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of other receivable has occurred since initial recognition, the financial asset is moved to 'stage 2' but is not yet deemed to be credit-impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to 'stage 3' and the expected credit loss is measured as lifetime expected credit loss.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) ***Credit risk*** (continued)

(ii) *Impairment of financial assets* (continued)

Other financial assets at amortised cost (continued)

Other receivables (continued)

Management considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis for the years ended 31 December 2023 and 2022. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Indicators that significant increase in credit risk include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 30 days past due. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

- actual or expected significant changes in the operating results of the counterparty;

- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

Management makes periodic assessments on these financial assets based on historical settlement records and past experience, and believes that other receivables has not had a significant increase in credit risk since initial recognition.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other financial assets at amortised cost (continued)

Other receivables (continued)

Movements on the Group's allowance of impairment of other receivables at amortised cost are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
At beginning of the year	**(336)**	(236)
Reversal/(Increase) in loss allowance	**72**	(107)
Written off	**–**	7
At end of the year	**(264)**	(336)

Movements on the Group's allowance of impairment of financial assets at amortised cost are summarised as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
At beginning of the year	**(3,399)**	(2,765)
Increase in loss allowance	**(1,763)**	(747)
Written off	**296**	113
At end of the year	**(4,866)**	(3,399)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk*

The Group aims to maintain sufficient cash and cash equivalents for its business development and expansion. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
As at 31 December 2023					
Trade payables	76,006	–	–	–	76,006
Lease liabilities	10,505	4,579	3,406	–	18,490
Borrowing (including interests)	303,751	17,255	49,125	127,304	497,435
Other payables (excluding VAT payables, other tax payables and staff salaries and welfare payables)	9,191,427	–	–	–	9,191,427
	9,581,689	21,834	52,531	127,304	9,783,358

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk* (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2022					
Trade payables	38,946	–	–	–	38,946
Lease liabilities	9,492	5,136	–	–	14,628
Borrowing (including interests)	111,749	17,515	49,826	140,438	319,528
Other payables (excluding VAT payables, other tax payables and staff salaries and welfare payables)	8,692,901	–	–	–	8,692,901
	8,853,088	22,651	49,826	140,438	9,066,003

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the issued share capital. The Group may issue new shares in order to maintain or adjust the capital structure. The capital structure was measured by the asset-liability ratio, which is "total liabilities" divided by "total assets" as shown in the consolidated balance sheets. The Group aims to maintain the asset-liability ratio at a reasonable level.

As at 31 December 2023 and 2022, the asset-liability ratio was as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Total liabilities	**9,873,855**	9,085,559
Total assets	**10,467,499**	10,146,014
Asset-liability ratio	**94%**	90%

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

(a) *Fair value hierarchy*

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of the Group's financial assets include cash and cash equivalents, trade and other receivables (excluding non-financial assets), and financial liabilities including trade and other payables (excluding non-financial liabilities), borrowings and lease liabilities approximate their fair values due to their short maturities or interest bearing.

As at 31 December 2023 and 2022, none of the Group's financial liabilities are measured at fair value. None of the Group's financial assets are measured at fair value using level 1 and level 2 inputs.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the years ended 31 December 2023 and 2022:

	Unlisted equity investments ***RMB'000***
Opening balance 1 January 2022	313,150
Fair value change recognised in consolidated statements of comprehensive loss under "Other gains" (Note 9)	(11,879)
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income (Note 22)	5,910
Foreign currency translation	7,653
Closing balance 31 December 2022	314,834
Additions (Note 21)	470
Fair value change recognised in consolidated statements of comprehensive loss under "Other gains" (Note 9)	1,770
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income (Note 22)	(4,683)
Foreign currency translation	1,381
Closing balance 31 December 2023	313,772

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(b) *Fair value measurements using significant unobservable inputs (level 3)* (continued)

Description	Fair value As at 31 December 2023 RMB'000	Fair value As at 31 December 2022 RMB'000	Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Unlisted equity investments					
Current:					
– financial assets at FVPL	**192,321**	188,567	Risk-free interest rate during the option life	2.21%-2.24%	The higher the risk-free interest rate during the option life, the lower the fair value.
			Estimated equity price volatility	42.93%-49.51%	The higher the estimated equity price volatility, the higher the fair value.
Non-current:					
– financial assets at FVPL	**81,985**	82,578	Average growth rate of income	27.23%-27.61%	The higher the average growth rate of income, the higher the fair value.
			– Discount for lack of marketability ("DLOM")	20.00%	The higher the DLOM during the option life, the lower the fair value.
			– Discount for lack of control ("DLOC")	10.00%	The higher the DLOC during the option life, the lower the fair value.
			Perpetuity growth rate	1.00%	The higher the perpetuity growth rate, the higher the fair value.
			Conversion rate	13.00%	The higher the conversion rate during the option life, the lower the fair value.
	460	–	Latest transaction price	Not applicable	The higher the transaction price, the higher the fair value
Non-current:					
– financial assets at FVOCI	**39,006**	43,689	Comparable company multiples	9.30-12.21	If the comparable company multiples had increased/decreased by 10% with all other variables held constant, the fair value at the year ended 31 December 2023 would have increased/decreased by RMB3,901,000 (2022: RMB4,369,000)
			DLOM	30.00%	If the DLOM had increased/decreased by 10% with all other variables held constant, the fair value at the year ended 31 December 2023 would have decreased/increased by RMB1,672,000 (2022: RMB1,872,000)
Total	**313,772**	314,834			

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(b) Fair value measurements using significant unobservable inputs (level 3) (continued)

If the fair values of financial assets at FVPL held by the Group had been 10% higher/lower, the loss before income tax for the year ended 31 December 2023 would have been approximately RMB27,477,000 lower/higher (2022: RMB27,115,000 lower/higher).

(c) Valuation processes

In relation to the valuation of level 3 instruments, directors (i) selected qualified persons with adequate knowledge and conducted valuation on the investments in unlisted companies and financial instruments without readily determinable fair value; (ii) engaged competent independent third-party valuer to appraise the fair value of certain investments that are significant; (iii) reviewed and agreed on the valuation approaches adopted and key assumptions used based on the knowledge and understanding of the industrial data and development and the commercial strategies of the investee business; and (iv) approved the results if the procedures were deemed satisfactory. Based on the above processes, directors are of the view that the valuation analysis performed by the Group is fair and reasonable, and the fair value measurements of level 3 instruments are properly prepared.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Fair value for financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group involves engaged independent valuer to determine the inputs used in the fair value measurements. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3.

(b) Expected credit loss

The loss allowance for financial assets arising from credit risk is based on assumptions about risk of defaults and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the loss allowance calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Valuation and recognition of share-based compensation expenses

The Group adopts the Black – Scholes and Binomial option pricing model to determine the fair value of share options. The fair values of share options granted are measured based on the fair value of the underlying shares on the grant date. Significant estimates on key assumptions, such as risk-free interest rate, expected volatility and dividend yield, are required to be made in applying the Black – Scholes option-pricing model (Note 26).

In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment. The Group only recognises an expense for those share options expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expenses.

(d) Current and deferred income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(e) Impairment of other non-financial assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to have additional impairment charge to the consolidated statement of comprehensive income.

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are digital payment services, value-added services and others. Categorized by geographical coverage, digital payment services include global payment and domestic payment. For global payment, the Group primarily help merchants which sell their goods on global and regional e-commerce platforms to repatriate their funds. For domestic payment, the Group act primarily as a payment service provider to help enterprise customers to streamline their fund collection process and reduce operational costs by offering enterprise customers a digital platform, which consolidates payment information from various online and offline payment methods initiated by end-buyers when purchasing goods.

Breakdown of revenue by business lines is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Digital payment services	**874,212**	630,097
Value-added services	**133,544**	91,052
Others	**658**	413
	1,008,414	721,562
Revenue from other sources		
Rental income	**19,842**	21,186
	19,842	21,186
Total	**1,028,256**	742,748
Revenue from contracts with customers:		
At a point in time	**993,246**	691,624
Over time	**15,168**	29,938
	1,008,414	721,562

5 REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information

The Group's CODM consisting of the executive directors and the other key management, examines the Group's performance from a product perspective. Management has determined the operating segments based on the reports reviewed by CODM that are used to make strategic decisions. On this basis, the Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows:

– Global payment

– Domestic payment

– Value-added services

– Others

The unallocated amount mainly represents the long-term equity investments in Express (Hangzhou) Technology Services Company Limited ("LianTong"), the equity investments in Hangzhou Hyperchain Technology Co., Ltd. ("Hyperchain Technology"), and the investment gains or losses.

(i) Segment results, assets and liabilities

Segment information as at and for the year ended 31 December 2023 is as follows:

	Global payment *RMB'000*	Domestic payment *RMB'000*	Value-added services *RMB'000*	Others *RMB'000*	Unallocated amounts *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenue	655,962	218,250	133,544	20,500	–	–	1,028,256
Cost of sales	(184,903)	(162,352)	(89,635)	(14,014)	–	–	(450,904)
Segment gross profit	471,059	55,898	43,909	6,486	–	–	577,352
Depreciation, amortisation and impairment charges included in segment cost	(7,351)	(12,768)	(3,858)	(7,593)	–	–	(31,570)
Finance income	895	718	3	1,155	–	–	2,771
Finance costs	(3,139)	(2,820)	–	(6,842)	–	–	(12,801)
Share of losses of investments accounted for using the equity method	–	–	–	–	(665,183)	–	(665,183)
Profit/(loss) before income tax	17,151	(72,099)	(21,842)	(42,269)	(532,697)	–	(651,756)
Income tax (expenses)/credits	(4,524)	(808)	(982)	215	3,640	–	(2,459)
Profit/(loss) for the year	12,627	(72,907)	(22,824)	(42,054)	(529,057)	–	(654,215)
Segment assets	7,480,876	2,597,395	50,149	670,717	1,962,928	(2,294,566)	10,467,499
Segment liabilities	7,616,494	2,045,833	73,822	362,616	986,145	(1,211,055)	9,873,855

5 REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

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

Segment information as at and for the year ended 31 December 2022 is as follows:

	Global payment *RMB'000*	Domestic payment *RMB'000*	Value-added services *RMB'000*	Others *RMB'000*	Unallocated amounts *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenue	478,622	151,475	91,052	21,599	–	–	742,748
Cost of sales	(102,904)	(107,491)	(54,108)	(12,276)	–	–	(276,779)
Segment gross profit	375,718	43,984	36,944	9,323	–	–	465,969
Depreciation, amortisation and impairment charges included in segment cost	(6,090)	(12,041)	(3,712)	(8,327)	–	–	(30,170)
Finance income	431	300	–	7,688	–	–	8,419
Finance costs	(1,942)	(577)	–	(1,662)	–	–	(4,181)
Share of losses of investments accounted for using the equity method	–	–	–	–	(805,016)	–	(805,016)
Profit/(loss) before income tax	31,525	(39,702)	(621)	4,141	(895,981)	–	(900,638)
Income tax expenses	(9,236)	(1,786)	(3,075)	(882)	(1,249)	–	(16,228)
Profit/(loss) for the year	22,289	(41,488)	(3,696)	3,259	(897,230)	–	(916,866)
Segment assets	7,351,270	2,148,351	49,318	540,551	1,741,709	(1,685,185)	10,146,014
Segment liabilities	7,489,526	1,627,741	29,977	225,219	590,894	(877,798)	9,085,559

(c) Information about major customers

No revenue from services provided to a single customer accounted for 10% or more of total revenue of the Group for the years ended 31 December 2023 and 2022.

