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
ANNUAL REPORT

Contents

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 as a director 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)
(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. Chan Yuen Mui (陳婉梅)
(associate member of the Hong Kong Chartered Governance Institute)
(appointed with effect from March 18, 2025)

Ms. Cheung Lai Ha (張麗霞)
(associate member of the Hong Kong Chartered Governance Institute)
(resigned with effect from March 18, 2025)

JOINT COMPANY SECRETARIES

Mr. Yan Hao (閆浩)

Ms. Chan Yuen Mui (陳婉梅)
(associate member of the Hong Kong Chartered Governance Institute)
(appointed with effect from March 18, 2025)

Ms. Cheung Lai Ha (張麗霞)
(associate member of the Hong Kong Chartered Governance Institute)
(resigned with effect from March 18, 2025)

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

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12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
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Beijing, the PRC

REGISTERED OFFICE

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Binjiang District, Hangzhou
Zhejiang Province
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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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

Definitions

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

"AGM"	the forthcoming annual general meeting of the Company to be held on Friday, June 6, 2025
"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 Appendix C1 to the Listing Rules
"Chairman"	chairman of the Board
"China" or "PRC"	the People's Republic of China, for the purpose of this report and for geographical reference only, excluding Hong Kong Special Administrative Region of the People's Republic of China, Macau Special Administrative Region of the People's Republic of China and Taiwan Region
"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 annual report, refers to the controlling shareholders of our Company, namely Mr. Zhang Zhengyu (章徵宇), Chuanglianzhixin, Mr. Lu Zhonglin (呂鐘霖) and Ms. Xiao Seqiu (肖瑟秋)
"Director(s)"	director(s) of the Company
"EIT"	enterprise income tax
"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, which are 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", "HK dollars", "HK$" or "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards
"Latest Practicable Date"	April 14, 2025, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained herein
"Lianlian International"	Lianlian International Company Limited (連連國際支付有限公司), a company incorporated in Hong Kong on June 20, 2016 and one of our subsidiaries
"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 year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of the Company with nominal value of RMB1.00 each including Unlisted Shares and H Shares

"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange" or "Hong Kong 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
"Unlisted Share(s)"	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are currently not listed or traded on any stock exchange
"VAT"	value-added tax
"%"	per cent

Financial Highlights

	Year ended December 31,				
	2024	2023	2022	2021	2020
	(RMB in thousands)				
Revenue	**1,314,959**	1,028,256	742,748	643,644	588,502
Gross profit	**682,521**	577,352	465,969	439,244	378,251
Loss before income tax	**(572,007)**	(651,756)	(900,638)	(730,450)	(338,881)
Loss for the year	**(166,538)**	(654,215)	(916,866)	(746,836)	(368,749)
Total comprehensive loss for the year	**(158,578)**	(658,811)	(911,774)	(733,419)	(361,020)
EBITDA (Non-IFRS measure)[1]	**(525,488)**	(610,156)	(874,706)	(726,483)	(313,718)
Adjusted EBITDA (Non-IFRS measure) [2]	**(280,257)**	(359,188)	(822,428)	(656,681)	(202,746)
Adjusted profit/(loss) for the year (Non-IFRS measures)[3]	**78,693**	(403,247)	(864,588)	(677,034)	(257,777)

Notes:

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

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

(3) Adjusted profit/(loss) for the year (Non-IFRS measures) refers to profit/(loss) for the years adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.

	As of December 31,				
	2024	2023	2022	2021	2020
	(RMB in thousands)				
Total assets	**14,538,817**	10,467,499	10,146,014	8,475,081	9,224,243
Total liabilities	**13,303,310**	9,873,855	9,085,559	6,556,772	6,642,446
Total equity	**1,235,507**	593,644	1,060,455	1,918,309	2,581,797
Equity attributable to owners of the Company	**1,228,336**	589,301	1,058,391	1,917,489	2,580,856

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Lianlian DigiTech Co., Ltd. (the "**Company**" or "**Lianlian**" and together with its subsidiaries, the "**Group**"), I am pleased to present the annual report of the Group for the year ended December 31, 2024.

