

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

2024 | INTERIM
REPORT

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Corporate Information

DIRECTORS

Executive Directors

Mr. Zhang Zhengyu (章徵宇) (*Chairman*)
Mr. Xin Jie (辛潔) (*Chief executive officer*)
Ms. Wei Ping (魏萍) (*Financial director*) (*appointed with effect from June 7, 2024*)
Mr. Zhu Xiaosong (朱曉松)
Mr. Wang Yu (王愚) (*Chief technology officer*)
Mr. Xue Qiangjun (薛強軍) (*Chief people officer*) (*resigned as a director with effect from June 7, 2024*)

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 (閻浩)
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
22/F, Prince's Building
Central
Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20/F China Building
29 Queen's Road Central
Hong Kong

HONG KONG LEGAL ADVISER

Eric Chow & Co. in Association with
Commerce & Finance Law Offices
3401, Alexandra House
18 Chater Road
Central
Hong Kong

PRC LEGAL ADVISER

Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Chaoyang District
Beijing, the PRC

REGISTERED OFFICE

B3, 12/F, Building 1
79 Yueda Lane
Binjiang District, Hangzhou
Zhejiang Province
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS 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

H SHARE REGISTRAR

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

PRINCIPAL BANKS

Industrial and Commercial Bank of China Limited
Hangzhou Gaoxin Sub-branch
No. 391 Wener Road, West Lake District
Hangzhou, Zhejiang Province
PRC

China Merchants Bank Co., Ltd. Hangzhou Branch
No. 300, Fuchun Road, Shangcheng District
Hangzhou, Zhejiang Province
PRC

China CITIC Bank Co., Ltd. Binjiang Sub-branch
Southeast Corner, 1/F and 2/F, Building 6
Zhongnan International Mall
No. 1090, Jiangnan Avenue
Binjiang District
Hangzhou, Zhejiang Province
PRC

China Construction Bank Corporation
Hangzhou Binjiang Sub-branch
No. 480, Jiangnan Avenue, Binjiang District
Hangzhou, Zhejiang Province
PRC

COMPANY WEBSITE

www.lianlian.com

STOCK CODE

2598

LISTING DATE

March 28, 2024

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

We are a leading digital payment solution provider from China with a global payment capability to serve our customers around the world. Leveraging on our extensive global payment network built upon our global license layout, comprehensive proprietary technology platform and extensive network of partners, we provide rich digital payment services and value-added services to customers in China and around the world. Our customers mainly include merchants, who primarily conduct retail business with end-buyers through e-commerce platforms, and enterprises, who primarily sell goods or provide services to end-buyers including companies and institutions.

Categorized by products, our digital payment services primarily comprise of pay-in, pay-out, acquiring, foreign exchange, virtual card and payment aggregation services. Our value-added services are mostly payment related and they include business services and technology services. With business services, we provide digital marketing, operation support and referral services. With technology services, we provide account and e-wallet solutions and software development services. Categorized by geographical coverage, our digital payments services include global payments and domestic payments.

Among all the China-based digital payment solution providers, we have extensive global business outreach and license coverage, and we are the only one holding all state-level money transmitter licenses in the United States. As of June 30, 2024, our global license layout consists of 65 payment licenses and relevant qualifications. We provide services which encompass over 100 countries and regions and support transactions in over 130 currencies. The comprehensive global license layout and regulatory compliance framework of our Company have earned us trust from regulators, customers and partners, enabling our customers to succeed in the digital transformation in global commerce. Over the years, the Company has been focusing on serving Chinese merchants and enterprises and building a close partnership with the essential players in the e-commerce ecosystem and have gained deep insights into customers, markets and industries. With the advanced technology platform, innovative products and solutions, the Company has built differentiated competitive advantages over our peers.

In the first half of 2024, the Company further expanded its global business outreach, strengthened product innovation, and achieved outstanding performance in all business lines. For the six months ended June 30, 2024, the total revenue of the Company for the first half of the year was RMB617.4 million, representing a year-on-year increase of 40.1%.

In terms of digital payment services, for the six months ended June 30, 2024, the TPV of the Company's digital payment business reached RMB1.57 trillion, representing a year-on-year growth of 120.1%, and the total revenue generated from digital payment services was RMB541.9 million, representing a year-on-year growth of 41.4%.

Global Payment:

With global payment business, we further expanded the coverage of our businesses to more regions and cross-border e-commerce platforms, and continued to enhance our product service capabilities to build a more solid bridge between China's production capacity and international demand. The Company is rooted in small and medium-sized businesses which serve the global consumers market. Through its one-stop solutions and large customer base, the Company has helped emerging e-commerce platforms rise globally, and in doing so, it has gained market share and improved operating results. Meanwhile, we work closely with cross-border E-commerce Comprehensive Pilot Zones to benefit small and medium-sized businesses and to create a barrier-free and an accessible overseas channel for Chinese brands, thus improving the efficiency of cross-border trade.

Additionally, we have further expanded the breadth and depth of our global payment products. In terms of breadth, we continued to expand the boundaries of our one-stop service capability and upgraded our virtual card services and further improved our acquiring solutions with the five largest card organizations to meet the diversified payment methods of different customers. In terms of depth, we have further enhanced our ability in the Service Trade and B2B fields, and met the in-depth needs of specific industries and markets through customized services and professional solutions. Lastly, the Company has taken a solid step in its global license layout and obtained the Luxembourg Electronic Money Institution licence in May 2024, which is another substantial breakthrough achieved in the process of the Company's in-depth cultivation of the European market and the promotion of its globalization strategy. For the six months ended June 30, 2024, the Company's global payment business TPV reached RMB102.3 billion, a year-on-year increase of 35.4%, and the total revenue generated from global payment business was RMB372.4 million, a year-on-year increase of 21.9%.

Domestic Payment and Value-added services:

In the field of domestic payment business, the Company is committed to using payment services as an entry point and catalyst for corporate digitization, and creating a positive cycle of differentiated product innovation and large-scale development, through continuous product innovation and service upgrades. For the six months ended June 30, 2024, the Company's TPV of the domestic payment business reached RMB1.47 trillion, representing a year-on-year increase of 130.1%, and the total revenue generated from domestic payment business was RMB169.5 million, representing a year-on-year increase of 117.8%, mainly due to the substantial increase in volume of innovative products in the first half of 2024 following the completion of the initial product launch last year. At the same time, we continued to strengthen business innovation and incubated new products in the first half of 2024. We creatively utilised our global layout and global payment capabilities to launch corporate wallet products to assist customers in facilitating payments conveniently on a global scale and optimizing their financial management processes and internal control processes. At present, the product has been gradually promoted in state-owned enterprises, listed companies, industry leaders and small and medium-sized enterprises, demonstrating strong market penetration and business potential.

In terms of value-added services, the Company's total revenue from value-added services for the six months ended June 30, 2024 was RMB66.8 million, representing a year-on-year increase of 41.2%. This is mainly due to the traffic contribution brought by the growth of digital payment business.

Looking to the future, the Company will continue to adhere to its existing development strategy, focus on innovation and efficient execution, and deeply develop the payment and digital support capabilities for global expansion of Chinese products and production capacity. We believe that as the environment of the global political and economic landscape becomes increasingly complex and volatile, assisting Chinese enterprises to develop their businesses in compliance with laws and regulations on a global scale, and systematically improving the efficiency, convenience and safety of the circulation process through the global layout of compliant payment and settlement network and a comprehensive digital capabilities of the circulation end and being rooted in China's solid industrialization foundation and production capacity advantages will have increasingly important systemic value. Lianlian will be committed to providing global payment and digital transformation solutions for Chinese companies on the basis of compliance with the global compliance framework, and continue to contribute value to the growth and efficiency of Chinese companies.

FINANCIAL REVIEW

Revenue

Our revenue for the six months ended June 30, 2024 was RMB617.4 million, representing an increase of 40.1% compared with the same period last year, primarily attributable to (i) an increase in revenue generated from our digital payment services of RMB158.7 million; (ii) an increase in revenue generated from value-added services of RMB19.5 million, partially offset by a decrease in other revenue of RMB1.3 million.

The following table sets forth the breakdown of our revenue for the periods indicated:

Revenue	Six months ended June 30,			
	2024	2023	Change	Change in
	<i>(RMB in thousands)</i>			%
Digital payment services	541,888	383,231	158,657	41.4%
– Global payment ⁽¹⁾	372,374	305,383	66,991	21.9%
– Domestic payment ⁽²⁾	169,514	77,848	91,666	117.8%
Value-added services	66,773	47,303	19,470	41.2%
Others⁽³⁾	8,726	10,055	(1,329)	(13.2)%
Total	617,387	440,589	176,798	40.1%

Notes:

- (1) Refers to payments that occur across borders or outside China.
- (2) Refers to payment transactions that occur in China.
- (3) 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. Our revenue generated from digital payment services for the six months ended June 30, 2024 was RMB541.9 million, representing an increase of RMB158.7 million, or 41.4%, compared with the same period last year. The increase is mainly attributable to: (i) revenue from global payment increased by RMB67.0 million, representing an increase of 21.9% compared with the same period last year, driven by the continued growth of TPV for the global payment services; and (ii) revenue from domestic payment increased by RMB91.7 million, representing an increase of 117.8%, mainly due to the substantial increase in TPV of domestic payment services of 130.1% compared with the same period last year.