5 REVENUE AND SEGMENT INFORMATION (continued)

(d) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Contract liabilities – Current	**12,645**	9,601

(i) Changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while services are yet to be provided. The increase in contract liabilities was mainly due to business expansion.

(ii) Revenue recognised that was included in the balance of contract liabilities at the beginning of the year

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Credited to the consolidated statements of comprehensive loss	**9,601**	7,444

(e) Transaction price allocated to unsatisfied long-term contract

The Group has no significant unsatisfied performance obligations arising from revenue contracts that have an original expected duration more than one year, thus management applied practical expedient under IFRS 15 and is not disclosing the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the end of the Reporting period.

5 REVENUE AND SEGMENT INFORMATION (continued)

(f) Accounting policies of revenue recognition

Revenues are principally comprised of digital payment services, value-added services, and other services. The Group recognises revenues when or as the control of the promised goods or services is transferred to the customers, netting of value-added taxes ("VAT") and discounts. Depending on the terms of the contracts and the laws that apply to the contracts, 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 Group's performance:

- provides all the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the promised goods or services is transferred over time, revenues are recognised over the period of the contracts by reference to the progress towards complete satisfaction of those performance obligations. Otherwise, revenues are recognised at a point in time when the customers obtain control of the promised goods or services. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

When either party to a contract has performed, the Group presents the contract in the balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract liability represents the Group's obligation to provide service to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(i) Digital payment services

The Group considered that it acts as a principal in offering payment services to the customers as the Group (1) is the primary obligor in the arrangement; (2) has latitude in establishing the selling price, i.e. service fee rate; and (3) has involvement in the determination of product or services specifications; and (4) has discretion in the selection of distribution channels to assist its payment services and to maintain relationship with its customers and to handle their enquiries about the services. The Group shares its service revenue with distribution channels in accordance with the service agreements entered into with them and the related commissions are recognized as its cost of revenue of the payment services.

The Group provides digital payment services mainly include pay-in, pay-out, acquiring, foreign exchange, virtual card and payment aggregation services.

5 REVENUE AND SEGMENT INFORMATION (continued)

(f) Accounting policies of revenue recognition (continued)

(i) Digital payment services (continued)

The fee of global and domestic payment services is mainly calculated based on applicable service fee rates of the transaction amount or a fixed services fee per transaction as agreed in the customer contracts. Revenue under such arrangement is recognised, at a point in time, upon completion of the payment services. The Group also collect a fixed fee on monthly, quarterly or annual basis from its customers, of which the revenue is recognised over a period of time.

In addition, the Group also provides global foreign exchange conversion services to the customers. Currency exchange income is recognised at a point in time when the currency exchange transaction is completed.

A contract liability is recognized when customers pay the service fee in advance.

(ii) Value-added services

The Group also provides a series of value-added services such as (i) business services including digital marketing and referral services, (ii) technology services including account and e-wallet services and software development services. Revenues for most of the value-added services are recognised at a point of time when the service is provided to the customers. Account and e-wallet services fee is recognised over the service period.

(iii) Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

6 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Employee benefits (Note 7)	**670,937**	458,712
Processing fees to financial institutions and payment networks	**246,258**	162,821
Service charge	**153,270**	67,637
Listing expenses	**59,473**	–
Professional service expenses	**57,347**	34,279
Marketing and promotion expenses	**44,078**	29,611
Travelling expenses	**29,916**	18,463
Office and telecommunication expenses	**17,412**	18,246
Depreciation of property, plant and equipment (Note 13)	**13,673**	13,909
Outsourcing labour costs	**11,325**	10,903
Depreciation of right-of-use assets (Note 14(a))	**9,213**	8,726
Other taxes and surcharges	**8,365**	5,566
Amortisation of intangible assets (Note 16)	**4,670**	3,510
Auditors' remuneration	**4,593**	1,407
Property management expenses	**4,450**	5,157
Depreciation of investment properties (Note 15)	**4,014**	4,025
Expense relating to short-term leases (Note14(b))	**3,064**	1,603
Others	**49,283**	39,895
Total cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses	**1,391,341**	884,470

7 EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**379,637**	313,820
Share-based compensation expenses (Note 26)	**191,495**	52,278
Employee social security plans, medical insurances, other social insurances obligations and housing benefits (a)	**70,655**	72,948
Welfare and other benefits	**29,150**	19,666
	670,937	458,712

7 EMPLOYEE BENEFITS EXPENSES (continued)

(a) Employee social security plans, housing funds, medical insurances and other social insurances obligations

No forfeited contributions were utilised during the years end 31 December 2023 and 2022 to offset the Group's contribution to the abovementioned social security plans.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2023 and 2022, include 3 (2022: 3) directors whose emoluments are reflected in analysis shown in Note 39 below. The emoluments payable to the remaining 2 (2022: 2) individuals for the years ended 31 December 2023 and 2022 are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**4,645**	3,369
Employee social security plans, medical insurances, other social insurances obligations and housing benefits	**225**	270
Employee welfare	**7**	14
Share-based compensation expenses	**14,598**	6,045
	19,475	9,698

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December	
	2023	2022
Emolument bands:		
HK$4,500,001-HK$5,000,000	**–**	1
HK$6,000,001-HK$6,500,000	**–**	1
HK$9,500,001-HK$10,000,000	**1**	–
HK$11,500,001-HK$12,000,000	**1**	–
	2	2

8 OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Interest income on customer accounts	**98,075**	21,761
Government grants (i)	**8,875**	4,134
Additional deductible VAT input tax	**1,199**	939
Dividend income (ii)	**308**	335
	108,457	27,169

(i) The amounts represent grants received from the local government, which are recognised in the statement of comprehensive income upon receipt of these cash rewards. There were no unfulfilled conditions or contingencies relating to these grants.

(ii) For the years ended 31 December 2023 and 2022, dividends were received from financial assets measured at FVOCI.

9 OTHER GAINS

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Dilution gains (i)	**244,470**	–
Foreign exchange gains, net	**27,321**	22,869
Interest income on borrowing to related parties (Note 36(b)(iv))	**6,247**	4,538
Fair value gains/(losses) of financial assets at FVPL (Note 3.3)	**1,770**	(11,879)
Gains/(losses) on disposal of property, plant and equipment	**63**	(15)
Others	**(23)**	(73)
	279,848	15,440

(i) In December 2023, the Company and American Express Company made additional capital injections of RMB74.6 million and RMB625.4 million, respectively, to LianTong, an associate of the Company, pursuant to the approval from PBOC in November 2023.

After the completion of the additional capital injections, the Company's interest in LianTong decreased from 50.0% to 45.2% while American Express Company's interest increased from 50.0% to 54.8%. The total board seats of LianTong were reduced from six to five, of which the Company holds two and continues to have significant influence over LianTong. Such change of equity holding structure resulted in a deemed disposal of the Company's partial interest in LianTong and, consequently, a dilution gain of approximately RMB244,470,000, being the difference between fair value and carrying amount of the investment, was recognised upon the completion of such capital injection.

10 FINANCE (COST)/INCOME – NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Finance income:		
Interest income on cash and cash equivalents	**2,771**	8,419
Finance costs:		
Interest expense on bank and other borrowings	**(12,159)**	(3,266)
Interest expense on lease liabilities (Note 14(b))	**(642)**	(915)
	(12,801)	(4,181)
Finance (cost)/income – net	**(10,030)**	4,238

11 INCOME TAX EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current income tax expense	**14,800**	10,238
Deferred income tax (credit)/expense (Note 31)	**(12,341)**	5,990
	2,459	16,228

PRC corporate income tax

The Group's subsidiaries established and operated in Mainland China are subject to the EIT on the taxable income as reported in their respective statutory financial statements adjusted in accordance with the Enterprise Income Tax Law ("EIT Law"). Pursuant to the EIT Law, the Group's subsidiaries established in Mainland China are generally subject to EIT at the statutory rate of 25%.

Lianlian Yintong Electronic Payment Co., Ltd. ("Lianlian Yintong") obtained its High and New Technology Enterprises ("HNTE") status in 2014 and renewed the qualification in 2017, 2020 and 2023. The applicable EIT rate of Lianlian Yintong was 15% for the years ended 31 December 2023 and 2022.

Lianlian (Hangzhou) Information Technology Co., Ltd. ("Lianlian Hangzhou") obtained its HNTE status in 2021. The applicable EIT rate of Lianlian Hangzhou was 15% for the years ended 31 December 2023 and 2022.

11 INCOME TAX EXPENSES (continued)

PRC corporate income tax (continued)

Lianlian Bao (Hangzhou) obtained the High-Tech Enterprise qualification in 2021, renewed the qualification in 2022 and is expected to renew the qualification in 2023. Accordingly, it is entitled to a preferential EIT rate of 15% for the years ended 31 December 2023 and 2022.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 175%-200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for the year ("Super Deduction").

Hong Kong profits tax

Under the current Hong Kong Inland Revenue Ordinance, the Company's subsidiaries incorporated in Hong Kong are subject to a two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Cayman Islands and British Virgin Islands corporate income tax

Under the current laws of Cayman Islands and the British Virgin Islands, the entities incorporated in the Cayman Islands and British Virgin Islands are not subject to tax on income or capital gain.

Other countries

Corporate income tax in other jurisdictions income tax on profit arising from other jurisdictions, including the United States, Europe countries, Japan and Southeast Asian, etc, had been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 12.5% to 34% (2022: 12.5% to 34%).

11 INCOME TAX EXPENSES (continued)

Other countries (continued)

A reconciliation of the expected income tax calculated at the applicable tax rate and loss before income tax, with the actual income tax is as follow:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**(651,756)**	(900,638)
Tax calculated at statutory tax rates of 25%	**(162,939)**	(225,160)
Different tax jurisdiction	**(1,099)**	(1,343)
Preferential income tax benefits applicable to subsidiaries in the PRC	**(2,048)**	(5,735)
Income not subject to income tax purposes	**(1,002)**	(832)
Expenses not deductible for tax purpose (i)	**39,971**	15,202
Super Deduction for research and development expenses	**(9,515)**	(15,839)
Utilisation or recognition of previously unrecognised tax losses and temporary differences	**(1,777)**	–
Temporary differences for which no deferred tax asset was recognised	**111,798**	202,004
Tax losses for which no deferred tax assets were recognized (ii)	**29,070**	47,931
Income tax expenses	**2,459**	16,228

(i) Expenses not deductible for tax purpose

Expenses not deductible for tax purpose was mainly comprised of share-based compensation expenses of the Group for the years ended 31 December 2023 and 2022.