2024 was a critical time for the world, as it experienced accelerated transformation and landscape reforms. The global economy strived for recovery amidst turbulence, while industrial chain reconfiguration and technology revolutions were intertwined as they advanced. As competition among major powers became increasingly complex, geopolitical tensions and trade protectionism rose, instilling global markets with uncertainty.

Simultaneously, the digital economy wave surged forward with breakthroughs in cutting-edge technologies such as artificial intelligence (AI) and blockchain. These advancements reshaped business models and industry ecosystems on a deep level, speeding up digital transformation and globalisation. In this changing environment, connection and innovation became vital forces for enterprises to transcend economic and market cycles.

Dedicated to our aspiration of making global business more efficient, Lianlian stays true to our mission of connecting the Chinese economy with global markets. We will continue to expand our globalised payment network, empowering small and medium enterprises (SMEs) on their path towards embracing digital transformation and achieving global growth. In light of the trends shaping this digital era, we not only participate but also advocate. We seek certainty amidst uncertainty and aim to inspire vitality of commerce with digital intelligence innovations, enabling seamless global trade where every transaction is as effective, safe and accessible as possible.

REVIEW

In 2024, Lianlian has achieved several significant milestones. We made significant progress in our globalization strategy. On March 28, 2024, Lianlian completed its IPO on the Main Board of the Stock Exchange. This important achievement represented the capital market's recognition of our long-term value, and solidified the foundations for our future global expansion. At the same time, as LianTong has acquired the necessary licenses to start developing a mature business model, we have strategically adjusted our shareholding ratio in the joint venture with American Express. This will help re-direct more resources toward developing Lianlian's core businesses and promoting the continuous expansion of our global presence with a stronger strategic focus.

Throughout the year, Lianlian made consistent advancements in global compliance and business expansion, further consolidating our foundation for globalised growth. In May 2024, we obtained the Luxembourg EMI License, bringing the total of payment licenses and relevant qualifications to 65, which further strengthens our payment service capabilities in Europe. Additionally, in December 2024, our wholly-owned subsidiary, DFX Labs Company Limited, obtained a virtual asset trading platform (VATP) license from the Securities and Futures Commission (SFC) of Hong Kong. This marked an important step towards virtual asset trading, establishing a solid foundation for the expansion of virtual asset financial services.

Regarding our core businesses, we saw stable growth as we expanded the reach of our global payment network. In 2024, the TPV of our digital payment business reached RMB3.3 trillion with year-on-year growth of 64.7%, serving up to 5.9 million customers cumulatively. We also saw continuous growth in overall revenue, and improvements in operational profitability. In 2024, our total revenue reached RMB1,315.0 million with year-on-year growth at 27.9%, while our gross profit margin remained at 51.9%. Excluding non-operating expenses such as listing expense and share-based compensation, the Non-IFRS adjusted profit was RMB78.7 million, highlighting a healthy trend towards profitable growth.

OUTLOOK

As we step into 2025, we face an ever-changing landscape in the global payment industry. We will further consolidate our competitive advantages in cross-border payment and compliant financial services, expanding our global business footprint. We will continue to increase investments in emerging markets to expand local operations, improve market penetration and enhance service capabilities. Simultaneously, we will reinforce our global licensing layout to ensure stable development in our global businesses, providing a payment infrastructure that is safer and more efficient to empower the smooth operation of global trades.

As for technological innovations, we will accelerate the construction of a new payment network that incorporates both Web2 and Web3, enhancing transparency and safety for transactions while lowering the cost of global payments with added efficiency and reliability for customers. We will also fully embrace AI technology. For external products, we will continue to optimise areas such as AI-driven risk control, anti-fraud measures and automated customer services to improve operational efficiency and user experience. For internal operations, we will further optimise our organisational structure and enhance team efficiency to unleash operational leverage and allocate more resources to technological innovation and global market expansion.

In a rapidly evolving market environment, we believe that continuous innovation and enhancements of our core competencies are essential to navigate the transformative wave in the global payment industry. In 2025, we will remain steadfast in our commitment to connect the world through technology, facilitating global commerce with greater freedom and efficiency. We will leverage Lianlian's expertise and influence to propel global economic growth and drive digital transformation.