Value-added Services:

Our revenue generated from value-added services for the six months ended June 30, 2024 was RMB66.8 million, representing an increase of RMB19.5 million or 41.2% compared with the same period last year, mainly due to the rapid expansion of 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 six months ended June 30, 2024.

Cost of Sales

Our cost of sales for the six months ended June 30, 2024 was RMB292.5 million, representing an increase of RMB122.1 million or 71.6% compared with the same period last year; primarily attributable to (i) compared with the same period last year, the TPV of the global payment services increased by 35.4% while the TPV of the domestic payment services increased by 130.1% as we actively assist China's outbound production capacity, expand to new e-commerce platforms and payment channels resulting in the corresponding cost of digital payment services to increase by RMB105.3 million, representing an increase of 79.6%; (ii) due to the increase in service fees paid to channel partners due to the rapid expansion of digital marketing services, the cost of value-added services increased by RMB16.5 million, representing an increase of 50.6%.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit for the six months ended June 30, 2024 was RMB324.9 million, representing an increase of 20.3% compared with the same period last year; the gross profit margin was 52.6%, decreased by 8.7 percentage points compared with the same period last year, primarily attributable to the expansion of pay-out services in domestic payment services with lower gross profit margin. Among which, (i) the gross profit of global payment was RMB270.2 million, representing an increase of RMB43.8 million or 19.3% compared with the same period last year; with a gross profit margin of 72.6%, which was basically stable; (ii) the gross profit of domestic payment was RMB34.1 million, representing an increase of RMB9.6 million compared with the same period last year, representing an increase of 39.0%; with a gross profit margin of 20.1%, representing a decrease of 11.4 percentage points compared with the same period last year, mainly due to changes in the composition of revenue, while the gross profit margin of the same services remained stable; and (iii) the gross profit of value-added services was RMB17.9 million, representing an increase of RMB3.0 million compared with the same period last year, and an increase of 20.7%; with a gross profit margin of 26.9%, representing a slight decrease of 4.6 percentage points compared with the same period last year, mainly due to the substantial increase in digital marketing services with lower profit margins.

Selling and Marketing Expenses

	Six months ended June 30,			
	2024	2023	Change	Change in
	<i>(RMB in thousands)</i>			%
Selling and marketing expenses	108,883	84,962	23,921	28.2%
Less:				
Share-based compensation expenses	(7,497)	(3,453)	(4,044)	117.1%
Adjusted selling and marketing expenses (Non-IFRS measure) ⁽¹⁾	101,386	81,509	19,877	24.4%

Note:

(1) Refers to selling and marketing expenses (no-IFRS measure) after excluding share-based compensation expenses.

Our selling and marketing expenses for the six months ended June 30, 2024 were RMB108.9 million, representing an increase of RMB23.9 million or 28.2% compared with the same period last year; after excluding share-based compensation expenses, the adjusted selling and marketing expenses were RMB101.4 million, representing an increase of RMB19.9 million or 24.4% compared with the same period last year, mainly due to our intensified promotional activities related to customer acquisition and industry coverage in order to expand our business.

General and Administrative Expenses

Six months ended June 30,				
	2024	2023	Change	Change in
	<i>(RMB in thousands)</i>			%
General and administrative expenses	290,244	153,699	136,545	88.8%
Less:				
Share-based compensation expenses	(93,075)	(30,513)	(62,562)	205.0%
Listing expenses	(7,799)	(4,339)	(3,460)	79.7%
Adjusted general and administrative expenses (Non-IFRS measure) ⁽¹⁾	189,370	118,847	70,523	59.3%

Note:

- (1) Refers to general and administrative expenses (non-IFRS measure) after excluding (i) share-based compensation expenses and (ii) listing expenses.

Our general and administrative expenses for the six months ended June 30, 2024 were RMB290.2 million, representing an increase of RMB136.5 million compared with the same period last year; after excluding share-based compensation expenses and listing expenses related to the Global Offering in compliance with international accounting standards, the adjusted general and administrative expenses were RMB189.4 million, representing an increase of RMB70.5 million or 59.3% compared with the same period last year; mainly due to (i) the increase of 25.0% or RMB29.7 million (also related to the global offering) not meeting the exclusion criteria of the non-IFRS measures for one-off listing expenses; and (ii) the remaining 34.3% increase mainly attributable to the Company's increased investment in new strategic initiations.

Research and Development Expenses

Six months ended June 30,				
	2024	2023	Changes	Changes in
	<i>(RMB in thousands)</i>			%
Research and development expenses	147,469	119,377	28,092	23.5%
Less:				
Share-based compensation expenses	(26,281)	(9,200)	(17,081)	185.7%
Adjusted research and development expenses (Non-IFRS measure) ⁽¹⁾	121,188	110,177	11,011	10.0%

Note:

- (1) Refers to research and development expenses (non-IFRS measure) after excluding share-based compensation expenses.

Our research and development expenses for the six months ended June 30, 2024 were RMB147.5 million, representing an increase of RMB28.1 million as compared to the same period last year; after excluding share-based compensation expenses, adjusted research and development expenses were RMB121.2 million, representing an increase of RMB11.0 million or 10.0% as compared with the same period last year, which was mainly due to our continuous investment in technology innovation.

Other Income

Our other income for the six months ended June 30, 2024 were RMB89.5 million, representing an increase of RMB56.1 million, or 168.2%, compared with the same period last year. This is primarily due to a significant increase in interest income on customer accounts driven by our TPV growth and interest rate hikes on multiple foreign currencies.

Other (Losses)/Gains – Net

Our other losses for the six months ended June 30, 2024 were RMB2.4 million, compared with other gains of RMB16.3 million for the same period last year, other losses were mainly due to changes in the fair value of a financial assets at fair value through profit or loss due to fluctuations in the exchange rate of the yen, and the withdrawal of related party loans in May 2023, as a result, there was no interest income on borrowing to related parties occurred this year.

Provision for Impairment on Financial Assets

Our impairment on financial assets refers to the credit loss assessment and movement in allowance for the impairment of trade receivables and other receivables. The impairment loss of financial assets for the six months ended June 30, 2024 was RMB3.4 million, representing an increase of RMB1.5 million compared with the same period last year, which was in line with the increase of the Company's trade receivables.

Finance Costs – Net

Our finance costs – net for the six months ended June 30, 2024 was RMB6.4 million, representing an increase of RMB2.2 million compared with the same period last year, mainly due to an increase in bank borrowings.

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

Our share of the net loss of associates accounted for using the equity method for the six months ended June 30, 2024 was RMB202.7 million, representing a decrease of RMB133.3 million or 39.7% compared with the same period last year; primarily due to the narrowed share of loss in LianTong.

Income Tax Expense

Our income tax expense for the six months ended June 30, 2024 was RMB2.9 million, representing an increase of RMB0.6 million compared with the same period last year, mainly due to our increased current income tax expense.

Non-IFRS Measures

We define EBITDA (Non-IFRS measure) as loss for the periods adjusted by adding back (i) income tax expense, (ii) finance costs – 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 periods 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 periods presented in accordance with IFRS Accounting Standards:

Reconciliation	Six months ended June 30,	
	2024	2023
	<i>(RMB in thousands)</i>	
Loss for the period	(349,957)	(382,533)
Add:		
Income tax expense	2,943	2,287
Finance costs – net	6,366	4,201
Depreciation of property, plant and equipment	6,827	6,866
Depreciation of right-of use assets	5,904	4,294
Depreciation of investment properties	2,012	2,002
Amortization of intangible assets	2,041	1,847
EBITDA⁽¹⁾ (Non-IFRS measure)	(323,864)	(361,036)
Add:		
Share-based compensation expenses ⁽²⁾	127,641	43,316
Listing expenses	7,799	4,339
Adjusted EBITDA⁽³⁾ (Non-IFRS measure)	(188,424)	(313,381)

Notes:

- (1) EBITDA (Non-IFRS measure) refers to loss for the years adjusted by adding back (i) income tax expense, (ii) finance costs – net, and (iii) depreciation and amortization, which are non-cash in nature.
- (2) 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.
- (3) 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.

Loss for the Period

In summary, we suffered a loss of RMB350.0 million during the Reporting Period, representing a decrease of RMB32.6 million compared with the same period last year, which has narrowed by 8.5%. After excluding (i) share-based compensation expenses of RMB127.6 million; and (ii) expensed listing expenses of RMB7.8 million, the Non-IFRS adjusted loss amounted to RMB214.6 million. It further includes a) losses of RMB201.5 million attributable to LianTong; and b) one-time listing expenses related to the Global Offering but not in compliance with the exclusion criteria of the non-IFRS measures of RMB29.7 million. After excluding the above, Lianlian's daily business generated operating profit of RMB16.6 million.