11 INCOME TAX EXPENSES (continued)

Other countries (continued)

(ii) Tax losses

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Unused tax losses for which no deferred tax asset has been recognised will be expired		
2023	**–**	204,873
2024	**25,065**	30,682
After 2025	**440,832**	368,099
Infinite	**75,967**	44,531
	541,864	648,185

As at 31 December 2023, the Group had unused tax losses of approximately RMB541,864,000 (31 December 2022: RMB648,185,000) that can be carried forward against future taxable income. Deferred income tax asset has not been recognized in respect of such tax losses due to the unpredictability of future taxable income.

The Group principally conducted its business in the PRC, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expirations of unused tax losses of HNTE and Small & Middle-Sized High-Tech Enterprises issued in August 2018, the accumulated tax losses of Lianlian Hangzhou, Lianlian Yinjia Information Technology Co., Ltd. and Hangzhou Hulian Internet Technology Service Co., Ltd. will expire within 10 years.

(iii) Global minimum top-up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively and the retrospective application has no impact on the consolidated financial statements.

12 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share during the Reporting periods is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue for the years ended 31 December 2023 and 2022.

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net loss attributable to the owners of the Company	**(656,064)**	(916,540)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,014,760**	1,014,760
Basic loss per share (RMB per share)	**(0.65)**	(0.90)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

During the years ended 31 December 2023 and 2022, the Company had one category of potential ordinary shares: share options granted under the ESOP plans. As the Company incurred losses for the years ended 31 December 2023 and 2022, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the amounts of diluted loss per share for the years ended 31 December 2023 and 2022 were the same as basic loss per share of the respective year.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Vehicles *RMB'000*	Electronic equipment *RMB'000*	Furniture and office equipment *RMB'000*	Leasehold improvement *RMB'000*	Total *RMB'000*
As at 1 January 2022						
Cost	154,202	2,549	73,010	6,337	1,855	237,953
Accumulated depreciation	(44,101)	(1,467)	(56,586)	(5,644)	(1,426)	(109,224)
Net book value	110,101	1,082	16,424	693	429	128,729
Year ended 31 December 2022						
Opening net book value	110,101	1,082	16,424	693	429	128,729
Additions	343	825	6,307	3,051	178	10,704
Transfer from investment properties (Note 15)	7,650	–	–	–	–	7,650
Disposals	(161)	(25)	(21)	–	–	(207)
Depreciation charge (Note 6)	(5,869)	(333)	(6,695)	(792)	(220)	(13,909)
Closing net book value	112,064	1,549	16,015	2,952	387	132,967
As at 31 December 2022						
Cost	161,945	2,872	78,882	9,387	460	253,546
Accumulated depreciation	(49,881)	(1,323)	(62,867)	(6,435)	(73)	(120,579)
Net book value	112,064	1,549	16,015	2,952	387	132,967
Year ended 31 December 2023						
Opening net book value	**112,064**	**1,549**	**16,015**	**2,952**	**387**	**132,967**
Additions	**141**	**326**	**851**	**191**	**–**	**1,509**
Disposals	**–**	**(30)**	**–**	**–**	**–**	**(30)**
Depreciation charge (Note 6)	**(6,106)**	**(388)**	**(6,190)**	**(767)**	**(222)**	**(13,673)**
Closing net book value	**106,099**	**1,457**	**10,676**	**2,376**	**165**	**120,773**
As at 31 December 2023						
Cost	**162,086**	**2,593**	**79,733**	**9,578**	**460**	**254,450**
Accumulated depreciation	**(55,987)**	**(1,136)**	**(69,057)**	**(7,202)**	**(295)**	**(133,677)**
Net book value	**106,099**	**1,457**	**10,676**	**2,376**	**165**	**120,773**

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Pledged of assets

The Group's buildings with net book value of RMB106,099,000 as at 31 December 2023 (31 December 2022: RMB112,064,000) were pledged for the Group's long-term bank borrowings (Note 29).

(ii) Depreciation of property, plant and equipment has been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
General and administrative expenses	**7,906**	7,815
Research and development expenses	**3,231**	3,423
Cost of sales	**2,108**	2,386
Selling and marketing expenses	**428**	285
	13,673	13,909

14 LEASES

(a) Right-of-use assets

	Offices *RMB'000*	Land use rights *RMB'000*	Data Centre *RMB'000*	Total *RMB'000*
As at 1 January 2022				
Cost	11,993	3,585	17,039	32,617
Accumulated depreciation	(2,678)	(887)	(6,613)	(10,178)
Net book value	9,315	2,698	10,426	22,439
Year ended 31 December 2022				
Opening net book value	9,315	2,698	10,426	22,439
Additions	1,538	–	–	1,538
Depreciation charge (Note 6)	(4,744)	(67)	(3,915)	(8,726)
Transfer from investment properties (Note 15)	–	280	–	280
Closing net book value	6,109	2,911	6,511	15,531
As at 31 December 2022				
Cost	11,630	3,865	17,039	32,534
Accumulated depreciation	(5,521)	(954)	(10,528)	(17,003)
Net book value	6,109	2,911	6,511	15,531
Year ended 31 December 2023				
Opening net book value	**6,109**	**2,911**	**6,511**	**15,531**
Additions	**9,394**	**–**	**3,669**	**13,063**
Depreciation charge (Note 6)	**(5,253)**	**(90)**	**(3,870)**	**(9,213)**
Closing net book value	**10,250**	**2,821**	**6,310**	**19,381**
As at 31 December 2023				
Cost	**18,936**	**3,865**	**17,157**	**39,958**
Accumulated depreciation	**(8,686)**	**(1,044)**	**(10,847)**	**(20,577)**
Net book value	**10,250**	**2,821**	**6,310**	**19,381**

14 LEASES (continued)

(a) Right-of-use assets (continued)

(i) Pledged of assets

The Group's land use rights amounted to RMB2,821,000 as at 31 December 2023 (31 December 2022: RMB2,911,000) were pledged to secure the Group's long term bank borrowings (Note 29).

(ii) Depreciation of right-of-use assets has been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
General and administrative expenses	**4,957**	4,811
Research and development expenses	**3,892**	3,915
Selling and marketing expenses	**364**	–
Total	**9,213**	8,726

(b) Lease liabilities

(i) The carrying amounts of the Group's lease liabilities and the movements for the years ended 31 December 2023 and 2022 are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Carrying amounts at the beginning of the year	**13,967**	21,941
Additions	**13,063**	1,538
Accretion of interest recognized (Note 10)	**642**	915
Payments	**(10,199)**	(10,427)
Carrying amounts at the end of the year	**17,473**	13,967

14 LEASES (continued)

(b) Lease liabilities (continued)

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Lease liabilities		
Current	**9,874**	9,071
Non-current	**7,599**	4,896
	17,473	13,967

(ii) A maturity analysis of lease liabilities during the Reporting period is shown in the table below:

Minimum lease payments due

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**10,505**	9,492
Between 1 and 2 years	**4,579**	5,136
Between 2 and 5 years	**3,406**	–
	18,490	14,628
Less: future finance charges	**(1,017)**	(661)
	17,473	13,967

Present value of lease liabilities

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**9,874**	9,071
Between 1 and 2 years	**4,296**	4,896
Between 2 and 5 years	**3,303**	–
	17,473	13,967

14 LEASES (continued)

(b) Lease liabilities (continued)

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Interest expenses (included in finance cost) (Note 10)	**642**	915
Expense relating to short-term leases (included in expenses) (Note 6)	**3,064**	1,603
	3,706	2,518
Cash outflow for leases as operating activities	**3,064**	1,603
Cash outflow for leases as financing activities	**10,199**	10,427
	13,263	12,030

15 INVESTMENT PROPERTIES

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Opening net book amount	**169,053**	181,008
Transfer to right-of-use assets (Note 14)	**–**	(280)
Transfer to property, plant and equipment (Note 13)	**–**	(7,650)
Depreciation of investment properties (Note 6)	**(4,014)**	(4,025)
Closing net book value	**165,039**	169,053
At end of the year		
Cost	**195,819**	195,819
Accumulated depreciation	**(30,780)**	(26,766)
Net book value	**165,039**	169,053
Fair value	**270,800**	275,600

15 INVESTMENT PROPERTIES (continued)

(i) Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Rental income from operating leases	**19,842**	21,186
Direct operating expenses that generated rental income	**(8,464)**	(9,182)
	11,378	12,004

(ii) Non-current assets pledged as security

The Group's investment properties with net book value of RMB165,039,000 as at 31 December 2023 (31 December 2022: RMB169,053,000) were pledged for the Group's long-term bank borrowings (Note 29).

(iii) Valuations for investment properties

The fair values of the Group's investment properties are categorized under Level 3 fair value hierarchy and determined using income approach by taking into account the rental income derived from existing leases and achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalisation rate. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value.

The Group engaged an external, independent and qualified valuer to determine the fair value of the investment properties.

16 INTANGIBLE ASSETS

	Trademarks and Patent *RMB'000*	Software *RMB'000*	Licenses *RMB'000*	Goodwill *RMB'000*	Total *RMB'000*
As at 1 January 2022					
Cost	668	24,201	–	3,650	28,519
Accumulated amortization	(275)	(10,476)	–	–	(10,751)
Net book value	393	13,725	–	3,650	17,768
Year ended 31 December 2022					
Opening net book value	393	13,725	–	3,650	17,768
Acquisition of a subsidiary (ii)	–	–	2,892	–	2,892
Additions	–	1,869	–	–	1,869
Amortization charge (Note 6)	(46)	(3,464)	–	–	(3,510)
Closing net book value	347	12,130	2,892	3,650	19,019
As at 31 December 2022					
Cost	668	26,071	2,892	3,650	33,281
Accumulated amortization	(321)	(13,941)	–	–	(14,262)
Net book value	347	12,130	2,892	3,650	19,019
Year ended 31 December 2023					
Opening net book value	**347**	**12,130**	**2,892**	**3,650**	**19,019**
Additions	**–**	**2,842**	**–**	**–**	**2,842**
Amortization charge (Note 6)	**(34)**	**(4,636)**	**–**	**–**	**(4,670)**
Closing net book value	**313**	**10,336**	**2,892**	**3,650**	**17,191**
As at 31 December 2023					
Cost	**664**	**28,914**	**2,892**	**3,650**	**36,120**
Accumulated amortization	**(351)**	**(18,578)**	**–**	**–**	**(18,929)**
Net book value	**313**	**10,336**	**2,892**	**3,650**	**17,191**

16 INTANGIBLE ASSETS (continued)

Amortisation of intangible assets has been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Research and development expenses	**2,048**	1,564
Cost of sales	**1,803**	1,373
General and administrative expenses	**538**	447
Selling and marketing expenses	**281**	126
Total	**4,670**	3,510

(i) As at 31 December 2023 and 2022, the goodwill of RMB3,650,000 was mainly arising from the acquisition of Lianlian Yintong and is attributable to the acquired market shares, future expansion prospect, economies of scale and synergies expected to be derived from combining the resources and operations of the Group following the acquisition.