ACKNOWLEDGEMENT

On behalf of Lianlian, I hereby express my genuine gratitude to all who have been a part of our success. I extend my heartfelt appreciation to the entire team at Lianlian, whose professionalism, passion and persistence have been instrumental to our year of growth and breakthroughs. I would also wish to extend my heartfelt thanks to our customers, partners, shareholders and investors, whose trust and support have motivated us to keep moving forward and enabled us to continuously explore, innovate and push boundaries in the global market.

Lianlian was founded with the mission to connect. Through this, we aspire to make global commerce more open and efficient. We look forward to embracing a future filled with opportunities and challenges with our like-minded partners.

Zhang Zhengyu
Chairman of the Board
Hangzhou, the PRC

March 18, 2025

BUSINESS REVIEW AND OUTLOOK

We are a leading Chinese digital payment solution provider with global payment capabilities to serve our customers worldwide. Leveraging our extensive global payment network built upon our expansive global licensing strategy, our comprehensive proprietary technology platform, and our broad partnerships, 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).

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

Among all digital payment solution providers based in China, we have extensive global business outreach and licensing coverage, and are the only provider holding all state-level money transmitter licenses in the United States. As of December 31, 2024, our global license layout consists of 65 payment licenses and relevant qualifications, and we hold the virtual asset trading platform (VATP) license from the Securities and Futures Commission (SFC) of Hong Kong. We provide services in more than 100 countries and regions, and support transactions in over 130 currencies. In May 2024, we obtained the Luxembourg EMI License, which was another significant breakthrough in our process of cultivating business in the European market and accelerating our globalisation strategy. In December 2024, DFX Labs Company Limited, our wholly-owned subsidiary, obtained a VATP license from Hong Kong's SFC. The VATP license authorises DFX Labs Company Limited to set up and operate a virtual asset trading platform in Hong Kong compliant with Type 1 regulated activity (dealing in securities) and Type 7 regulated activity (providing automated trading services) under the Securities and Futures Ordinance (SFO). Our comprehensive global licensing structure and regulatory compliance framework have earned us trust from regulators, customers and partners, enabling our clients to succeed in the digital transformation of global commerce. Over the years, we have been focusing on serving global small and medium merchants and enterprises while building close partnerships with key players in the e-commerce ecosystem to gain deep insights into customers, markets and industries. With our advanced technology platform, as well as our innovative products and solutions, we have developed differentiated competitive advantages over our peers.

In 2024, we continued to expand our global business market, expand our clientele, enhance our technology, service and product capabilities, and drive rapid growth in our business performance, all backed by the barriers built with our extensive global licensing network and strict compliance standard. As of December 31, 2024, the TPV of our digital payment business has reached RMB3.3 trillion with year-on-year growth at 64.7%; and our total revenue has reached RMB1,315.0 million with year-on-year growth at 27.9%, out of which RMB1,150.6 million was revenue from our digital payment businesses, in particular with year-on-year growth at 31.6%. Additionally, the number of customers we have served has reached a total of 5.9 million cumulatively.

Global Payment

In terms of our global payment business, we have adhered to our core strategy of continuously expanding our global license layout while fully driving cross-border business to promote effective growth in worldwide trade. We continuously diversified our global pay-in and pay-out channels, and facilitated our customers to cultivate deep partnerships with various emerging platforms to provide payment solutions with differentiation and diversity while helping new platforms break the barriers of cross-border commerce. This in turn facilitated global trade efficiency and allowed new platforms to expand and develop in the global market. Simultaneously, leveraging on our robust capabilities in technology research and development and with deep integration with technological services, we continued to enhance our proprietary technology platform to handle the complex landscape of global trade. This platform provides customers with a one-stop solution encompassing payment, funds transfer, global payouts, smart foreign exchange processing, and smart risk management. Its high stability and scalability ensure precise matching of the diverse needs of customers of different industries and varying business scales. As for services trade and in B2B field, we focused on industrial zones in China with specific characteristics and gathered insights on the needs of enterprises from those zones. With keen market insights, we continued to iterate our product and service functions and provide targeted solutions for cross-border payments, thus satisfying all the cross-border payment needs of these companies, helping them overcome payment barriers in cross-border trade and improve operational efficiency.