Liquidity and Financial Resources, Treasury Policies and Capital Structure

	Six months ended June 30,	
	2024	2023
	<i>(RMB in thousands)</i>	
The following table sets forth our cash flows for the period indicated:		
Net cash (used in)/generated from operating activities	(102,890)	53,151
Net cash (used in)/generated from investing activities	(106,916)	5,345
Net cash generated from/(used in) financing activities	590,270	(16,253)
Net increase in cash and cash equivalents	380,464	42,243
Cash and cash equivalents at beginning of the period	189,840	145,504
Effects of exchange rate changes on cash and cash equivalents	5,284	5,237
Cash and cash equivalents at end of the period	575,588	192,984

During the Reporting Period, our net cash used in operating activities was RMB102.9 million, mainly due to a loss of RMB347.0 million before income tax (most of which were non-cash items), which mainly includes (i) an attributable investment loss of RMB202.7 million calculated using the equity method (which is mainly attributable to our investment in LianTong); (ii) share-based compensation expenses of RMB127.6 million; and (iii) changes in working capital of RMB122.1 million, mainly reflecting changes in trade receivables, other receivables and other payables.

Net cash used in investing activities was RMB106.9 million, mainly due to RMB96.7 million in cash used to purchase capital guaranteed wealth management products and other financial investment products as well as RMB10.2 million in cash paid for the purchase and construction of property, plant and equipment and intangible assets.

Net cash generated from financing activities amounted to RMB590.3 million, which mainly includes the net proceeds of RMB563.0 million from the Global Offering and the net proceeds of RMB37.0 million from borrowings, these amounts were offset by the principal and interest payments of RMB6.9 million on the lease liability.

The Company's bank loans for the six months ended June 30, 2024 was RMB484.5 million.

As of June 30, 2024, the total amount of long-term bank borrowings is RMB145.4 million, with an interest rate of 4.0% (December 31, 2023: 4.0%), which have to be repaid by September 20, 2037. The total amount of short-term bank borrowings is RMB339.2 million, with a maturity of one year or less and an annual interest rate of 3.45% to 4.40% (December 31, 2023: 3.80% to 4.65%). As of June 30, 2024, the unutilized bank loans were approximately RMB602.6 million. Bank borrowings are denominated in RMB. The Group has complied with the loan financial contract during the Reporting Period. The Company does not use any financial instruments for hedging. The Group maintains sufficient liquidity to meet its daily administrative and capital expenditure requirements and can control its internal operating cash flow.

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 products, short or long-term loans, investments in subsidiaries, joint ventures, and other equity investments.

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 date of this announcement. The capital of the Company comprises ordinary shares of the Company including H Shares and Unlisted Shares.

Inventories

As of June 30, 2024, the Group's inventories amounted to RMB0.7 million, which remained stable as compared to the inventories as at December 31, 2023.

Capital Expenditures

During the Reporting Period, the capital expenditure of the Group was RMB10.2 million, which mainly includes the purchase of property and equipment and the purchase of intangible assets such as computer software. The Company mainly uses cash from operating activities to fund capital expenditures. The Company intends to use the Company's existing cash balances, bank and other borrowings and proceeds from the Global Offering to finance the Company's future capital expenditures and long-term investments. The Company may reallocate funds for capital expenditure and long-term investment based on continuing business needs.

Customer Accounts and Restricted Cash

Our customer accounts mainly refer to (i) funds collected and awaiting disbursement as requested; (ii) service fees earned by the Group arising from completed digital payment services which has not been withdrawn from customer deposit bank accounts; and (iii) deposits made by the Group to meet requests from customers seeking expedited settlements. Other restricted cash is mainly performance guarantee for the payment business. As of June 30, 2024, our customer accounts and restricted cash amounted to RMB10,197.2 million, representing an increase of RMB1,013.3 million compared with December 31, 2023, mainly due to an increase of RMB1,012.6 million in customer accounts brought about by the increase in TPV and revenue.

Accruals and Other Payables

Our accruals and other payables mainly include payables to merchants and other customers, staff costs and welfare accruals. As of June 30, 2024, our accruals and other payables amounted to RMB10,276.9 million, representing an increase of RMB965.0 million compared with December 31, 2023, among which 98.2% was payables to merchants and other customers, which was in line with the growth trend of customer accounts.

Trade Receivables

Our trade receivables are amounts due from customers for the provision of services in the ordinary course of business. As of June 30, 2024, our trade receivables amounted to RMB96.3 million, representing an increase of RMB28.7 million compared with December 31, 2023; mainly due to revenue growth and the need to cooperate with more commercial banks and large enterprises to develop our business due to changes in our customer portfolio, the settlement cycles of commercial banks and large enterprises are relatively longer, resulting in larger balances of trade receivables. We have made adequate provisions for commercial banks and large enterprises on the basis of their overall business reputation and credit ratings.

Trade Payables

Our trade payables primarily consist of payable for service charge to channel partners and payable for processing fees to financial institutions and payment networks. As of June 30, 2024, our trade payables amounted to RMB76.0 million, representing a change of 0.02% compared to December 31, 2023, which were relatively stable.

Prepayments, Other Receivables and Other Current Assets

Our prepayments, other receivables and other current assets primarily include prepaid expenses, advance paid on behalf of customers, value-added tax recoverable and deposits for payment channels and rentals. As of June 30, 2024, the balance was RMB116.9 million, representing an increase of RMB37.9 million as compared to December 31, 2023, mainly due to the increase in security deposits required to further develop the global payment business and expand payment channels.

PLEDGE OF ASSETS

As of June 30, 2024, the Group pledged (i) investment properties with net book value of RMB163.0 million, (ii) buildings with net book value of RMB103.6 million, and (iii) land use rights of RMB2.8 million for the Group's bank borrowings of RMB156.6 million. These borrowings are for general business operation purposes.

CONTINGENT LIABILITIES

As of June 30, 2024, 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 our debts or to secure guarantees or other support of its obligation before the Listing.

GEARING RATIO

As of June 30, 2024, our gearing ratio, calculated as total borrowings divided by the total equity as at the end of the period, was approximately 51.8%.

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 June 30, 2024, 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 is US dollars. 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.

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

As of June 30, 2024, 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 June 30, 2024).

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2024, we had a total of 1,006 employees, 91.65% of which were based in the PRC and 8.35% were based overseas, primarily in Southeast Asia and the United States. For the six months ended June 30, 2024, the total employee benefits (including directors' remuneration) amounted to RMB385.7 million.

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 June 30, 2024, 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.

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 of 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 Scheme.

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 of 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 June 30, 2024, (i) the number of underlying Shares pursuant to the outstanding share options granted under the 2021 Pre-IPO Share Option Scheme amounted to 14,374,500 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 54,845,300 Shares, representing approximately 1.3% and 5.1%, respectively of the issued Shares as of June 30, 2024. 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	Granted	Exercised	Cancelled	Lapsed	Number
					of Shares as of January 1, 2024	during the Reporting Period	during the Reporting Period	during the Reporting Period	during the Reporting Period	of Shares as of June 30, 2024
Directors										
Mr. Xin Jie (辛潔)	June 12, 2023	RMB5	Note 2	Note 3	10,000,000	-	-	-	-	10,000,000
Ms. Wei Ping (魏萍) ^{Note 4}	June 12, 2023	RMB5	Note 2	Note 3	3,000,000	-	-	-	-	3,000,000
Mr. Xue Qiangjun (薛強軍) ^{Note 5}	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. Zhu Xiaosong (朱曉松)	February 4, 2021	RMB2.96	Note 2	Note 3	850,000	-	-	-	-	850,000
	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

Name of grantee	Date of grant	Exercise price per share	Vesting period	Exercise period	Number of Shares as of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares as of June 30, 2024
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	10,328,000	-	-	-	118,500	10,209,500
	June 12, 2023	RMB5	Note 2	Note 3	32,363,800 ^{Note 6}	-	-	-	553,500	31,810,300

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) Ms. Wei Ping was appointed as an executive Director with effect from June 7, 2024. For further details, see announcements of the Company dated April 25, 2024 and June 7, 2024.
- (5) Mr. Xue Qiangjun ceased to be a Director on June 7, 2024. For further details, see announcements of the Company dated April 25, 2024 and June 7, 2024.
- (6) The difference between the number of Shares granted to other employees as of December 31, 2023 and January 1, 2024 was due to that the Shares granted to Ms. Wei Ping were no longer counted under other employees as Ms. Wei Ping was appointed as an executive Director with effect from June 7, 2024.
- (7) The average fair value of the options granted on February 4, 2021 was RMB12.23 per Share at the date of grant.
- (8) The average fair value of the options granted on June 12, 2023 was RMB11.13 per Share at the date of grant.
- (9) Save as disclosed above, there were no other material matters relating to the Pre-IPO Share Option Schemes that were required to be reviewed for approval by the remuneration committee of the Company during the Reporting Period in accordance with Rule 17.07A of the Listing Rules.

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 25 to the condensed consolidated financial information.

Rule 17.07(3) is not applicable as during the Reporting Period, no share options were granted under the Pre-IPO Share Option Schemes.