Impairment review on the goodwill of the Group has been conducted by management as at 31 December 2023 and 2022 according to IAS 36 "Impairment of assets". For the purpose of the impairment review, the recoverable amount of goodwill is determined based on fair value less costs of disposal. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to Lianlian Yintong was recognized for the years ended 31 December 2023 and 2022.

As at 31 December 2023 and 2022, based on management's assessment on the recoverable amounts, the headroom of Lianlian Yintong were as below:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Lianlian Yintong	**171,448**	249,592

16 INTANGIBLE ASSETS (continued)

The following table sets out the key assumptions for Lianlian Yintong:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Comparable company multiples	**1.75**	1.55
Liquidity discount	**30%**	30%

As at 31 December 2023, 20% decrease in comparable company multiples will decrease the headroom of Lianlian Yintiong by approximately RMB89,819,000 (31 December 2022: RMB65,040,000). A reasonably possible change in key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

(ii) On 8 June 2022, the Group acquired a payment license of Indonesia held by PT ISR from its former shareholders. The cash consideration paid in 2022 is IDR6,000,000,000 (equivalent to RMB2,892,000).

(ii) Impairment review on the license of the Group has been conducted by management as at 31 December 2023 according to IAS 36 "Impairment of assets". For the purpose of the impairment review, the recoverable amount of license is determined based on value in use ("VIU"). VIU was determined using the cash flow projections based on business projection covering a five-year period. The management leveraged their extensive experiences in the industries and prepared the forecast based on their expectation of future business projection and market development. The discount rates adopted were derived from the analysis of the Group's time value and specific risk.

As at 31 December 2023, based on management's assessment on the recoverable amounts, the headroom of the license were IDR1,208,611,000 (31 December 2022: IDR570,358,000).

The following table sets out the level-3 key assumptions for impairment testing of the license. The directors of the Group were of the view that reasonably possible change in the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

	Key assumptions
Revenue growth rate during the projection period	18.0% to 49.5%
Terminal value growth rate	2.00%
Pre-tax discount rate	15.86%-16.61%

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES

The amounts recognised in the consolidated balance sheets are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
LianTong (a)	**291,157**	205,620
Zhejiang Zhong Pu Lian Technology Co., Ltd ("Zhong Pu Lian Technology") (b)	**1,361**	–
	292,518	205,620

The share of loss recognised in the consolidated statements of comprehensive loss are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
LianTong (a)	**(663,544)**	(805,016)
Zhong Pu Lian Technology (b)	**(1,639)**	–
	(665,183)	(805,016)

(a) Investment in LianTong

Set out below are the investment in LianTong as at 31 December 2023 and 2022.

Name of entity	Place of business/ country of establishment	% of ownership interest		Nature of relationship	Measurement method	Carrying amount As at 31 December	
		2023 (Note 9) %	2022 %			**2023 *RMB'000***	2022 *RMB'000*
LianTong	The PRC	**45.2**	50.0	Associate	Equity method	**291,157**	205,620

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

(a) Investment in LianTong (continued)

Set out below are the movement of investment in LianTong for the years ended 31 December 2023 and 2022.

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Carrying amounts at the beginning of the year	**205,620**	390,636
Additions	**504,611**	620,000
Share of net loss accounted for using the equity method	**(663,544)**	(805,016)
Dilution gains (Note 9)	**244,470**	–
Carrying amounts at the end of the year	**291,157**	205,620

(i) The Group entered into a joint venture agreement with affiliates of American Express Company to establish LianTong in 2017. LianTong obtained its bankcard clearing business license in June 2020, and provides bankcard clearing and settlement services to issuing banks and merchant acquirers in its network, and offers cardholder benefits to Chinese consumers.

The Company holds 45.2% of the equity interests in LianTong as at 31 December 2023 (31 December 2022: 50.0%). The Group has significant influence over LianTong through board representation. Pursuant to the agreement between American Express Company and the Company, the Company does not have control over LianTong's operation. Accordingly, LianTong was accounted for as an associate of the Group by using the equity method during the Reporting period.

(ii) The Group performed impairment assessment when the associate made a loss which indicated the investment might be impaired. The Group compared the recoverable amount of the associate with the carrying amount of the investment in the associate of the Group. The Group assessed the market value of LianTong by referencing to the market comparables' ratios of the enterprise value to the revenue and considering the lack of marketability discount in 2022, respectively. During the assessment, the Group also made adjustments of LianTong's excess cash and interest bearing debt to assess the market value of LianTong for the years ended 31 December 2022. In December 2023, after the completion of the additional capital injection, the Group performed impairment assessment with reference to LianTong's post-money valuation.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

(a) Investment in LianTong (continued)

The following table sets out the key assumptions for impairment testing of investments in LianTong.

	As at 31 December	
	2023	2022
Key assumptions		
Enterprise value to sales ratio of market comparables	**Not applicable**	5.0
DLOM	**Not applicable**	25.2%

Based on the impairment assessment performed by the Group, the recoverable amount of investment in LianTong as at 31 December 2023 and 2022 was higher than the respective carrying amount of the investment, and the directors of the Company was of the view that there was no need for impairment provision in the carrying values of the Group's investments in LianTong.

Summarised balance sheets of LianTong

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current assets		
Cash and cash equivalents	**663,204**	977,151
Other current assets	**245,254**	204,515
Total current assets	**908,458**	1,181,666
Non-current assets	**401,936**	544,185
Current liabilities	**(632,693)**	(1,279,586)
Non-current liabilities	**(33,549)**	(35,024)
Net assets	**644,152**	411,241

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

(a) Investment in LianTong (continued)

Summarised balance sheets of LianTong (continued)

Reconciliation of above summarised financial information presented to carrying amounts of the Group's share of interests in the associate:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Opening net assets	**411,241**	781,272
Capital contribution from its shareholders	**1,560,000**	1,240,000
Loss for the year	**(1,327,089)**	(1,610,031)
Closing net assets	**644,152**	411,241
Group's share in %	**45.20%**	50.00%
Group's share and carrying amount	**291,157**	205,620

Summarised income statements of LianTong

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue	**328,577**	105,254
Interest income	**11,047**	20,263
Depreciation and amortisation	**(78,374)**	(78,845)
Interest expense	**(13,286)**	(9,587)
Income tax expenses	**–**	–
Loss for the year	**(1,327,089)**	(1,610,031)
Total comprehensive loss for the year	**(1,327,089)**	(1,610,031)

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

(b) Investment in an immaterial associate – Zhong Pu Lian Technology

Set out below are the movement of Zhong Pu Lian Technology for the year ended 31 December 2023.

	Year ended 31 December 2023 *RMB'000*
Carrying amounts at the beginning of the year	–
Additions (i)	**3,000**
Share of net loss accounted for using the equity method	**(1,639)**
Carrying amounts at the end of the year	**1,361**

(i) The Company entered into a joint venture agreement to establish Zhong Pu Lian Technology in February 2023. The Company holds 30% of the equity interests and has significant influence over Zhong Pu Lian Technology through board representation. Accordingly, Zhong Pu Lian Technology was accounted for as an associate of the Group by using the equity method.

	Year ended 31 December 2023 *RMB'000*
Aggregate carrying amount of individually immaterial associate	**1,361**
Aggregate amounts of the Group's share of:	
Loss of the associate	**(1,639)**
Other comprehensive loss	–
Total comprehensive loss	**(1,639)**

(c) Accounting policy of associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee and the share of other comprehensive income of the investee after the date of acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associate are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profits/(losses) of investments accounted for using the equity method" in the consolidated statement of comprehensive income.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

Subsidiaries

The Group's principal subsidiaries at 31 December 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country/place and date of incorporation/establishment and kind of legal entity	Principal activities	Particulars of registered/issued share capital	Ownership interests held by the Group as at 31 December		Ownership interests held by non-controlling interests as at 31 December	
				2023	2022	**2023**	2022
Subsidiaries directly held:							
Lianlian Yintong Electronic Payment Co., Ltd.	The PRC, 7 August 2003, limited liability company	Internet payment	RMB325,000,000	**100%**	100%	**–**	–
Lianlian Yinjia Information Technology Co., Ltd.	The PRC, 8 July 2016, limited liability company	Information technology service	RMB100,000,000	**100%**	100%	**–**	–
Hangzhou Lianke Investment Co., Ltd.	The PRC, 22 July 2011, limited liability company	Investment holding	RMB283,000,000	**100%**	100%	**–**	–
Lianlian Hong Kong Company Limited	Hong Kong, 17 April 2018, limited liability company	Investment holding	USD4,500,000	**100%**	100%	**–**	–
Lianlian (Hangzhou) Information Technology Co., Ltd.	The PRC, 20 October 2005, limited liability company	Information technology service	RMB80,198,000	**100%**	100%	**–**	–
Subsidiaries indirectly held:							
Lianlian Pay Global Limited	Cayman, 23 September 2019, limited liability company	Investment holding	USD50,000/ USD1,541	**100%**	100%	**–**	–
Zhejiang Lianlian Information Technology Co., Ltd.	The PRC, 2 August 2011, limited liability company	Investment properties leasing and property management	RMB318,000,000	**100%**	100%	**–**	–
Lianlianbao (Hangzhou) Information Technology Co., Ltd.	The PRC, 15 August 2019, limited liability company	Information technology service	RMB100,000,000/ RMB75,000,000	**100%**	100%	**–**	–

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

Subsidiaries (continued)

Name of entity	Country/place and date of incorporation/establishment and kind of legal entity	Principal activities	Particulars of registered/issued share capital	Ownership interests held by the Group as at 31 December		Ownership interests held by non-controlling interests as at 31 December	
				2023	2022	**2023**	2022
LL Pay UK Limited	The U.K., 13 July 2016, limited liability company	Internet payment	GBP350,000	**100%**	100%	**–**	–
Lianlian Bao HK Company Limited	Hong Kong, 16 August 2019, limited liability company	Information technology service	USD2,810,000	**100%**	100%	**–**	–
LL Pay U.S. LLC	The U.S.A., 5 July 2016, limited liability company	Internet payment	USD8,020,000/ USD7,720,000	**100%**	100%	**–**	–
Lianlian Pay Global Limited BVI	British Virgin Islands, 12 April 2017, limited liability company	Investment holding	USD50,000/ USD36,501	**100%**	100%	**–**	–
Lianlian Pay Japan Co., Ltd. ("Lianlian Japan")	Japan, 16 December 2019, limited liability company	Information technology service	JPY1,000,000	**100%**	100%	**–**	–
LIANLIAN IRELAND LIMITED	Ireland, 23 July 2019, limited liability company	Information technology service	EUR350,000	**100%**	100%	**–**	–
Lianlian International Company Limited	Hong Kong, 20 June 2016, limited liability company	Internet payment	HKD1	**100%**	100%	**–**	–
Lianlian StarFX Company Limited	Hong Kong, 17 June 2022, limited liability company	Information technology service	HKD1/Nil	**100%**	100%	**–**	–
Lianlian Europe S.A.	Luxembourg, 18 January 2023, limited liability company	Information technology service	EUR350,000	**100%**	NA	**–**	NA
Zhejiang Lianlianbao Network Co., Ltd.	The PRC, 22 February 2019, limited liability company	Information technology service	RMB50,000,000/ RMB30,000,000	**100%**	100%	**–**	–
Hangzhou Hulian Internet Technology Service Co., Ltd.	The PRC, 9 January 2018, limited liability company	Information technology service	RMB45,000,000	**100%**	100%	**–**	–
Hangzhou Ruixin Data Technology Co., Ltd.	The PRC, 23 January 2018, limited liability company	Information technology service	RMB5,000,000	**100%**	100%	**–**	–
LIANLIAN PAY BRASIL PAGAMENTOS ELETRÔNICOS LTDA	Brazil, 31 March 2017, limited liability company	Internet payment	BRL16,000,000/ BRL13,893,000	**97.5%**	97.5%	**2.5%**	2.5%