As of December 31, 2024, the TPV of our global payment business has reached RMB281.5 billion with year-on-year growth at 63.1%, while the total revenue of our global payment business has reached RMB807.8 million with year-on-year growth at 23.1%.

Domestic Payment and Value-added Service

Our globalisation strategy and global payment abilities, alongside a business model based on internal and external coordination, have propelled a strong growth in domestic payment business. We continued to invest in new products, including digital marketing and corporate wallets, based on innovative concepts and models to harness the synergy between domestic and global payments, supporting the digitalisation and global expansion of our customers. In particular, the digital marketing product focused on providing online and offline marketing services across multiple scenarios and platforms; the corporate wallet products aimed to expand a single payment tool into one that covers various scenarios and ecosystems, providing a comprehensive solution that encompasses business travel, dining, recycling, logistics, and other services. We support customers in transforming their business model and upgrading their operations management through all-round services such as automated receipt and payment for business purposes including employee travelling expenses and reimbursement, cost control, and funds management. In addition, we have incorporated cutting-edge AI technology to accelerate product development and improvement, significantly enhance user experience and operational efficiency through our smart solutions. As of December 31, 2024, the TPV of our domestic payment business has reached RMB3.0 trillion with year-on-year growth at 64.9%, and the total revenue of our domestic payment business has reached RMB342.9 million with year-on-year growth at 57.1%.

As for value-added services, the total revenue has reached RMB146.2 million for the year ended December 31, 2024 with year-on-year growth at 9.5%.

Looking forward, we will further solidify our global licensing network advantage, expand our business portfolio, increase our coverage of the cross-border e-commerce platforms, continuously enhance the capability of our products and services, strengthen collaborations upstream and downstream within our ecosystem, leverage the potential of our global partnership network, and continue expanding the application and service scope of our payment business. By incorporating the latest technologies, including AI and blockchain, we can build upon our strengths in core technological capabilities and infrastructure, and fully tap into our technological edge to reduce costs, maximise productivity and empower our customers. This will allow us to deliver greater value, increase differentiation, and improve efficiency. At the same time, we will fully utilise the benefits of our listed company status to optimise resource allocation, systematically expand the boundaries and service capacity of our businesses, and drive growth in business development and scalability in performance.

FINANCIAL REVIEW

Revenue

Our revenue for the year ended December 31, 2024 was RMB1,315.0 million, representing an increase of 27.9% as compared to last year, primarily attributable to (i) an increase in revenue generated from our digital payment services of RMB276.4 million; (ii) an increase in revenue generated from value-added services of RMB12.6 million, partially offset by a decrease in other revenue of RMB2.4 million.

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

	Year ended December 31,			
	2024 (RMB in thousands)	2023 (RMB in thousands)	Change (RMB in thousands)	Change in %
Revenue				
Digital payment services	**1,150,632**	874,212	276,420	31.6%
— Global payment[(i)]	**807,772**	655,962	151,810	23.1%
— Domestic payment[(ii)]	**342,860**	218,250	124,610	57.1%
Value-added services	**146,193**	133,544	12,649	9.5%
Others[(iii)]	**18,134**	20,500	(2,366)	(11.5)%
Total	**1,314,959**	1,028,256	286,703	27.9%

Notes:

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

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

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

Digital Payment Services:

The substantial majority of our revenue is generated from our digital payment services, including global payment and domestic payment. Our revenue generated from digital payment services for the year ended December 31, 2024 was RMB1,150.6 million, representing a year-on-year growth of RMB276.4 million, or 31.6%. The increase is mainly attributable to: (i) revenue from global payment increased by RMB151.8 million, representing an increase of 23.1% as compared to last year, driven by the continued growth of TPV for the global payment services; and (ii) revenue from domestic payment increased by RMB124.6 million, representing an increase of 57.1%, mainly due to the substantial increase in TPV of domestic payment services of 64.9% as compared to last year.

Value-added Services:

Our revenue generated from value-added services for the year ended December 31, 2024 was RMB146.2 million, representing an increase of 9.5%, mainly due to further expansion of digital marketing services and the fact that virtual card business has started to contribute to our revenue growth.