Corporate Governance and other Information

The Board is pleased to present the Corporate Governance and Other Information for the six months ended June 30, 2024.

CORPORATE GOVERNANCE PRACTICE

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 set out in Appendix C1 to the Listing Rules as its own code of corporate governance with effect from the Listing Date.

During the period from the Listing Date to June 30, 2024, the Company has complied with all the principles and applicable code provisions contained in Part 2 of 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 continue to 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.

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. Having made specific enquiry with all the Directors and Supervisors of the Company, all the Directors and Supervisors confirmed that they have strictly complied with the required standards set out in the Model Code during the period from the Listing Date to the Latest Practicable Date.

No incident of non-compliance of the Model Code by the Company's relevant employees was noted by the Company during the period from the Listing Date to June 30, 2024.

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 over-allotment option as described in the Prospectus was not exercised by the overall coordinators (for themselves and on behalf of the International Underwriters).

For details of the Global Offering, please refer to the Prospectus, the allotment results announcement of the Company dated March 27, 2024 and the announcement of the Company dated April 24, 2024 in relation to, among others, lapse of the over-allotment option.

USE OF PROCEEDS

The net proceeds from the Global Offering (after deducting the underwriting fees, commissions and estimated expenses) 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 of June 30, 2024, the Company had utilized approximately HK\$68.1 million of net proceeds from the Global Offering, representing approximately 12.4% of the total net proceeds from the Global Offering, in accordance with the intended use set out in the Prospectus. The following table sets out breakdown of the use of proceeds from the Global Offering:

Use of net proceeds	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus (HK\$ million)	Allocated net proceeds from the Global Offering (HK\$ million)	Net proceeds utilized since the Listing and up to June 30, 2024 (HK\$ million)	Expected timeline of full utilization of net proceeds	Remaining Amount (HK\$ million)
To enhance our technological capabilities	60.0%	291.0	328.8	40.7	By March 31, 2029	288.1
(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	25.5	By March 31, 2029	138.9
(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	4.1	By March 31, 2029	105.5
(iii) For maintenance and improvement of our existing technology infrastructure to ensure reliability and security	10.0%	48.5	54.8	11.1	By March 31, 2029	43.7
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	27.4	By March 31, 2029	–
Total	100.0%	485.1	548.0	68.1	–	479.9

The Company does not have any intention to change the purposes of the proceeds from the Global Offering as set out in the Prospectus, and will gradually utilize the net proceeds from the Global Offering with the intended purposes.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the Listing Date up to June 30, 2024, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) listed on the Stock Exchange. As of June 30, 2024, the Company did not hold any treasury shares.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, 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.

AUDIT COMMITTEE

The 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, has adopted written terms of reference, in accordance with the Listing Rules and the CG Code, 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 considered and reviewed, with no disagreement, with the management the unaudited interim consolidated results for the six months ended June 30, 2024 and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee considers that the interim consolidated results for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: Nil).

INTERESTS AND SHORT POSITIONS OF EACH OF OUR DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of June 30, 2024, the interests or short positions of the Directors, Supervisors and 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 was required to be notified to the Company and the Hong Kong 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 under such provisions of the SFO) or which was required pursuant to Section 352 of the SFO to be entered in the register referred to therein or which was otherwise required to be notified to the Company and the Hong Kong 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	Beneficial interest	Unlisted Shares	117,428,375	17.78%	10.88%
	Board and executive Director	Interest in controlled corporation	Unlisted Shares	172,217,799	26.08%	15.96%
Sub-total			Unlisted Shares	289,646,174	43.86%	26.84%
Mr. Xin Jie (辛潔) ⁽⁴⁾	Executive Director and chief executive officer	Beneficial interest	H Shares	10,000,000	2.39%	0.93%
Ms. Wei Ping (魏萍) ⁽⁵⁾	Executive Director and financial director ⁽⁶⁾	Beneficial interest	H Shares	3,000,000	0.72%	0.28%
Mr. Xue Qiangjun (薛強軍) ⁽⁷⁾	Deputy general manager and chief people officer ⁽⁸⁾	Beneficial interest	H Shares	2,700,000	0.64%	0.25%
Mr. Zhu Xiaosong (朱曉松) ⁽⁹⁾	Executive Director	Beneficial interest	H Shares	2,700,000	0.64%	0.25%
Mr. Wang Yu (王愚) ⁽¹⁰⁾	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 Unlisted Shares in issue and a total number of 418,668,764 H Shares in issue as of June 30, 2024.
- (2) The calculation is based on the total number of 1,079,060,000 Shares in issue as of June 30, 2024.
- (3) As of June 30, 2024, 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 June 30, 2024. Therefore, Mr. Zhang is deemed to be interested in a total of 26.84% interest of our Company under SFO as of June 30, 2024.
- (4) As of June 30, 2024, 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 June 30, 2024, Ms. Wei Ping was granted 3,000,000 options by our Company, upon the exercise of which the same number of H Shares will be issued to her.
- (6) Ms. Wei Ping was appointed as an executive Director with effect from June 7, 2024. For further details, see announcements of the Company dated April 25, 2024 and June 7, 2024.
- (7) As of June 30, 2024, 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.
- (8) Mr. Xue Qiangjun ceased to be a Director on June 7, 2024. For further details, see announcements of the Company dated April 25, 2024 and June 7, 2024.
- (9) As of June 30, 2024, 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.
- (10) As of June 30, 2024, 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.
- (11) All interests stated are long positions.

Save as disclosed above, as of June 30, 2024, 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.

ARRANGEMENTS FOR PURCHASE OF SHARES OR DEBENTURES

At no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As of June 30, 2024, to the 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	Unlisted Shares	39,964,800	6.05%	3.70%
	Beneficial interest	H Shares	39,964,800	9.55%	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	Unlisted Shares	39,964,800	6.05%	3.70%
	Interest in controlled corporation	H Shares	39,964,800	9.55%	3.70%
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%

Corporate Governance and other Information

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⁾
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 Unlisted Shares in issue and a total number of 418,668,764 H Shares in issue as of June 30, 2024.
- (2) The calculation is based on the total number of 1,079,060,000 Shares in issue as of June 30, 2024.
- (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(有限合夥)) 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(有限合夥)) 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(有限合夥)), 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(有限合夥)), Hangzhou Sailian Phase II Investment L. P. (杭州賽連貳期投資合夥企業(有限合夥)), Hangzhou Saizhi Yunsheng Investment L.P. (杭州賽智雲昇投資合夥企業(有限合夥)) and Hangzhou Sailian Phase I Investment L. P. (杭州賽連壹期投資合夥企業(有限合夥)), 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(有限合夥)), Hangzhou Sailian Phase II Investment L. P. (杭州賽連貳期投資合夥企業(有限合夥)), Hangzhou Saizhi Yunsheng Investment L.P. (杭州賽智雲昇投資合夥企業(有限合夥)) and Hangzhou Sailian Phase I Investment L. P. (杭州賽連壹期投資合夥企業(有限合夥)) 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(有限合夥)) 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(有限合夥)) 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(有限合夥)).

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors subsequent to the Listing Date and up to the Latest Practicable Date are set out below.

On April 25, 2024, Mr. Xue Qiangjun (薛強軍) resigned as an executive Director in order to devote more energy to other management affairs. At the AGM held on June 7, 2024, Ms. Wei Ping (魏萍) (“**Ms. Wei**”) was elected as an executive Director of the Company, and Mr. Xue Qiangjun (薛強軍) ceased to be an executive Director of the Company with the effect from the same date.

Details of the biography of Ms. Wei as well as other information relating to her appointment that are required to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules were set out in the circular of resignation and proposed appointment of executive Director dated April 26, 2024. There has been no other change to the composition of the Board since the AGM and up to June 30, 2024.

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 (閻浩) 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 (呂蔚熾) as a deputy general manager of the Company. Mr. Xue Qiangjun ceased to be the financial director of the Company on the same date.

Save as disclosed above, the Company is not aware of the changes to information in respect of the Directors, Supervisors and senior management of the Company required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to further clarify certain provisions of the Articles of Association in accordance with the relevant requirements of laws and administrative regulations and regulatory documents, including the Guidelines for Articles of Association of Listed Companies, on June 28, 2024, the Board proposes to make the amendments to the Articles of Association to (1) specify the number of deputy general managers as 6; and (2) clarify that the proportion of employee representative Supervisor shall be one-third of all Supervisors of the Company. The aforesaid amendments were approved by Shareholders at the extraordinary general meeting of the Company held on July 15, 2024. For details of the aforesaid amendments, please refer to the announcement and circular of the Company both dated June 28, 2024.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as otherwise disclosed in this report, there were no other significant events affecting the Group which occurred after June 30, 2024 and up to the Latest Practicable Date.