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

Subsidiaries (continued)

Name of entity	Country/place and date of incorporation/establishment and kind of legal entity	Principal activities	Particulars of registered/issued share capital	Ownership interests held by the Group as at 31 December		Ownership interests held by non-controlling interests as at 31 December	
				2023	2022	**2023**	2022
Lianlian Pay Electronic Payment (Thailand) Company Limited	Thailand, 1 June 2017, limited liability company	Internet payment	THB 70,000,000	**98.33%**	98.33%	**1.67%**	1.67%
Lite Pay Company Limited	Hong Kong, 9 September 2016, limited liability company	Internet payment	HKD1	**100%**	100%	**–**	–
Nuna Network LLC ("Nuna")	The U.S.A., 2 January 2018, limited liability company	Information technology service	USD 5,770,000	**100%**	100%	**–**	–
Starlink Financial Technologies Pte. Ltd.	Singapore, 7 March 2018, limited liability company	Internet payment	USD1,500,000	**67.5%**	67.5%	**22.5%**	22.5%
Starlink Technologies SDN. BHD.	Malaysia, 3 October 2018, limited liability company	Information technology service	MYR414,750	**67.5%**	67.5%	**22.5%**	22.5%
Starlink Financial Technologies Joint Stock Company	Vietnam, 18 October 2019, limited liability company	Information technology service	ND6,000,000,000	**67.05%**	67.05%	**22.95%**	22.95%
PT Buana Gemah Ripah	Indonesia, 11 February 2004, limited liability company	Information technology service	IDR2,500,000,000/ IDR2,107,460,000	**67.5%**	67.5%	**22.5%**	22.5%
PT INTERNASIONAL SUKSES REMITEN	Indonesia, 26 May 2016, limited liability company	Internet payment	IDR500,000,000	**60.75%**	60.75%	**29.25%**	29.25%
DFX Holding Limited	Hong Kong, 27 April 2023, limited liability company	Investment holding	HKD10,000,000	**100%**	NA	**–**	NA
DFX Labs Company Limited	Hong Kong, 2 May 2023, limited liability company	Information technology service	HKD10,000,000	**100%**	NA	**–**	NA
DFX Custody Company Limited	Hong Kong, 8 August 2023, limited liability company	Information technology service	HKD1,000,000/Nill	**100%**	NA	**–**	NA

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Assets as per balance sheets		
Financial assets at amortised costs:		
– Customer accounts and restricted cash (Note 23)	**9,183,911**	8,757,259
– Cash and cash equivalents (Note 23)	**189,840**	145,504
– Trade receivables (Note 20)	**67,552**	40,623
– Other receivables (Note 19)	**32,292**	315,915
Financial assets at fair value:		
– Financial assets at FVPL (Note 21)	**274,766**	271,145
– Financial assets at FVOCI (Note 22)	**39,006**	43,689
	9,787,367	9,574,135
Liabilities as per balance sheets		
Financial liabilities at amortised costs:		
– Borrowings (Note 29)	**437,545**	264,229
– Other payables (excluding VAT payables and other tax payables, staff costs and welfare accruals) (Note 28)	**9,191,427**	8,692,901
– Trade payables (Note 27)	**76,006**	38,946
– Lease liabilities (Note 14(b))	**17,473**	13,967
	9,722,451	9,010,043

19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Included in current assets		
Prepayments:		
Prepayments to suppliers	**9,040**	12,598
Others	**7,359**	3,829
	16,399	16,427
Other current assets:		
Value-added tax recoverable	**16,348**	5,492
Prepaid listing expenses	**14,010**	–
Prepaid income tax	**–**	2,396
	30,358	7,888
Other receivables:		
Deposits for payment channels and rentals	**19,411**	8,363
Advance paid on behalf of customers (i)	**11,165**	–
Interest receivable	**1,142**	1,388
Loans to and receivables from related parties (Note 36(c)(iv))	**150**	304,960
Others	**688**	1,540
	32,556	316,251
Less: loss allowance	**(264)**	(336)
	32,292	315,915
Total	**79,049**	340,230

(i) Advance paid on behalf of customers

Advance paid on behalf of customers will usually be settled on a monthly basis.

20 TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**72,154**	43,686
Less: loss allowance	**(4,602)**	(3,063)
	67,552	40,623

The Group applies the IFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. Note 3.1 provides for details about the ageing analysis of the trade receivables (net of allowance for impairment of trade receivables) based on invoice date and the calculation of the allowance.

The carrying amounts of the Group's trade receivables are mainly denominated in RMB and approximate their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above.

The aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**59,409**	30,694
3 months to 6 months	**8,930**	5,885
6 months to 1 year	**2,616**	4,906
More than 1 year	**1,199**	2,201
	72,154	43,686

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Classification of financial assets at fair value through profit or loss

Financial assets measured at FVPL include the following:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Included in current assets		
Unlisted equity investments (i)	**192,321**	188,567
Included in non-current assets		
Unlisted equity investments (ii)	**82,445**	82,578
	274,766	271,145

The details of the investments in unlisted investments are as follows:

(i) The Group held 4.84% of the equity interests of Hangzhou Hyperchain Technology Co., Ltd. ("Hyperchain Technology") as at 31 December 2023 (31 December 2022: 4.84%). The Group does not participate in or influence the financial and operating policy decisions of Hyperchain Technology and, consequently, the Group has no significant influence over Hyperchain Technology.

The Group intends to sell the equity interests of Hyperchain Technology and, therefore, included it in current assets based on management's expectation.

(ii) The Group holds 12.96% of the voting rights in Queen Bee Capital Co., Ltd. ("QBC"). The Group does not participate in or influence the financial and operating policy decisions of QBC, as a result, the Group has no significant influence over QBC. Therefore, it was accounted for as financial assets at fair value through profit or losses.

In February 2023, the Group acquired 5.47% equity interests in ContentBot, Inc. ("ContentBot") at a cash consideration of USD64,978 (equivalent to RMB470,000). The Group has no significant influence over ContentBot. Therefore, it was accounted for as financial assets at fair value through profit or losses.

The Group intends to hold equity interests of QBC and ContentBot as strategic investment instead of held-for-trading and included them in non-current assets.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Amounts recognised in profit or loss

For the years ended 31 December 2023 and 2022, the following gains were recognised in profit or loss:

Financial assets measured at FVPL include the following:

	Unlisted equity investments		
	Current	**Non-current**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
As at 1 January 2022	187,669	87,702	275,371
Fair value gains/(losses) (Note 3.3)	898	(12,777)	(11,879)
Currency translation difference	–	7,653	7,653
As at 31 December 2022	188,567	82,578	271,145
Additions	–	470	470
Fair value gains/(losses) (Note 3.3)	3,754	(1,984)	1,770
Currency translation difference	–	1,381	1,381
As at 31 December 2023	**192,321**	**82,445**	**274,766**

(c) Risk exposure and fair value measurements

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Classification of financial assets at fair value through other comprehensive income

Financial assets measured at FVOCI include the following:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Included in non-current assets		
Unlisted equity investments (i)	**39,006**	43,689

(i) The details of the investments in unlisted investments are as follows:

NetsUnion Clearing Corporation ("NUCC") was a unified clearing platform for online payment. As at 31 December 2023, the Group is a shareholder of NetsUnion with an equity interests of 0.84% (31 December 2022: 0.84%).

The Group does not participate in or influence the financial and operating policy decisions of NUCC, therefore the Group has no significant influence over NetsUnion. The Group intends to hold shares of NetsUnion as strategic investments instead of held-for-sale (Note 3.3).

(b) Amounts recognised in other comprehensive income

For the years ended 31 December 2023 and 2022, the following gains were recognised in profit or loss:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Fair value change recognised in other comprehensive income	**(4,683)**	5,910

(c) Risk exposure and fair value measurements

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

23 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH

Cash and cash equivalents:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cash at bank	**9,373,600**	8,902,651
Cash on hand	**151**	112
	9,373,751	8,902,763
Less: customer accounts and restricted cash (a)	**(9,183,911)**	(8,757,259)
Cash and cash equivalents	**189,840**	145,504

(a) Customer accounts and restricted cash

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Customer accounts (i)	**9,175,263**	8,739,240
Performance guarantees for payment business (ii)	**7,764**	12,909
Deposits for bank borrowing (iii)	**–**	5,100
Others	**884**	10
	9,183,911	8,757,259

(i) Customer accounts

Customer accounts mainly represent customer funds collected and awaiting disbursement as requested. Customer accounts are segregated from and not reported as part of cash and cash equivalents as they represent other assets held by the Group on behalf of customers, and therefore is not available for the Group's general use.

Customer accounts also comprises the service fees earned by the Group arising from completed digital payment services which has not been withdrawn from customer deposit bank accounts. It also includes, to a lesser extent, deposits made by the Group to meet requests from customers seeking expedited settlements. These balances were not reported as cash and cash equivalents because they were held on the customer accounts with customers' funds.

23 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH (continued)

(a) Customer accounts and restricted cash (continued)

(ii) Performance guarantees for payment business

Performance guarantees for payment business mainly represents the amounts pledged to banks as collateral for issuance of letters of guarantee and other purpose relating to the global and domestic payment business.

(iii) As at 31 December 2022, deposits of RMB5,100,000 were pledged as security for short-term bank borrowing, and it was released as the borrowing was fully repaid in January 2023.

Cash and cash equivalents, restricted cash and customer accounts are denominated in the following currencies:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cash and cash equivalents and restricted cash		
RMB	**115,088**	50,516
USD	**53,223**	88,260
EUR	**13,735**	7,429
GBP	**5,683**	4,130
HKD	**2,349**	3,981
Others	**8,410**	9,207
	198,488	163,523
Customer accounts:		
USD	**4,132,049**	4,173,489
RMB	**2,526,121**	1,927,044
EUR	**893,775**	1,185,024
GBP	**508,429**	517,785
JPY	**436,390**	267,748
CAD	**164,510**	198,932
Others	**513,989**	469,218
	9,175,263	8,739,240

24 SHARE CAPITAL

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Registered, issued and fully paid		
Number of shares (in thousand)	**1,014,760**	1,014,760
Share capital (in RMB'000)	**1,014,760**	1,014,760

As at 31 December 2023, share capital are RMB1,014,760,000 (31 December 2022: RMB1,014,760,000).