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 year ended December 31, 2024.

Cost of Sales

Our cost of sales for the year ended December 31, 2024 was RMB632.4 million, representing an increase of RMB181.5 million or 40.3% as compared to last year. This is primarily due to: (i) the cost of digital payment business services increased by RMB154.4 million, or 44.4%, mainly driven by (a) TPV of payments business increased by 64.7% as compared to last year, and (b) increased costs associated with investment in new platforms and businesses; (ii) the increase in service charge paid to channel partners resulting from the rapid expansion of digital marketing services.

Gross Profit and Gross Profit Margin

Our gross profit for the year ended December 31, 2024 was RMB682.5 million, representing an increase of 18.2% as compared to last year; the gross profit margin was 51.9%, decreased by 4.2% as compared to last year, primarily attributable to the expansion of domestic payment business which has lower gross profit margin. Among which, (i) the gross profit of global payment was RMB581.4 million, representing an increase of RMB110.3 million or 23.4% as compared to last year; with a gross profit margin of 72.0%, increased by 0.2% as compared to last year; (ii) the gross profit of domestic payment was RMB67.6 million, representing an increase of RMB11.7 million or 20.9% as compared to last year; with a gross profit margin of 19.7%, representing a decrease of 5.9% as compared to 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 RMB28.0 million; with a gross profit margin of 19.1%, representing a decrease of 13.8% as compared to last year, mainly due to the increase in virtual card business which has lower profit margins.

Selling and Marketing Expenses

	Year ended December 31,			
	2024 (RMB in thousands)	2023 (RMB in thousands)	Change (RMB in thousands)	Change in %
Selling and marketing expenses	**248,265**	191,799	56,466	29.4%
Less:				
Share-based compensation expenses	**14,587**	12,481	2,106	16.9%
Adjusted selling and marketing expenses (Non-IFRS measure)[1]	**233,678**	179,318	54,360	30.3%

Note:

(1) Refers to selling and marketing expenses (Non-IFRS measure) after excluding share-based compensation expenses.

Our selling and marketing expenses for the year ended December 31, 2024 were RMB248.3 million, representing an increase of RMB56.5 million or 29.4% as compared to last year; excluding share-based compensation expenses, the adjusted selling and marketing expenses were RMB233.7 million, representing an increase of RMB54.4 million or 30.3% as compared to last year, mainly due to the increase in the number of sales staff of the Company in conjunction with our intensified promotional activities, in an effort to further expand our business, and expand customer acquisition and industry coverage.

General and Administrative Expenses

	Year ended December 31,			
	2024 (RMB in thousands)	2023 (RMB in thousands)	Change (RMB in thousands)	Change in %
General and administrative expenses	**560,882**	480,473	80,409	16.7%
Less:				
Share-based compensation expenses	**172,178**	138,181	33,997	24.6%
Listing expenses	**7,799**	48,419	(40,620)	(83.9)%
Adjusted general and administrative expenses (Non-IFRS measure)(1)	**380,905**	293,873	87,032	29.6%

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 year ended December 31, 2024 were RMB560.9 million, representing an increase of RMB80.4 million or 16.7% as compared to last year; 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 RMB380.9 million, representing an increase of RMB87.0 million or 29.6% as compared to last year; mainly due to (i) the one-off listing expenses of RMB33.7 million (also related to the Global Offering) not meeting the exclusion criteria of the Non-IFRS measures; and (ii) the remaining increases mainly attributable to the Company's increased investment in new strategic initiations including DFX Labs Company Limited.

Research and Development Expenses

	Year ended December 31,			
	2024 (RMB in thousands)	2023 (RMB in thousands)	Change (RMB in thousands)	Change in %
Research and development expenses	**319,058**	268,165	50,893	19.0%
Less:				
Share-based compensation expenses	**49,111**	39,810	9,301	23.4%
Adjusted research and development expenses (Non-IFRS measure)(1)	**269,947**	228,355	41,592	18.2%

Note:

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

Our research and development expenses for the year ended December 31, 2024 were RMB319.1 million, representing an increase of RMB50.9 million or 19.0% as compared to last year; after excluding share-based compensation expenses, adjusted research and development expenses were RMB267.0 million, representing an increase of RMB41.6 million or 18.2% as compared to last year, which was mainly due to our continuous investment in technology innovation.