Report on Review of Interim Financial Information

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 69, which comprises the interim condensed consolidated balance sheet of Lianlian DigiTech Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated statement of comprehensive loss, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 20 August 2024

Interim Condensed Consolidated Statement of Comprehensive Loss

For the six months ended 30 June 2024

		(Unaudited) Six months ended 30 June	
	Note	2024 RMB'000	2023 RMB'000
Revenue	5	617,387	440,589
Cost of sales	6	(292,462)	(170,385)
Gross profit		324,925	270,204
Selling and marketing expenses	6	(108,883)	(84,962)
General and administrative expenses	6	(290,244)	(153,699)
Research and development expenses	6	(147,469)	(119,377)
Other income	8	89,489	33,366
Other (losses)/gains – net	9	(2,378)	16,306
Provision for impairment on financial assets		(3,391)	(1,855)
Operating loss		(137,951)	(40,017)
Finance income	10	4,121	989
Finance costs	10	(10,487)	(5,190)
Finance costs – net		(6,366)	(4,201)
Share of net loss of associates accounted for using the equity method	17	(202,697)	(336,028)
Loss before income tax		(347,014)	(380,246)
Income tax expense	11	(2,943)	(2,287)
Loss for the period		(349,957)	(382,533)
Loss for the period attributable to:			
– Owners of the Company		(351,294)	(383,184)
– Non-controlling interests		1,337	651
		(349,957)	(382,533)
Loss per share attributable to the owners of the Company			
Basic loss per share (in RMB per share)	12(a)	(0.34)	(0.38)
Diluted loss per share (in RMB per share)	12(b)	(0.34)	(0.38)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(956)	(1,135)
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		1,578	3,325
Other comprehensive income for the period, net of income tax		622	2,190
Total comprehensive loss for the period		(349,335)	(380,343)
Total comprehensive loss for the period attributable to:			
– Owners of the Company		(350,931)	(381,026)
– Non-controlling interests		1,596	683
		(349,335)	(380,343)

The notes on pages 36 to 69 are an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2024

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	13	122,459	120,773
Right-of-use assets	14(a)	24,188	19,381
Investment properties	15	163,027	165,039
Intangible assets	16	17,382	17,191
Deferred income tax assets	29	23,267	17,806
Investments accounted for using the equity method	17	89,821	292,518
Financial assets at fair value through other comprehensive income	21	40,863	39,006
Financial assets at fair value through profit or loss	20	73,508	82,445
Total non-current assets		554,515	754,159
Current assets			
Prepayments, other receivables and other current assets	18	116,917	79,049
Trade receivables	19	96,277	67,552
Financial assets at fair value through profit or loss	20	282,691	192,321
Inventories		657	667
Customer accounts and restricted cash	22	10,197,226	9,183,911
Cash and cash equivalents	22	575,588	189,840
Total current assets		11,269,356	9,713,340
Total assets		11,823,871	10,467,499
Liabilities			
Non-current liabilities			
Borrowings	28	145,350	147,900
Lease liabilities	14(b)	11,189	7,599
Deferred income tax liabilities	29	20	165
Deferred income		12,640	9,480
Total non-current liabilities		169,199	165,144

Interim Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2024

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Current liabilities			
Trade payables	26	75,989	76,006
Contract liabilities		10,335	12,645
Income tax payables		6,609	8,614
Borrowings	28	339,197	289,645
Lease liabilities	14(b)	10,649	9,874
Accruals and other payables	27	10,276,934	9,311,927
Total current liabilities		10,719,713	9,708,711
Total liabilities		10,888,912	9,873,855
Equity			
Share capital	23	1,079,060	1,014,760
Other reserves	24	2,881,799	2,255,086
Accumulated losses		(3,031,839)	(2,680,545)
Equity attributable to owners of the Company		929,020	589,301
Non-controlling interests		5,939	4,343
Total equity		934,959	593,644
Total equity and liabilities		11,823,871	10,467,499

The notes on pages 36 to 69 are an integral part of the interim condensed consolidated financial information.

The unaudited interim condensed consolidated financial information on page 31 to 69 were approved by the board of directors (the "Board") on 20 August 2024 and were signed on its behalf.

Xin Jie
Director

Wei Ping
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

(Unaudited)						
Attributable to owners of the Company						
Note	Share capital <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
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 period	–	–	(383,184)	(383,184)	651	(382,533)
Other comprehensive income	–	2,158	–	2,158	32	2,190
Total comprehensive loss	–	2,158	(383,184)	(381,026)	683	(380,343)
Transactions with equity holders of the Company:						
Share-based compensation	25	–	43,316	–	43,316	–
Capital contributions from non-controlling interests	–	–	–	–	505	505
Balance as at 30 June 2023	1,014,760	2,112,815	(2,406,894)	720,681	3,252	723,933
Balance as at 1 January 2024	1,014,760	2,255,086	(2,680,545)	589,301	4,343	593,644
Loss/(profit) for the period	–	–	(351,294)	(351,294)	1,337	(349,957)
Other comprehensive income	–	363	–	363	259	622
Total comprehensive loss	–	363	(351,294)	(350,931)	1,596	(349,335)
Transactions with equity holders of the Company:						
Issue of ordinary shares upon global offering	23, 24	64,300	498,709	–	563,009	–
Share-based compensation	25	–	127,641	–	127,641	–
Balance as at 30 June 2024	1,079,060	2,881,799	(3,031,839)	929,020	5,939	934,959

The notes on pages 36 to 69 are an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

		(Unaudited)	
		Six months ended 30 June	
	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations		(183,324)	26,589
Interests received		91,255	33,623
Income tax paid		(10,821)	(7,061)
Net cash (used in)/generated from operating activities		(102,890)	53,151
Cash flows from investing activities			
Proceeds from repayment of loans to related parties	30(b)	–	300,000
Interests received from loans to related parties	30(b)	–	10,785
Proceeds from disposal of property, plant and equipment and intangible assets		2	–
Proceeds from disposal of financial assets at fair value through profit or loss ("FVPL")		79,802	–
Capital injection for associates	17	–	(303,000)
Payments for financial assets at FVPL	20	(176,561)	(470)
Payments for acquisition of property, plant and equipment		(7,637)	(331)
Payments for acquisition of intangible assets		(2,522)	(1,639)
Net cash (used in)/generated from investing activities		(106,916)	5,345
Cash flows from financing activities			
Proceeds from issuance of ordinary shares upon global offering		563,009	–
Proceeds from capital contribution from non-controlling interests		–	505
Proceeds from borrowings		726,614	165,915
Release of pledged deposits		–	5,100
Repayments of borrowings		(679,609)	(166,888)
Interests of borrowings paid		(9,976)	(5,472)
Principal and interests of lease payments	14(b)	(6,863)	(4,261)
Payments for listing expenses		(2,905)	(11,152)
Net cash generated from/(used in) financing activities		590,270	(16,253)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		189,840	145,504
Effects of exchange rate changes on cash and cash equivalents		5,284	5,237
Cash and cash equivalents at end of the period	22	575,588	192,984

The notes on pages 36 to 69 are an integral part of the interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

(All amounts in RMB unless otherwise stated)

1 GENERAL INFORMATION

Lianlian DigiTech Co., Ltd. (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 Lane, Binjiang District, Hangzhou, Zhejiang Province, 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 interim condensed consolidated financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand RMB (RMB’000), unless otherwise stated. The interim condensed consolidated financial information has been approved for issue by the Board on 20 August 2024.

The interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The interim condensed consolidated financial information does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which has been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

2 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 interim period commencing 1 January 2024:

	New/amended standards	Effective date
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and 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

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 period ended 30 June 2024 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 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

3 ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

(All amounts in RMB unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT

4.1 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.

This interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements as at 31 December 2023.

There have been no significant changes in the risk management policies since 31 December 2023.

4.2 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 interim condensed consolidated financial information. 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.

As at 30 June 2024 and 31 December 2023, none of the Group's financial liabilities are measured at fair value. The following tables present the Group's assets at fair value through profit or loss as at 30 June 2024 and 31 December 2023.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)**4.2 Fair value estimation (continued)****(a) Fair value hierarchy (continued)****Recurring fair value measurements at 30 June 2024**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL				
– Unlisted equity investments (Note 20)	–	–	265,829	265,829
– Wealth management products (Note 20)	–	–	71,268	71,268
– Listed equity securities (Note 20)	19,102	–	–	19,102
	19,102	–	337,097	356,199
Financial assets at FVOCI				
– Unlisted equity investments (Note 21)	–	–	40,863	40,863
	19,102	–	377,960	397,062

Recurring fair value measurements at 31 December 2023

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL				
– Unlisted equity investments (Note 20)	–	–	274,766	274,766
Financial assets at FVOCI				
– Unlisted equity investments (Note 21)	–	–	39,006	39,006
	–	–	313,772	313,772

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2024.

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(All amounts in RMB unless otherwise stated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (continued)

(b) Valuation techniques used to determine fair values

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.

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

The following table presents the changes in level 3 instruments for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Opening balance at 1 January	313,772	314,834
Additions (Note 20)	151,003	470
Fair value change recognised in consolidated statements of comprehensive loss under "Other (losses)/gains – net" (Note 20)	(9,419)	(5,431)
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income (Note 21)	1,857	3,912
Foreign currency translation	549	2,866
Disposal (Note 20)	(79,802)	–
Closing balance at 30 June	377,960	316,651

5 REVENUE AND SEGMENT INFORMATION**(a) Revenue**

The principal activities of the Group are digital payment services, value-added services and others.