25 OTHER RESERVES

	Note	**Share Premium** ***RMB'000***	**Share-based Compensation Reserve** ***RMB'000***	**Statutory Reserves** ***RMB'000***	**Other reserves** ***RMB'000***	**Total** ***RMB'000***
As at 1 January 2022		1,561,585	427,320	–	20,994	2,009,899
Fair value change of FVOCI		–	–	–	5,026	5,026
Share-based compensation	*26*	–	52,278	–	–	52,278
Currency translation differences		–	–	–	138	138
As at 31 December 2022		1,561,585	479,598	–	26,158	2,067,341
As at 1 January 2023		**1,561,585**	**479,598**	**–**	**26,158**	**2,067,341**
Profit appropriations to statutory reserves		**–**	**–**	**771**	**–**	**771**
Fair value change of FVOCI		**–**	**–**	**–**	**(3,981)**	**(3,981)**
Share-based compensation	*26*	**–**	**191,495**	**–**	**–**	**191,495**
Currency translation differences		**–**	**–**	**–**	**(540)**	**(540)**
As at 31 December 2023		**1,561,585**	**671,093**	**771**	**21,637**	**2,255,086**

26 SHARE-BASED PAYMENTS

(a) Share awards

According to the resolution at the second interim shareholders' meeting dated 11 December 2020, the Company provided share-based incentives to those qualified employees, issuing additional 9,180,000 shares to the incentive recipients at a price of RMB2.96 per share. The additional shares accounted for 0.9% of the Company's total shares. Since there was no vesting period for such share-based incentives, the difference between the price and the fair value of the Company's equities, namely RMB110,585,000, was accounted as one-time share-based payment expenses.

26 SHARE-BASED PAYMENTS (continued)

(b) Share option scheme

On 1 February 2021, the general meeting of the Company approved the share option scheme to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group (the "2021 Pre-IPO Share Option Scheme"). The Company granted 40,339,000 units of stock option to the incentive recipients at an exercise price of RMB2.96. The vesting periods of the options granted to eligible employees were 12 months from the grant date for the first 50% and 24 months from the grant date for the remaining 50%, and the stock options are not exercisable until the first trading day after the Company's IPO. In addition, exercisable conditions also include company performance indicators. The 2021 Pre-IPO Share Option Scheme shall be valid and effective for the period of six years commencing on the date of grant. On 8 June 2023, the general meeting of the Company approved the revision of the share option scheme, the vesting periods of the remaining options were modified to 18 months after the Company's IPO.

On 8 June 2023, the general meeting of the Company approved another share option scheme to grant 56,125,300 units of stock option to the incentive recipients at an exercise price of RMB5.00 (the "2023 Pre-IPO Share Option Scheme"). The share options granted to eligible employees are not exercisable until 18 months after the Company's IPO. The 2023 Pre-IPO Share Option Scheme shall be valid and effective for the period of five years commencing on the date of grant.

Movements in the options granted under the options Incentive Plan are as below:

	Weighted average exercise price in RMB per share option *RMB*	Number of options
As at 31 December 2022	2.96	18,040,500
Granted	5.00	56,125,300
Forfeited	2.96	(4,274,000)
As at 31 December 2023	**4.96**	**69,891,800**

(i) Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2023 and 2022 are as follows:

Grant date	Expiry date	Exercise price	Number of share options as at 31 December 2023	Number of share options as at 31 December 2022
February 2021	1 February 2027	RMB2.96	**14,493,000**	18,040,500
June 2023	12 June 2028	RMB5.00	**55,398,800**	Not applicable

Weighted average remaining contractual life of options outstanding as at 31 December 2023 and 2022 were 4.2 and 4.1 years.

26 SHARE-BASED PAYMENTS (continued)

(b) Share option scheme (continued)

(ii) The Group recognised share based compensation expenses of RMB191,495,000 and RMB52,278,000 for the years ended 31 December 2023 and 2022 in relation to share options granted by the Company respectively.

(c) The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted option-pricing model to determine the fair value of the underlying ordinary shares. Key assumptions, such as discount rate and projections of further performance, are determined by the Group with best estimate.

The estimate of the fair value of the share options granted is measured by an external independent valuer using Black-Scholes and Binomial option pricing model as at the respective grant dates, which is to be expensed over the relevant vesting periods. The significant inputs into the model were listed below:

	2023	2021
Expected volatility	51.16%	51.89%-58.17%
Risk-free interest rate	2.24%	2.60%-2.79%
Dividend yield	0.00%	0.00%
Exercise price	5.00	2.96

The expected volatility was estimated at the grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the options. Management estimated the risk-free interest rate based on the yield of China government bond with a maturity life equal to the life of shares. Dividend yield is based on management estimation at the grant date.

(d) The Group is required to estimate the annual forfeiture rate to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 31 December 2023 and 2022, the expected forfeiture rate for senior management and other employees was estimated at 13.11% and 25.00%, respectively.

(e) Accounting policy of share-based payments

Share-based compensation benefits are provided to employees via shares issued by the Group and the employee option plan. Information relating to these schemes is set out in Note 26.

For shares issued by the Group to employees vest immediately, on the grant date, the difference of the fair value of such shares and the exercise price is recognised as share-based compensation expense with a corresponding increase in equity.

26 SHARE-BASED PAYMENTS (continued)

(e) Accounting policy of Share-based payments (continued)

Employee options

The fair value of options granted under the employee option plan is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognized for that award, as at the date of forfeiture, is treated as if it had never been recognized. At the same time, any expense previously recognized on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

Where there is any modification of terms and conditions in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

The grant by the Company of its equity instruments to the employees of the subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses are treated as part of the "investments in subsidiaries" in the Company's balance sheets.

27 TRADE PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables (a)		
– Service charge payables	**55,754**	20,371
– Payable for processing fees to financial institutions and payment networks	**18,990**	17,119
– Others	**1,262**	1,456
	76,006	38,946

(a) Trade payables

Trade payables are unsecured and are usually paid within 90 days of recognition. As at 31 December 2023 and 2022, the aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
0 to 90 days	**60,995**	26,643
91 to 180 days	**5,021**	3,522
181 days to 1 year	**2,758**	2,161
Over 1 year	**7,232**	6,620
	76,006	38,946

28 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Payables to merchants and other customers (i)	**9,082,463**	8,637,922
Staff costs and welfare accruals	**100,919**	44,365
Payables for listing expenses	**34,849**	–
VAT payables and other tax payables	**19,581**	5,030
Amounts due to related parties	**444**	263
Payables for acquisition of long-term assets	**387**	1,854
Others	**73,284**	52,862
	9,311,927	8,742,296

(i) The balance represents funds processed by the Group for merchants and other customers, which are awaiting to be settled with merchants and other customers as requested.

29 BORROWINGS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Bank borrowings, pledged (a)	**147,900**	158,950
Borrowings included in current liabilities:		
Current portion of long-term borrowings		
– Bank borrowings, unsecured (c)	**278,401**	41,065
– Current portion of long-term bank borrowings, pledged (a)	**11,244**	11,263
– Bank borrowings, secured (b)	**–**	52,951
	289,645	105,279
	437,545	264,229

(a) As at 31 December 2023, bank borrowings of RMB159,144,000 (31 December 2022: RMB170,213,000) were pledged by the Group's investment properties (Note 15), buildings (Note 13), and land use rights (Note 14). The carrying amounts of assets pledged as security for current and non-current borrowings are disclosed in Note 35.

As at 31 December 2023, the interest rate on long-term borrowings was 4.0% (31 December 2022: 4.1%). The interest should be paid quarterly and the principal should be repaid semi-annually before 20 September 2037.

As at 31 December 2023 and 2022, the Group's borrowings were repayable as follows.

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**289,645**	105,279
Between 1 and 2 years	**11,050**	11,050
Between 2 and 5 years	**33,150**	33,150
Over 5 years	**103,700**	114,750
	437,545	264,229

(b) As at 31 December 2022, bank borrowing of RMB52,951,000 (USD7,520,000) was secured by a financing guarantee issued by a domestic commercial bank.

(c) As at 31 December 2023 and 2022, the Group has entered into several short-term agreements with certain banks in the Mainland China. The borrowings had the maturity of one year or less and the interest rates ranging from 3.80% to 4.65% per annum as at 31 December 2023 (31 December 2022: 2.84% to 4.35%).

30 DEFERRED INCOME

The Group's deferred income represents government grants received from governmental authorities. The movement of deferred income is set out below:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
At the beginning of the year	**11,820**	2,490
Additions	**2,562**	9,480
Recognised in profit or loss	**(4,902)**	(150)
At the end of the year	**9,480**	11,820

31 DEFERRED INCOME TAXES

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Total deferred income tax assets:	**74,354**	63,932
Set-off of deferred tax assets pursuant to set-off provisions (a)	**(56,548)**	(59,245)
Net deferred income tax assets	**17,806**	4,687
Deferred income tax assets:		
– to be recovered within 1 year	**11,939**	13,745
– to be recovered more than 1 year	**62,415**	50,187
	74,354	63,932
Total deferred income tax liabilities	**56,713**	59,334
Set-off of deferred tax liabilities pursuant to set-off provisions (a)	**(56,548)**	(59,245)
Net deferred income tax liabilities	**165**	89
Deferred income tax liabilities:		
– to be recovered within 1 year	**4,036**	13,431
– to be recovered more than 1 year	**52,677**	45,903
	56,713	59,334

31 DEFERRED INCOME TAXES (continued)

(a) The Group only offset deferred tax assets and deferred tax liabilities for presentation purposes only if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on same tax payee.