Other Income

Our other income for the year ended December 31, 2024 were RMB212.4 million, representing an increase of RMB103.9 million, or 95.8% as compared to last year. This is primarily due to a significant increase in interest income on customer accounts driven by our continuous stable TPV growth and interest rate hikes on multiple foreign currencies.

Other (Losses)/Gains – Net

Our other losses for the year ended December 31, 2024 were RMB28.3 million, while other gains for last year were RMB279.8 million. Other losses were mainly fair value loss of RMB34.0 million due to changes in valuation of financial assets held for trading by the Company and fluctuations in the exchange rate of the Japanese Yen, and non-recurring dilution gain of approximately RMB244.5 million due to the decrease in shareholding in LianTong after the capital injection provided by us and American Express last 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 year ended December 31, 2024 was RMB6.2 million, representing an increase of RMB4.5 million as compared to last year, which was in line with the increase of the Company's trade receivables.

Finance Costs – Net

Our finance costs – net for the year ended December 31, 2024 was RMB11.7 million, representing an increase of RMB1.6 million as compared to last year.

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 year ended December 31, 2024 was RMB292.5 million, representing a decrease of RMB372.7 million or 56.0% as compared to last year. The cost of investment in LianTong has been reduced to zero at year-end.

Income Tax Credits/(Expenses)

Income tax credits of the Group for the year ended December 31, 2024 were RMB405.5 million, mainly due to the recognition of a deferred tax asset of RMB294.5 million for deductible temporary differences arising from the cumulated share of net loss of RMB1,178.2 million related to the investment in a subsidiary and LianTong, to the extent, that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised, in consideration of the disposal of the equity interests in LianTong.

Non-IFRS Measures

We define EBITDA (Non-IFRS measure) as loss for the years adjusted by adding back (i) income tax credit/(expenses), (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 define adjusted profit/(loss) for the year (Non-IFRS measures) as profit/(loss) for the years 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 for the Listing 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 year to year and company to company and provide useful information to investors and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the years may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

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

	Year ended December 31,	
Reconciliation	**2024 (RMB in thousands)**	2023 (RMB in thousands)
Non-IFRS Measures		
Loss for the year	**(166,538)**	(654,215)
Add:		
Income tax (credit)/expenses	**(405,469)**	2,459
Finance costs – net	**11,671**	10,030
Depreciation of property, plant and equipment	**13,716**	13,673
Depreciation of right-of use assets	**12,973**	9,213
Depreciation of investment properties	**4,027**	4,014
Amortization of intangible assets	**4,132**	4,670
EBITDA (Non-IFRS measure)[(i)]	**(525,488)**	(610,156)
Add:		
Share-based compensation expenses[(ii)]	**237,432**	191,495
Listing expenses	**7,799**	59,473
Adjusted EBITDA (Non-IFRS measure)[(iii)]	**(280,257)**	(359,188)
Non-IFRS Measures		
Loss for the year	**(166,538)**	(654,215)
Add:		
Share-based compensation expenses	**(237,432)**	(191,495)
Listing expenses	**(7,799)**	(59,473)
Adjusted profit/(loss) for the year (Non-IFRS measures)[(iv)]	**78,693**	(403,247)

Notes:

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

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

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

(iv) Adjusted profit/(loss) for the year (Non-IFRS measures) refers to profit/(loss) for the years 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 Year

As a result of the foregoing, loss for the year was RMB166.5 million, representing a decrease of RMB487.7 million as compared to last year, narrowing by 74.5%. After excluding (i) share-based compensation expenses of RMB237.4 million; (ii) expensed listing expenses of RMB7.8 million, the adjusted profit for the year (Non-IFRS measures) amounted to RMB78.7 million.