Breakdown of revenue by business lines is as follows:

	Six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers:		
Digital payment services	541,888	383,231
Value-added services	66,773	47,303
	608,661	430,534
Revenue from other sources		
Over time – Rental income	8,726	10,055
Total	617,387	440,589
Revenue from contracts with customers:		
At a point in time	600,219	422,591
Over time	8,442	7,943
	608,661	430,534

(b) Segment information

The Group's chief operating decision-maker ("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"), the investments in wealth management products, the investments in listed equity securities and the investment gains or losses.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

(All amounts in RMB unless otherwise stated)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

(i) Segment results, assets and liabilities

Segment information as at and for the six months ended 30 June 2024 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	372,374	169,514	66,773	8,726	-	-	617,387
Cost of sales	(102,198)	(135,407)	(48,827)	(6,030)	-	-	(292,462)
Segment gross profit	270,176	34,107	17,946	2,696	-	-	324,925
Depreciation, amortisation and impairment charges included in segment cost	(3,613)	(7,200)	(1,206)	(4,765)	-	-	(16,784)
Finance income	949	289	3	2,880	-	-	4,121
Finance costs	(3,258)	(4,044)	-	(3,185)	-	-	(10,487)
Share of losses of investments accounted for using the equity method	-	-	-	-	(202,697)	-	(202,697)
Profit/(loss) before income tax	56,488	(41,449)	(5,299)	(24,633)	(332,121)	-	(347,014)
Income tax (expense)/credits	(7,612)	2,294	(333)	231	2,477	-	(2,943)
Profit/(loss) for the period	48,876	(39,155)	(5,632)	(24,402)	(329,644)	-	(349,957)
Segment assets	8,057,175	3,115,062	88,102	982,978	2,465,763	(2,885,209)	11,823,871
Segment liabilities	8,505,622	2,587,982	75,760	440,040	1,085,681	(1,806,173)	10,888,912

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)**(b) Segment information (continued)****(i) Segment results, assets and liabilities (continued)**

Segment information as at and for the six months ended 30 June 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	305,383	77,848	47,303	10,055	–	–	440,589
Cost of sales	(78,998)	(53,307)	(32,430)	(5,650)	–	–	(170,385)
Segment gross profit	226,385	24,541	14,873	4,405	–	–	270,204
Depreciation, amortisation and impairment charges included in segment cost	(2,950)	(6,231)	(1,595)	(4,233)	–	–	(15,009)
Finance income	71	51	–	867	–	–	989
Finance costs	(1,134)	(620)	–	(3,436)	–	–	(5,190)
Share of losses of investments accounted for using the equity method	–	–	–	–	(336,028)	–	(336,028)
Profit/(loss) before income tax	26,175	(34,646)	(263)	360	(371,872)	–	(380,246)
Income tax (expense)/credit	(5,807)	2,054	(132)	(171)	1,769	–	(2,287)
Profit/(loss) for the period	20,368	(32,592)	(395)	189	(370,103)	–	(382,533)
Segment assets	6,114,828	5,768,486	42,708	563,444	1,446,678	(1,776,766)	12,159,378
Segment liabilities	6,124,232	5,217,106	49,040	247,703	765,086	(967,722)	11,435,445

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6 EXPENSES BY NATURE

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Employee benefits (Note 7)	385,701	274,937
Processing fees to financial institutions and payment networks	154,431	103,999
Service charge to channel partners	116,699	39,956
Professional service expenses	52,586	21,134
Marketing and promotion expenses	32,038	13,395
Travelling expenses	18,230	11,390
Office and telecommunication expenses	9,817	7,918
Listing expenses	7,799	4,339
Depreciation of property, plant and equipment (Note 13)	6,827	6,866
Depreciation of right-of-use assets (Note 14(a))	5,904	4,294
Outsourcing labour costs	4,771	5,127
Other taxes and surcharges	2,715	2,846
Property management expenses	2,153	2,027
Amortisation of intangible assets (Note 16)	2,041	1,847
Depreciation of investment properties (Note 15)	2,012	2,002
Expense relating to short-term leases	1,777	896
Auditors' remuneration		
– Audit services	2,500	470
– Non-audit services	293	–
Others	30,764	24,980
Total cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses	839,058	528,423

7 EMPLOYEE BENEFITS EXPENSES

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses	207,042	179,737
Share-based compensation expenses (Note 25)	127,641	43,316
Employee social security plans, medical insurances, other social insurances obligations and housing benefits	39,319	37,006
Welfare and other benefits	11,699	14,878
	385,701	274,937

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(All amounts in RMB unless otherwise stated)

8 OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest income on customer accounts	87,134	32,343
Government grants (i)	2,355	866
Others	–	157
	89,489	33,366

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

9 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Foreign exchange gains, net	12,754	15,514
Gains on disposal of financial assets at FVPL	894	–
Interest income on borrowing to related parties (Note 30(b))	–	6,247
Fair value losses of financial assets at FVPL (Note 20)	(15,921)	(5,431)
Losses on disposal of property, plant and equipment	(80)	–
Others	(25)	(24)
	(2,378)	16,306

10 FINANCE COSTS – NET

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Finance income:		
Interest income on cash and cash equivalents	4,121	989
Finance costs:		
Interest expense on bank and other borrowings	(9,970)	(4,902)
Interest expense on lease liabilities (Note 14(b))	(517)	(288)
	(10,487)	(5,190)
Finance costs – net	(6,366)	(4,201)

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(All amounts in RMB unless otherwise stated)

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Current income tax expense	8,827	5,720
Deferred income tax credit	(5,884)	(3,433)
	2,943	2,287

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 six months ended 30 June 2024 (six months ended 30 June 2023: 15%).

Lianlian (Hangzhou) Information Technology Co., Ltd. ("Lianlian Hangzhou") obtained its HNTE status in 2021 and is expected to renew the qualification in 2024. The applicable EIT rate of Lianlian Hangzhou was 15 % for the six months ended 30 June 2024 (six months ended 30 June 2023: 15%).

Lianlian Bao (Hangzhou) obtained the High-Tech Enterprise qualification in 2021, renewed the qualification in 2022, 2023 and is expected to renew the qualification in 2024. Accordingly, it is entitled to a preferential EIT rate of 15 % for the six months ended 30 June 2024 (six months ended 30 June 2023: 15%).

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 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.

11 INCOME TAX EXPENSE (CONTINUED)**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 34.0% for the six months ended 30 June 2024 (six months ended 30 June 2023: 12.5% to 34.0%).

12 LOSS PER SHARE**(a) Basic loss per share**

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net loss attributable to the owners of the Company	(351,294)	(383,184)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,048,153	1,014,760
Basic loss per share (RMB per share)	(0.34)	(0.38)

(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 six months ended 30 June 2024 and 2023, the Company had one category of potential ordinary shares: share options granted under the ESOP plans. As the Company incurred losses for the six months ended 30 June 2024 and 2023, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, the amounts of diluted loss per share for the six months ended 30 June 2024 and 2023 were the same as basic loss per share of the respective period.

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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 2023						
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
Six months ended 30 June 2023						
Opening net book value	112,064	1,549	16,015	2,952	387	132,967
Additions	–	–	260	33	–	293
Depreciation charge (Note 6)	(3,041)	(194)	(3,115)	(405)	(111)	(6,866)
Closing net book value	109,023	1,355	13,160	2,580	276	126,394
As at 30 June 2023						
Cost	161,945	2,872	79,142	9,420	460	253,839
Accumulated depreciation	(52,922)	(1,517)	(65,982)	(6,840)	(184)	(127,445)
Net book value	109,023	1,355	13,160	2,580	276	126,394
As at 1 January 2024						
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
Six months ended 30 June 2024						
Opening net book value	106,099	1,457	10,676	2,376	165	120,773
Additions	669	–	4,888	243	2,795	8,595
Disposals	(82)	–	–	–	–	(82)
Depreciation charge (Note 6)	(3,065)	(226)	(3,024)	(369)	(143)	(6,827)
Closing net book value	103,621	1,231	12,540	2,250	2,817	122,459
As at 30 June 2024						
Cost	162,646	2,593	84,621	9,821	3,172	262,853
Accumulated depreciation	(59,025)	(1,362)	(72,081)	(7,571)	(355)	(140,394)
Net book value	103,621	1,231	12,540	2,250	2,817	122,459