The movement in deferred income tax assets are as follows:

Deferred income tax assets	Unused tax losses *RMB'000*	Allowance for doubtful account *RMB'000*	Lease liabilities *RMB'000*	Deferred income *RMB'000*	Advertising expenses *RMB'000*	Share-based compensation expenses *RMB'000*	Total *RMB'000*
As at 1 January 2022	76,273	392	4,256	323	–	–	81,244
(Debited)/credit to profit or loss (Note 11)	(18,578)	100	(2,095)	949	2,312	–	(17,312)
As at 31 December 2022	57,695	492	2,161	1,272	2,312	–	63,932
(Debited)/credit to profit or loss (Note 11)	**(474)**	**298**	**894**	**(519)**	**7,269**	**2,954**	**10,422**
As at 31 December 2023	**57,221**	**790**	**3,055**	**753**	**9,581**	**2,954**	**74,354**

(b) The movement in deferred income tax liabilities are as follows:

Deferred income tax liabilities	Changes in fair value *RMB'000*	Residual value of fixed assets *RMB'000*	Right-of-use assets *RMB'000*	Undistributed profits of overseas subsidiaries *RMB'000*	Total *RMB'000*
As at 1 January 2022	44,768	521	4,136	20,344	69,769
Debited/(credit) to profit or loss (Note 11)	224	(164)	(2,123)	(9,259)	(11,322)
Debited to other comprehensive income	887	–	–	–	887
As at 31 December 2022	45,879	357	2,013	11,085	59,334
Debited/(credit) to profit or loss (Note 11)	**939**	**(163)**	**811**	**(3,506)**	**(1,919)**
Credit to other comprehensive income	**(702)**	**–**	**–**	**–**	**(702)**
As at 31 December 2023	**46,116**	**194**	**2,824**	**7,579**	**56,713**

32 DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 31 December 2023 and 2022.

33 CASH FLOW INFORMATION

(a) Reconciliation of loss before income tax to net cash generated from/(used in) operations

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**(651,756)**	(900,638)
Adjustments for:		
– Depreciation of property and equipment (Note 6)	**13,673**	13,909
– Depreciation of investment properties (Note 6)	**4,014**	4,025
– Depreciation of right-of-use assets (Note 6)	**9,213**	8,726
– Amortisation of intangible assets (Note 6)	**4,670**	3,510
– Dividend income from financial assets at FVOCI (Note 8)	**(308)**	(335)
– Loss/(gains) on disposal of property and equipment	**(63)**	15
– Share of loss of investments accounted for using the equity method (Note 17)	**665,183**	805,016
– Impairment losses on financial assets (Note 3.1(b))	**1,763**	747
– Fair value (gains)/loss on financial assets at FVPL (Note 3.3)	**(1,770)**	11,879
– Interest income on loans to related parties (Note 36(b)(iv))	**(6,247)**	(4,538)
– Share-based compensation expenses (Note 7)	**191,495**	52,278
– Interest income on customer accounts (Note 8)	**(98,075)**	(21,761)
– Dilution gains (Note 9)	**(244,470)**	–
– Finance costs/(income) – net (Note 10)	**10,030**	(4,238)
Operating cash flows before changes in working capital	**(102,648)**	(31,405)
Changes in working capital:		
– Trade receivables, inventories and prepayments, other receivables and other current assets	**(68,068)**	(10,117)
– Deferred income	**(2,340)**	9,330
– Trade payables, other payables and accruals, and contract liabilities	**605,492**	2,257,506
– Customer accounts and restricted cash	**(431,751)**	(2,280,435)
Cash generated from/(used in) operations	**685**	(55,121)

33 CASH FLOW INFORMATION (continued)

(b) Net debt reconciliation

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cash and cash equivalents (Note 23)	**189,840**	145,504
Lease liabilities	**(17,473)**	(13,967)
Borrowings	**(437,545)**	(264,229)
Net debt	**(265,178)**	(132,692)

	Liabilities from financing activities			Other assets	
	Lease liabilities	**Borrowings**	**Subtotal**	**Cash and cash equivalents**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
As at 1 January 2022	(21,941)	–	(21,941)	871,460	849,519
Cash flows	10,427	(256,479)	(246,052)	(731,812)	(977,864)
Accrued interest expenses (Note 10)	(915)	(3,266)	(4,181)	–	(4,181)
Additions	(1,538)	–	(1,538)	–	(1,538)
Foreign exchange adjustments	–	(4,484)	(4,484)	5,856	1,372
As at 31 December 2022	(13,967)	(264,229)	(278,196)	145,504	(132,692)
Cash flows	**10,199**	**(161,145)**	**(150,946)**	**42,027**	**(108,919)**
Accrued interest expenses (Note 10)	**(642)**	**(12,159)**	**(12,801)**	**–**	**(12,801)**
Foreign exchange adjustments	**–**	**(12)**	**(12)**	**2,309**	**2,297**
Other non-cash movements	**(13,063)**	**–**	**(13,063)**	**–**	**(13,063)**
As at 31 December 2023	**(17,473)**	**(437,545)**	**(455,018)**	**189,840**	**(265,178)**

34 COMMITMENTS

(a) Capital commitments

Significant investments contracted for at the end of the Reporting period but not recognised as liabilities is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Investment commitments to the LianTong	–	430,000

(b) Non-cancellable operating lease

The Group leases office buildings under non-cancellable operating leases. As at 31 December 2023 and 2022, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**2,179**	691

35 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current		
Restricted cash	–	5,100
Non-current		
Property, plant and equipment	**106,099**	112,064
Land use rights	**2,821**	2,911
Investment properties	**165,039**	169,053
	273,959	284,028
	273,959	289,128

Assets pledged as security for current and non-current borrowings were disclosed in Notes 13, 14, 15 and 23.

36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the years ended 31 December 2023 and 2022, respectively.

The related party transactions were continuing transactions and carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary courses of business of the Group and in accordance with the terms of underlying agreements.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
LianTong	Associate
Zhejiang Zhong Pu Lian Technology Co., Ltd.	Associate
Zhonglian Intelligent Technology Co., Ltd.	Controlled by the ultimate controlling party
Zhejiang Lianliantong Technology Co., Ltd.	Controlled by the ultimate controlling party
Ningbo Lianhui Commercial Factoring Co., Ltd. (formerly known as Lianhui Factoring)	Controlled by the ultimate controlling party
Hangzhou Chanliantong Technology Co., Ltd.	Under significant influence of the ultimate controlling party
Hangzhou Donghan Paifu Private Equity Fund Management Co., Ltd.	Under significant influence of the ultimate controlling party
Zhejiang Lianlian Technology Co., Ltd.	Jointly controlled by the ultimate controlling party

36 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

Trade nature

(i) Provision of services

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Ningbo Lianhui Commercial Factoring Co., Ltd.	**2,138**	2,403
Zhejiang Zhong Pu Lian Technology Co., Ltd.	**1,500**	–
Zhonglian Intelligent Technology Co., Ltd.	**143**	572
LianTong	**–**	413
Hangzhou Chanliantong Technology Co., Ltd.	**–**	19
	3,781	3,407

(ii) Purchase of telecommunication services

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Zhejiang Lianlian Technology Co., Ltd.	**60**	212

(iii) Rental income

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
LianTong	**2,711**	3,785
Hangzhou Chanliantong Technology Co., Ltd.	**666**	–
Ningbo Lianhui Commercial Factoring Co., Ltd.	**480**	549
Zhonglian Intelligent Technology Co., Ltd.	**281**	363
Zhejiang Lianliantong Technology Co., Ltd.	**73**	168
Hangzhou Donghan Paifu Private Equity Fund Management Co., Ltd.	**65**	77
	4,276	4,942

36 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties (continued)

Non-trade nature

(i) Loans to related parties

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loans to related parties		
– LianTong	**–**	300,000
Repayments of loans from related parties		
– LianTong	**300,000**	–
Interest income related to loans to related parties		
– LianTong	**6,247**	4,538
Interest received from related parties		
– LianTong	**10,785**	–

In June 2022, the Group provided a loan of RMB300,000,000 to LianTong with a term of 1 year, and the annual interest rate is determined on the basis of national interbank offered rate plus 1.83%. In May 2023, the principal and interest of the loan were fully received.

(c) Receivables from and payables to related parties

Trade nature

(i) Accounts receivables

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Zhejiang Zhong Pu Lian Technology Co., Ltd.	**1,590**	–
Ningbo Lianhui Commercial Factoring Co., Ltd.	**40**	2,723
Zhonglian Intelligent Technology Co., Ltd.	**3**	35
	1,633	2,758

36 RELATED PARTY TRANSACTIONS (continued)

(c) Receivables from and payables to related parties (continued)

Trade nature (continued)

(ii) Advances from customers

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
LianTong	**849**	670
Zhejiang Lianliantong Technology Co., Ltd.	**–**	31
	849	701

(iii) Payables to merchants and customers

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Zhonglian Intelligent Technology Co., Ltd.	**14**	–
Ningbo Lianhui Commercial Factoring Co., Ltd.	**–**	394
	14	394

Non-trade nature

(i) Other receivables

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
LianTong	**140**	304,950
Zhejiang Lianlian Technology Co., Ltd.	**10**	10
	150	304,960

The balance with LianTong as at 31 December 2023 was deposits for clearance network, which will not be settled prior to listing.

36 RELATED PARTY TRANSACTIONS (continued)

(d) Key management personnel compensation

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**7,295**	4,524
Share-based compensation expenses	**48,300**	8,636
Employee social security plans, medical insurances, other social insurances obligations and housing benefits	**536**	490
Welfare and other benefits	**30**	22
	56,161	13,672

37 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no significant events that require additional disclosure or adjustments occurred after 31 December 2023.

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 December	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**522**	645
Right-of-use assets		**135**	365
Intangible assets		**235**	347
Investments accounted for using the equity method		**292,518**	205,620
Investments in subsidiaries		**1,130,542**	995,213
Total non-current assets		**1,423,952**	1,202,190
Current assets			
Prepayments, other receivables and other current assets		**14,791**	306,543
Amounts due from subsidiaries		**101,487**	–
Financial assets at fair value through profit or loss		**192,321**	188,567
Restricted cash		**–**	5,100
Cash and cash equivalents		**56,701**	23,573
Total current assets		**365,300**	523,783
Total assets		**1,789,252**	1,725,973

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

		As at 31 December	
	Note	**2023** *RMB'000*	2022 *RMB'000*
Liabilities			
Non-current liabilities			
Lease liabilities		–	93
Current liabilities			
Amounts due to subsidiaries		**391,005**	325,679
Accruals and other payables		**69,166**	5,699
Lease liabilities		**140**	597
Total current liabilities		**460,311**	331,975
Total liabilities		**460,311**	332,068
Equity			
Share capital		**1,014,760**	1,014,760
Other reserves (a)		**2,062,349**	1,870,854
Accumulated losses		**(1,748,168)**	(1,491,709)
Total equity		**1,328,941**	1,393,905
Total equity and liabilities		**1,789,252**	1,725,973

The balance sheet of the Company was approved by the Board on 25 April 2024 and was signed on its behalf.