Liquidity and Financial Resources, Treasury Policies and Capital Structure

	Year ended December 31,	
	2024	2023
	(RMB in thousands)	(RMB in thousands)
The following table sets forth our cash flows for the years indicated:		
Net cash (used in)/generated from operating activities	**(111,058)**	94,649
Net cash used in investing activities	**(131,028)**	(201,799)
Net cash generated from financing activities	**569,131**	149,177
Net increase in cash and cash equivalents	**327,045**	42,027
Cash and cash equivalents at beginning of the year	**189,840**	145,504
Effects of exchange rate changes on cash and cash equivalents	**5,365**	2,309
Cash and cash equivalents at end of the year	**522,250**	189,840

During the Reporting Period, our net cash used in operating activities was RMB111.1 million, mainly due to a loss of RMB572.0 million before income tax, most of which were non-cash items, which mainly includes (i) investment loss of RMB292.5 million calculated using the equity method, which is mainly attributable to our investment in LianTong; (ii) share-based compensation expenses of RMB237.4 million; (iii) RMB135.8 million use of cash from the changes in working capital, mainly reflecting increases in trade receivables, other receivables.

Net cash used in investing activities was RMB131.0 million, mainly due to RMB110.1 million in cash used to purchase capital guaranteed treasury investments and other financial investment products, of which capital guaranteed treasury investments were redeemed by March 18, 2025, and RMB21.3 million in cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets.

Net cash generated from financing activities amounted to RMB569.1 million, which mainly includes the proceeds of RMB560.1 million from the Global Offering and the net proceeds of RMB22.9 million from borrowings, these amounts were offset by the principal and interest payments of RMB13.9 million on the lease liability.

The Company's bank borrowings as of December 31, 2024 was RMB479.3 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.

As of December 31, 2024, the total amount of long-term bank borrowings is RMB136.8 million, with an interest rate of 4.0%, which have to be repaid by September 20, 2037. The total amount of short-term bank borrowings is RMB342.5 million, with the maturity of one year or less and an annual interest rate of 3.15% to 4.05%.

As at December 31, 2024, the unutilized credit line was approximately RMB780.6 million.

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, treasury investments, 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 Latest Practicable Date. The capital of the Company comprises ordinary shares of the Company, including H Shares and Unlisted Shares.

Capital Expenditures

During the Reporting Period, the capital expenditure of the Group was RMB21.4 million, which mainly includes the purchase of property and equipment and the purchase of intangible assets, such as computer software.

We mainly use cash from operating activities to fund capital expenditures during the Reporting Period. 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) customer 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 December 31, 2024, our customer accounts and restricted cash amounted to RMB12,606.9 million, representing an increase of RMB3,423.0 million as compared with December 31, 2023, mainly due to an increase of RMB3,422.5 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 December 31, 2024, our accruals and other payables amounted to RMB12,691.5 million, representing an increase of RMB3,379.6 million as 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 primarily represent amounts due from customers for services performed in the ordinary course of business.

The increase in trade receivables was primarily driven by our 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 such customers are relatively long, resulting in the increase in the balance of trade receivables. We have made adequate provisions for commercial banks and large enterprises based on their overall reputation and credit ratings.

Trade Payables

Our trade payables primarily consist of payables for service charge and payables for processing fees to financial institutions and payment networks.

Prepayments, Other Receivables and Other Current Assets

Our prepayments, other receivables and other current assets primarily include prepaid expenses, prepayments to suppliers, value-added tax recoverable and deposits for payment channels and rentals. The increase in balance as of December 31, 2024 as compared to December 31, 2023 is mainly due to the request of security deposits for payment channels by card issuing institutions and the increase in deposits for self-issued cards, as a result of increase in TPV from global payment business.

Pledge of Assets

As of December 31, 2024, the Group pledged (i) investment properties with net book value of RMB161.0 million, (ii) buildings with net book value of RMB100.9 million, and (iii) land use rights of RMB2.7 million for the Group's bank borrowings of RMB148.1 million. These borrowings are for general business operation purposes.

Contingent Liabilities

As of December 31, 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 December 31, 2024, our gearing ratio, calculated as total borrowings divided by the total equity as of the end of the year, was approximately 38.8%.

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 the same currencies.