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 2023				
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
Six months ended 30 June 2023				
Opening net book value	6,109	2,911	6,511	15,531
Depreciation charge (Note 6)	(2,284)	(52)	(1,958)	(4,294)
Closing net book value	3,825	2,859	4,553	11,237
As at 30 June 2023				
Cost	11,630	3,865	17,039	32,534
Accumulated depreciation	(7,805)	(1,006)	(12,486)	(21,297)
Net book value	3,825	2,859	4,553	11,237
As at 1 January 2024				
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
Six months ended 30 June 2024				
Opening net book value	10,250	2,821	6,310	19,381
Additions	10,711	–	–	10,711
Depreciation charge (Note 6)	(3,898)	(38)	(1,968)	(5,904)
Closing net book value	17,063	2,783	4,342	24,188
As at 30 June 2024				
Cost	26,045	3,865	17,157	47,067
Accumulated depreciation	(8,982)	(1,082)	(12,815)	(22,879)
Net book value	17,063	2,783	4,342	24,188

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14 LEASES (CONTINUED)

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities as at 30 June 2024 and 31 December 2023 and the movements for the six months ended 30 June 2024 and 2023 are as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Carrying amounts at the beginning of the period	17,473	13,967
Additions	10,711	–
Accretion of interest recognized (Note 10)	517	288
Payments	(6,863)	(4,261)
Carrying amounts at the end of the period	21,838	9,994
	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Lease liabilities		
Current	10,649	9,874
Non-current	11,189	7,599
	21,838	17,473

15 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Opening net book amount	165,039	169,053
Depreciation of investment properties (Note 6)	(2,012)	(2,002)
Closing net book value	163,027	167,051
At end of the period		
Cost	195,819	195,819
Accumulated depreciation	(32,792)	(28,768)
Net book value	163,027	167,051

16 INTANGIBLE ASSETS

	Trademarks and Patent RMB'000	Software RMB'000	Licenses RMB'000	Goodwill RMB'000	Total RMB'000
As at 1 January 2023					
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
Six months ended 30 June 2023					
Opening net book value	347	12,130	2,892	3,650	19,019
Additions	–	1,449	–	–	1,449
Amortization charge (Note 6)	(17)	(1,830)	–	–	(1,847)
Closing net book value	330	11,749	2,892	3,650	18,621
As at 30 June 2023					
Cost	668	27,520	2,892	3,650	34,730
Accumulated amortization	(338)	(15,771)	–	–	(16,109)
Net book value	330	11,749	2,892	3,650	18,621
As at 1 January 2024					
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
Six months ended 30 June 2024					
Opening net book value	313	10,336	2,892	3,650	17,191
Additions	–	2,232	–	–	2,232
Amortization charge (Note 6)	(15)	(2,026)	–	–	(2,041)
Closing net book value	298	10,542	2,892	3,650	17,382
As at 30 June 2024					
Cost	664	31,146	2,892	3,650	38,352
Accumulated amortization	(366)	(20,604)	–	–	(20,970)
Net book value	298	10,542	2,892	3,650	17,382

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17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated balance sheets are as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
LianTong (a)	89,657	291,157
Zhejiang Zhong Pu Lian Technology Co., Ltd. ("Zhong Pu Lian Technology") (b)	164	1,361
	89,821	292,518

The share of loss recognised in the consolidated statements of comprehensive loss are as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
LianTong (a)	(201,500)	(335,860)
Zhong Pu Lian Technology (b)	(1,197)	(168)
	(202,697)	(336,028)

(a) Investment in LianTong

Set out below are the investment in LianTong as at 30 June 2024 and 31 December 2023.

Name of entity	Place of business/ country of establishment	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		As at 30 June 2024 %	As at 31 December 2023 %			As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
		LianTong	The PRC			45.2	45.2

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)**(a) Investment in LianTong (continued)**

Set out below are the movement of LianTong for the six months ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amounts at the beginning of the period	291,157	205,620
Additions	–	300,000
Share of net loss accounted for using the equity method	(201,500)	(335,860)
Carrying amounts at the end of the period	89,657	169,760

- (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 30 June 2024 and 31 December 2023. 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 respective period.

- (ii) Based on the impairment assessment performed by the Group, the recoverable amount of investment in LianTong as at 30 June 2024 and 31 December 2023 was higher than the respective carrying amount of the investment, and the directors of the Company considered that there was no impairment in the carrying values of the Group's investments in LianTong.

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17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Investment in an immaterial associate – Zhong Pu Lian Technology

Set out below are the movement of Zhong Pu Lian Technology for the six months ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Carrying amounts at the beginning of the period	1,361	–
Additions (i)	–	3,000
Loss of the associate	(1,197)	(168)
Carrying amounts at the end of the period	164	2,832

- (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.

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of individually immaterial associate	164	2,832
Aggregate amounts of the Group's share of:		
Loss of the associate	(1,197)	(168)
Other comprehensive loss	–	–
Total comprehensive loss	(1,197)	(168)

18 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Included in current assets		
Prepayments:		
Prepaid expenses	19,436	16,399
Other current assets:		
Prepaid listing expenses	–	14,010
Value-added tax recoverable	16,880	16,348
	16,880	30,358
Other receivables:		
Deposits for payment channels and rentals	40,971	19,411
Advance paid on behalf of customers (i)	36,890	11,165
Interest receivable	1,188	1,142
Receivables from related parties (Note 30(c))	150	150
Others	2,074	688
	81,273	32,556
Less: loss allowance	(672)	(264)
	80,601	32,292
Total	116,917	79,049

(i) Advance paid on behalf of customers

Advance paid on behalf of customers will usually be settled on a quarterly basis.

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(All amounts in RMB unless otherwise stated)

19 TRADE RECEIVABLES

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Trade receivables	103,861	72,154
Less: loss allowance	(7,584)	(4,602)
	96,277	67,552

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 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Within 3 months	80,445	59,409
3 months to 6 months	13,637	8,930
6 months to 1 year	7,314	2,616
More than 1 year	2,465	1,199
	103,861	72,154

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets measured at FVPL include the following:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Included in current assets		
Unlisted equity investments (i)	192,321	192,321
Wealth management products (ii)	71,268	–
Listed equity securities (iii)	19,102	–
	282,691	192,321
Included in non-current assets		
Unlisted equity investments (iv)	73,508	82,445
	356,199	274,766

The details of the investments in unlisted investments, wealth management products and listed equity securities are as follows:

- (i) The Group held 4.84% of the equity interests of Hangzhou Hyperchain Technology Co., Ltd. (“Hyperchain Technology”) as at 30 June 2024 and 31 December 2023. The Group does not participate in or influence the financial and operating policy decisions of Hyperchain Technology, as a result, 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) This represents the Group’s investments in wealth management products with expected return rate range of 4.0%-5.5% per annum, which are mainly principal guaranteed funds investing in the United States treasury bonds and U.S. dollar money funds with short terms.
- (iii) The Group acquired no more than 1% of the equity interests in Sichuan Baicha Baidao Industrial Co., Ltd. (“Baicha Baidao”) in April 2024 at a cost of RMB25,558,000. The fair value was determined based on the closing price of Baicha Baidao on the day before the balance sheet date. For the six months ended 30 June 2024, fair value losses of RMB6,502,000 were recognized in “other (losses)/gains – net” (six months ended 30 June 2023: Nil).
- (iv) 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 loss.

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For the six months ended 30 June 2024

(All amounts in RMB unless otherwise stated)

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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.

- (v) Amounts recognised in profit or loss

For the six months ended 30 June 2024 and 2023, the following gains/(losses) were recognised in profit or loss:

Financial assets measured at FVPL include the following:

	Unlisted equity investments		Wealth management products	Listed equity securities	Total
	Current	Non-current	Current	Current	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	192,321	82,445	–	–	274,766
Additions	–	–	151,003	25,558	176,561
Fair value losses (Note 9)	–	(9,419)	–	(6,502)	(15,921)
Currency translation difference	–	482	67	46	595
Disposals	–	–	(79,802)	–	(79,802)
As at 30 June 2024	192,321	73,508	71,268	19,102	356,199

	Unlisted equity investments		Total
	Current	Non-current	
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	188,567	82,578	271,145
Additions	–	470	470
Fair value gains/(losses) (Note 9)	816	(6,247)	(5,431)
Currency translation difference	–	2,866	2,866
As at 30 June 2023	189,383	79,667	269,050

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at FVOCI include the following:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Included in non-current assets		
Unlisted equity investments (i)	40,863	39,006

(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 30 June 2024 and 31 December 2023, the Group is a shareholder of NetsUnion with an equity interests of 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.

(ii) Amounts recognised in other comprehensive income

For the six months ended 30 June 2024 and 2023, the following gains were recognised in profit or loss:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Fair value change recognised in other comprehensive income	1,857	3,912

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For the six months ended 30 June 2024

(All amounts in RMB unless otherwise stated)

22 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH

Cash and cash equivalents:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Cash at bank	10,772,606	9,373,600
Cash on hand	208	151
	10,772,814	9,373,751
Less: customer accounts and restricted cash (a)	(10,197,226)	(9,183,911)
Cash and cash equivalents	575,588	189,840

(a) Customer accounts and restricted cash

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Customer accounts (i)	10,187,861	9,175,263
Performance guarantees for payment business (ii)	8,403	7,764
Others	962	884
	10,197,226	9,183,911

(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 comprise the service fees earned by the Group arising from completed digital payment services which have not been withdrawn from customer deposit bank accounts. They also include, 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.