Xin Jie
Director

Xue Qiangjun
Director

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) Reserve movement of the Company

	Share Premium *RMB'000*	Share-based Compensation Reserve *RMB'000*	Total *RMB'000*
As at 1 January 2022	1,638,189	180,387	1,818,576
Share-based compensation	–	52,278	52,278
As at 31 December 2022	1,638,189	232,665	1,870,854
Share-based compensation	**–**	**191,495**	**191,495**
As at 31 December 2023	**1,638,189**	**424,160**	**2,062,349**

39 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive, including their role as senior management or employees before their appointment as directors respectively for the years ended 31 December 2023 and 2022 respectively is set out below:

Emoluments paid or payable in respect of a person's service as a director

	Salaries/ Director's fee *RMB'000*	Discretionary bonuses *RMB'000*	Share-based compensation expenses *RMB'000*	Social security plans, housing benefits and employee welfare *RMB'000*	Total *RMB'000*
For the year ended 31 December 2023					
Executive directors					
Zhang Zhengyu (i)	1,200	960	–	123	2,283
Wang Yu (ii)	1,080	630	6,617	150	8,477
Xue Qiangjun (ii)	1,200	800	7,981	123	10,104
Zhu Xiaosong (ii)	1,487	800	8,063	290	10,640
Xin Jie (iii)	1,200	960	27,289	129	29,578

39 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and chief executive's emoluments (continued)

	Salaries/ Director's fee *RMB'000*	Discretionary bonuses *RMB'000*	Share-based compensation expenses *RMB'000*	Social security plans, housing benefits and employee welfare *RMB'000*	Total *RMB'000*
Independent non-executive directors					
Chun Chang (vi)	293	–	–	–	293
Feng Yan (v)	132	–	–	–	132
Li Qi (v)	103	–	–	–	103
Wong Chi Kin (v)	166	–	–	–	166
Lin Lanfen (v)	123	–	–	–	123
Supervisors					
Wu Wei (iv)	267	–	–	–	267
Song Jingfang (iv)	258	69	–	100	427
Hong Xiaoxue (iv)	170	62	–	64	296
	7,679	4,281	49,950	979	62,889
For the year ended 31 December 2022					
Executive directors					
Zhang Zhengyu (i)	1,200	36	–	118	1,354
Wang Yu (ii)	1,080	36	3,238	124	4,478
Xue Qiangjun (ii)	1,200	36	3,238	118	4,592
Zhu Xiaosong (ii)	1,200	36	3,670	118	5,024
Xin Jie (iii)	1,200	36	–	124	1,360
Independent non-executive directors					
Li Qi (v)	200	–	–	–	200
Feng Yan (v)	200	–	–	–	200
Chun Chang (vi)	200	–	–	–	200
Supervisors					
Wu Wei (iv)	200	–	–	–	200
Song Jingfang (iv)	236	8	–	93	337
Hong Xiaoxue (iv)	204	11	–	80	295
	7,120	199	10,146	775	18,240

39 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and chief executive's emoluments (continued)

(i) Mr. Zhang Zhengyu has been appointed as the executive director of the Company since 3 December 2020, and he was the chief executive officer of the Company till March 2023.

(ii) Mr. Wang Yu, Mr. Xue Qiangjun and Mr. Zhu Xiaosong have been appointed as the executive directors of the Company since 3 December 2020.

(iii) Mr. Xin Jie has been appointed as the executive director of the Company since 4 April 2021. He was appointed as the chief executive officer of the Company in March 2023.

(iv) Mr. Wu Wei, Ms. Song Jingfang, Ms. Hong Xiaoxue have been appointed as supervisors of the Company since 3 December 2020.

(v) Ms. Li Qi and Ms. Feng Yan have been appointed as independent non-executive directors of the Company since 3 December 2020. Ms.Li Qi and Ms. Feng Yan resigned in 2023, Mr. Wong Chi Kin and Ms. Lin Lanfen have been appointed as independent non-executive directors to replaced their positions in June and July 2023, respectively.

(vi) Mr. Chun Chang has been appointed as an independent non-executive director of the Company since 4 April 2021.

(b) Directors' retirement benefits

None of the directors received any retirement benefits for the years ended 31 December 2023 and 2022, except for contributions to pension plans.

(c) Directors' termination benefits

None of the directors received any termination benefits for the years ended 31 December 2023 and 2022.

(d) Consideration provided to third parties for making available directors' services

For the years ended 31 December 2023 and 2022, the Company did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

Save as disclosed in the Note 36(b), there were no loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors for the years ended 31 December 2023 and 2022.

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 36(b), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the years ended 31 December 2023 and 2022.

40 SUMMARY OF OTHER ACCOUNTING POLICIES

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

40.1 Principles of consolidation and equity accounting

40.1.1 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group except for the business combinations under common control (Refer to Note 41.1.5(a)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised 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 Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive loss, statements of changes in equity and balance sheets respectively.

40.1.2 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.1 Principles of consolidation and equity accounting (continued)

40.1.3 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

40.1.4 Business combinations

(a) Business combinations under common control

Business combinations under common control refers to combinations where combining entities/businesses are controlled by the same parties before and after the combination and that control is not transitory.

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control, where all assets and liabilities are recorded at predecessor carrying amounts, as if the combining entities have been consolidated from the date when they first came under the control of the controlling party, where differences between consideration payable and the net assets value are taken to the capital reserve.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.1 Principles of consolidation and equity accounting (continued)

40.1.4 ***Business combinations*** (continued)

(b) *Business combination not under common control*

The acquisition method of accounting is used to account for business combinations not under common control, 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 Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interests 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 Group recognises 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 interests 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 recognised directly in profit or loss as a gain on bargain purchase.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.1 Principles of consolidation and equity accounting (continued)

40.1.4 ***Business combinations*** (continued)

(b) Business combination not under common control (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

40.1.5 ***Separate financial statements***

Investments in subsidiaries is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiary are accounted for by the Group on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

40.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and the other key management.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.3 Foreign currency translation

40.3.1 Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the Company and the Company's subsidiaries in the Mainland China are RMB. The functional currency of the Company's subsidiaries outside Mainland China are measured using the currency of the primary economic environment in which the subsidiary operates.

As the major operations of the Group for the years ended 31 December 2023 and 2022 are within the Mainland China, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

40.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates 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 recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in the consolidated balance sheets as part of the fair value gain or loss.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.3 Foreign currency translation (continued)

40.3.3 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this 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 dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

40.4 Investment properties

Investment properties are properties held to earn rentals. Investment properties are initially measured at cost and are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

The above investment properties are depreciated over their estimated useful lives of 46 years using the straight-line method. Depreciation is recognized over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.5 Property, plant and equipment

Property, plant and equipment, are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss for the years ended 31 December 2023 and 2022 in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives:

	Estimated useful lives	Residual rate
– Buildings	5 years, 10 years, 46 years	5%
– Vehicles	5-10 years	5%
– Furniture and office equipment	3-5 years	5%
– Electronic equipment	3-5 years	5%
– Leasehold improvement	Shorter of remaining lease term or useful life	

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 40.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in "Other gains" in the consolidated statements of comprehensive loss.

40.6 Intangible assets

(a) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortized using the straight-line method over their estimated useful lives of 3-10 years. Costs associated with maintaining computer software programs are recognized as expense as incurred.

(b) Trademarks and patents

Acquired trademarks and patents are capitalized on the basis of the costs incurred to acquire. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives of 10 years.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.6 Intangible assets (continued)

(c) Licence

Licence acquired in a business combination are recognised at fair value at the acquisition date. They have an indefinite life and are subsequently carried at cost without amortisation, but is tested for impairment annually.

(d) Goodwill

Goodwill is measured as described in Note 16. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(e) Research and development expenditures

The Group incurs significant costs and efforts on research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed products and all the following can be demonstrated:

- it is technically feasible to complete the development project so that it will be available for use;
- management intends to complete the development project, and use or sell it;
- the ability to use or sell the development project;
- it can be demonstrated how the development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and the ability to use or sell the development project are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the development project include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.6 Intangible assets (continued)

(e) Research and development expenditures (continued)

Other development expenditures that do not meet those above criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

For the years ended 31 December 2023 and 2022, there were no development costs meeting these criteria and capitalised as intangible assets.

40.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

40.8 Financial assets and liabilities

40.8.1 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

(i) Those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

(ii) Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.1 *Financial assets* (continued)

(b) *Recognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any expected credit losses ("ECL") allowance) or to the amortised cost of a financial liability. The calculation does not consider ECL 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. For purchased or originated credit-impaired ("POCI") financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.1 ***Financial assets*** (continued)

(c) *Measurement* (continued)

Debt instruments (continued)

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e., net of the ECL provision).

(ii) FVOCI: Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains". Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

(iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of comprehensive loss within "Other gains" in the period in which it arises.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.1 Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.1 Financial assets (continued)

(d) *Impairment*

The Group assesses the ECL associated with its debt instruments carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 3.1(b) provides more details of how the "Provision for impairment" is measured.

(e) *Derecognition*

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

(f) *Write-off*

Financial assets (and the related ECL allowance) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.2 Financial liabilities

(a) Classification and subsequent measurement

Financial liabilities are classified as subsequently measured at amortised cost, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

(b) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

40.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets where the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.10 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's impairment policies.

40.11 Cash and cash equivalents and customer accounts

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include deposits held at call with banks, cash at other third-party online payment platforms, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Customer accounts mainly represent customer funds actually collected and awaiting disbursement as requested.

40.12 Trade and other payables

Trade payables mainly represent the obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The Group shares its payment service revenue with distribution channels in the form of commissions in accordance with the terms of the service agreements.

Payables to merchants included in other payables represent the funds in customer deposit accounts which has not been transferred to merchant customers due to the settlement cycle or the preferences of merchant customers for periodic collection of funds. The carrying amounts are estimated to be approximating their fair values, due to their short-term nature. Trade and other payables are presented as current liabilities unless payment is not due within one year or less after the reporting period.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.13 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other borrowing costs are expensed in the period in which they are incurred.

40.14 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.14 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and income tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group considers the asset and the liability separately for lease transactions. The Group recognises a deferred income tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred income tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities since initial recognition.

40.15 Employee benefits

(a) Employee social security plans, housing funds, medical insurances and other social insurances obligations

The Group only operates defined contribution pension plans. Employees of the Group are covered by various government-sponsored social security plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments. Contributions to these plans are expensed as incurred.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.15 Employee benefits (continued)

(a) *Employee social security plans, housing funds, medical insurances and other social insurances obligations* (continued)

Employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred.

(b) *Short-term obligations*

Liabilities for salaries and bonuses, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations and reflected in "Accruals and other payables" in the balance sheets.

(c) *Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.16 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing:

- The losses attributable to equity holders of the Company;
- By the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

40.17 Leases

(a) Definition of a lease and the Group as a lessee

The Group leases various buildings and data centre in the PRC and abroad as lessee. Rental contracts are typically made for fixed periods of 2 to 5 years. 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.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.17 Leases (continued)

(a) *Definition of a lease and the Group as a lessee* (continued)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the 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.

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 (if applicable):

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate, being the rate that the individual lessee 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.

Right-of-use assets are measured at cost comprising the following (if applicable):

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

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.17 Leases (continued)

(a) Definition of a lease and the Group as a lessee (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment (Note 40.7). Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

(i) Modification of lease

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use assets.

(b) The Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in consolidated statements of comprehensive loss due to its operating nature.

40.18 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets in "Other gains", see Note 9 above.

Interest income is presented as "Finance income" where it is earned from financial assets that are held for cash management purposes, see Note 10 above.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income from financial assets at amortised cost is included in the "Finance income" or "Other income", see Note 9 and Note 10 above.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.18 Interest income (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset (including a group of financial assets) and of allocating the interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (but does not consider future credit losses). The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.