(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.

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(All amounts in RMB unless otherwise stated)

23 SHARE CAPITAL

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Registered, issued and fully paid		
Number of shares (in thousand)	1,079,060	1,014,760
Share capital (in RMB'000)	1,079,060	1,014,760

Movement on the share capital are as follows:

	Share capital RMB'000
As at 1 January 2024	1,014,760
Issuance of ordinary shares (a)	64,300
As at 30 June 2024	1,079,060

(a) On 28 March 2024, the Company issued 64,300,000 H shares of RMB1.00 each at HKD10.22 per share in connection with its initial listing on the Main Board of The Stock Exchange of Hong Kong.

24 OTHER RESERVES

	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 2023	1,561,585	479,598	–	26,158	2,067,341
Fair value change of FVOCI	–	–	–	3,325	3,325
Share-based compensation (Note 25)	–	43,316	–	–	43,316
Currency translation differences	–	–	–	(1,167)	(1,167)
As at 30 June 2023	1,561,585	522,914	–	28,316	2,112,815
As at 1 January 2024	1,561,585	671,093	771	21,637	2,255,086
Issuance of ordinary shares (Note 23)	498,709	–	–	–	498,709
Fair value change of FVOCI	–	–	–	1,578	1,578
Share-based compensation (Note 25)	–	127,641	–	–	127,641
Currency translation differences	–	–	–	(1,215)	(1,215)
As at 30 June 2024	2,060,294	798,734	771	22,000	2,881,799

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For the six months ended 30 June 2024

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25 SHARE-BASED PAYMENTS

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 1 January 2023	2.96	18,040,500
Granted	5.00	56,125,300
Forfeited	2.96	(3,425,000)
As at 30 June 2023	4.58	70,740,800
As at 1 January 2024	4.96	69,891,800
Forfeited	4.64	(672,000)
As at 30 June 2024	4.58	69,219,800

25 SHARE-BASED PAYMENTS (CONTINUED)

- (i) Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2024 and 31 December 2023 are as follows:

Grant date	Expiry date	Exercise price	Number of share options as at 30 June 2024	Number of share options as at 31 December 2023
February 2021	1 February 2027	RMB2.96	14,374,500	14,493,000
June 2023	12 June 2028	RMB5.00	54,845,300	55,398,800

Weighted average remaining contractual life of options outstanding as at 30 June 2024 were 3.7 years (31 December 2023: 4.2 years).

- (ii) The Group recognised total expenses RMB127,641,000 for the six months ended 30 June 2024 in relation to share options granted by the Company (six months ended 30 June 2023: RMB43,316,000).

26 TRADE PAYABLES

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Trade payables		
– Payable for service charge to channel partners	55,036	55,754
– Payable for processing fees to financial institutions and payment networks	19,753	18,990
– Others	1,200	1,262
	75,989	76,006

Trade payables are unsecured and are usually paid within 90 days of recognition. The aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
0 to 90 days	59,171	60,995
91 to 180 days	7,366	5,021
181 days to 1 year	2,248	2,758
Over 1 year	7,204	7,232
	75,989	76,006

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27 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Payables to merchants and other customers (i)	10,092,144	9,082,463
Staff costs and welfare accruals	69,391	100,919
Payables for listing expenses	7,266	34,849
VAT payables and other tax payables	4,223	19,581
Payables for acquisition of long-term assets	2,461	387
Amounts due to related parties	315	444
Others	101,134	73,284
	10,276,934	9,311,927

- (i) The balance represents funds processed by the Group for merchants and other customers, which are required to be settled with merchants and other customers upon the respective contractual settlement clearance dates.

28 BORROWINGS

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings, pledged (a)	145,350	147,900
Borrowings included in current liabilities:		
Current portion of long-term borrowings		
– Bank borrowings, unsecured (b)	327,973	278,401
– Current portion of long term bank borrowings, pledged (a)	11,224	11,244
	339,197	289,645
	484,547	437,545

- (a) As at 30 June 2024, the interest rate on long-term borrowings was 4.0% (31 December 2023: 4.0%), and the interest should be paid quarterly, the principal should be repaid semi-annually before 20 September 2037.

- (b) As at 30 June 2024, the Group has entered into several short-term agreements with certain banks mainly in the Mainland China. The borrowings had the maturity of one year or less and the interest rates ranging from 3.45% to 4.40% per annum (31 December 2023: 3.80% to 4.65%).

29 DEFERRED INCOME TAXES

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Total deferred income tax assets:	87,647	74,354
Set-off of deferred tax assets pursuant to set-off provisions	(64,380)	(56,548)
Net deferred income tax assets	23,267	17,806
Deferred income tax assets:		
– to be recovered within 1 year	13,411	11,939
– to be recovered more than 1 year	74,236	62,415
	87,647	74,354
Total deferred income tax liabilities	64,400	56,713
Set-off of deferred tax liabilities pursuant to set-off provisions	(64,380)	(56,548)
Net deferred income tax liabilities	20	165
Deferred income tax liabilities:		
– to be recovered within 1 year	6,109	4,036
– to be recovered more than 1 year	58,291	52,677
	64,400	56,713

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29 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 2023	57,695	492	2,161	1,272	2,312	-	63,932
(Debited)/credit to profit or loss (Note 11)	(167)	280	(661)	(17)	3,480	-	2,915
As at 30 June 2023	57,528	772	1,500	1,255	5,792	-	66,847
As at 1 January 2024	57,221	790	3,055	753	9,581	2,954	74,354
Credit/(debited) to profit or loss (Note 11)	9,669	502	776	99	-	2,247	13,293
As at 30 June 2024	66,890	1,292	3,831	852	9,581	5,201	87,647

- (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 2023	45,879	357	2,013	11,085	59,334
Debited/(credit) to profit or loss (Note 11)	204	(82)	(640)	-	(518)
Debited to other comprehensive income	587	-	-	-	587
As at 30 June 2023	46,670	275	1,373	11,085	59,403
As at 1 January 2024	46,116	194	2,824	7,579	56,713
(Credit)/debited to profit or loss (Note 11)	-	(82)	804	6,687	7,409
Credit to other comprehensive income	278	-	-	-	278
As at 30 June 2024	46,394	112	3,628	14,266	64,400

30 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 six months ended 30 June 2024 and 2023, 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 nature of relationship with related parties

Name of related party	Nature of relationship
LianTong	Associate
Zhong Pu Lian Technology	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

(b) Transactions with related parties**Trade nature***(i) Provision of services*

	Six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Ningbo Lianhui Commercial Factoring Co., Ltd.	1,507	1,120
Zhong Pu Lian Technology	558	–
Zhonglian Intelligent Technology Co., Ltd.	–	143
	2,065	1,263

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30 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

Trade nature (continued)

(ii) Rental income

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
LianTong	1,353	1,336
Ningbo Lianhui Commercial Factoring Co., Ltd.	219	269
Zhonglian Intelligent Technology Co., Ltd.	93	173
Zhejiang Lianliantong Technology Co., Ltd.	–	73
Hangzhou Chanliantong Technology Co., Ltd.	50	–
Hangzhou Donghan Paifu Private Equity Fund Management Co., Ltd.	33	33
	1,748	1,884

Non-trade nature

(i) Loans to related parties

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Repayments of borrowings from related parties – LianTong	–	300,000
Interest income related to borrowings to related parties – LianTong	–	6,247
Interest received from related parties – LianTong	–	10,785

In August and October 2022, the Group provided a total 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.

30 RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Receivables from and payables to related parties****Trade nature***(i) Accounts receivables*

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Zhong Pu Lian Technology	2,120	1,590
Ningbo Lianhui Commercial Factoring Co., Ltd.	1,215	40
Hangzhou Donghan Paifu Private Equity Fund Management Co., Ltd.	33	–
Zhonglian Intelligent Technology Co., Ltd.	–	3
	3,368	1,633

Non-trade nature*(i) Other receivables*

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
LianTong	140	140
Zhejiang Lianlian Technology Co., Ltd.	10	10
	150	150

31 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2024 and 2023.

No dividend or distribution has been declared, made or paid by the Company or any of the subsidiaries comprising the Group in respect of any period subsequent to 30 June 2024.

32 SUBSEQUENT EVENTS

There were no significant events that require additional disclosure or adjustments occurred after 30 June 2024.

Definitions

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

“AGM”	the annual general meeting of the Company held on Friday, June 7, 2024
“Articles” or “Articles of Association”	amended and restated articles of association of the Company approved by Shareholders at the extraordinary general meeting of the Company held on July 15, 2024, 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”, “our Company” “the Company” or “Lianlian”	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 interim 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
“EIT”	enterprise income tax
“GAAP”	generally accepted accounting principles
“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”	September 5, 2024, being the latest practicable date prior to the publication of this interim 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
“LianTong”	Express (Hangzhou) Technology Services Company Limited (連通(杭州)技術服務有限公司)
“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 six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC

Definitions (Continued)

“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
“TPV”	total transaction payment volume
“VAT”	Value-added tax
“%”	Per cent

LianLian 连连

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