In addition, we may face foreign exchange risk arising from fluctuations in exchange rates within the interval between when 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.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the Reporting Period, the Group planned to dispose part of the equity interest in LianTong, and its shareholding in LianTong will be reduced to 17.63% subsequent to the disposal transaction and the related capital increase as part of the same transaction. The disposal was completed in February 2025.

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the above-mentioned disposal of equity interest in LianTong, as of December 31, 2024, we did not have any future plans for material investments or capital assets.

SIGNIFICANT INVESTMENT DURING THE REPORTING PERIOD

The Group did not make any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2024) during the year ended December 31, 2024.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Disposal of Equity Interest in LianTong

During the Reporting Period, the Group planned to dispose part of the equity interest in LianTong, and its shareholding in LianTong will be reduced to 17.63% subsequent to the disposal transaction and the related capital increase as part of the same transaction. The disposal was completed in February 2025.

On December 25, 2024, the Company entered into the equity transfer and capital increase agreement (the "**Agreement**") with American Express Travel Related Services Company ("**Amex TRS**"), American Express Marketing & Development Corp. ("**AEMD**", together with Amex TRS, the "**Purchasers**") and LianTong.

Pursuant to the Agreement, (i) the Purchaser Amex TRS agrees to purchase from the Company a total amount of registered capital of RMB1,154,618,100, representing 14.27% of the equity interest in LianTong immediately after completion of the Capital Increase (as defined below) for a consideration of RMB1,569,430,688, and (ii) the Purchaser AEMD agrees to purchase from the Company a total amount of registered capital of RMB23,563,719, representing 0.29% of the equity interest in LianTong immediately after completion of the Capital Increase for a consideration of RMB32,029,312.

Pursuant to the Agreement, simultaneously with the disposal of equity interest in LianTong by the Company to the Purchasers (the "**Disposal**"), LianTong intends to increase its registered capital by RMB2,330,181,818 with its total registered capital increased to RMB8,090,181,818. Each of Amex TRS and AEMD agrees to subscribe for RMB2,283,578,019 and RMB46,603,799 of the increased registered capital with a consideration of RMB3,103,985,139 and RMB63,346,861, respectively (the "**Capital Increase**").

Immediately upon completion of the Disposal and the Capital Increase, LianTong is to be owned as to 80.72% by Amex TRS, 17.63% by the Company and 1.65% by AEMD.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements, but is exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules. For further details, please refer to the announcements of the Company dated December 25, 2024 and January 3, 2025.

Save as the above-mentioned disposal of equity interest in LianTong, during the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2024, we had a total of 1,103 employees, 91.30% of which were based in the PRC and 8.70% were based overseas, primarily in Southeast Asia and the United States.

Function	Number	% of total
Research and development	385	34.90%
Sales and marketing	364	33.00%
General and administration	354	32.09%
Total	**1,103**	**100.0%**

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

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund.

As of December 31, 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.

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

The total employee benefit expenses, including share-based compensation expenses, for the Reporting Period amounted to RMB816.3 million (2023: RMB670.9 million).

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Save for the disposal of equity interest in LianTong as disclosed above and in Note 37 to the consolidated financial statements in this annual report, the Group is not aware of any other material events which could have a material impact on our operating and financial performance after the Reporting Period and up to the date of this annual report.

DIRECTORS

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

Executive Directors

Mr. Zhang Zhengyu (章徵宇), aged 59, is the chairman of the Board and an executive Director of our Company. Mr. Zhang joined our Group in February 2009 and served as our chief executive officer from February 2009 to March 2023. Mr. Zhang has been serving as the chairman of the Board since January 2018. He was appointed as our Director in January 2018 and was re-designated as our executive Director in June 2023. He is primarily responsible for the overall strategic planning, business direction and operational management of our Company.

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

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

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

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

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

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

Ms. Wei Ping (魏萍), aged 53, is an executive Director and financial director of our Company. She joined the Group in June 2023 and is primarily responsible for the financial planning, financial management and financial reporting of our Group.

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

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

Mr. Zhu Xiaosong (朱曉松), aged 53, is an executive Director of our Company. Mr. Zhu was appointed as our Director in January 2018 and was re-designated as our executive Director in June 2023. He also served as our deputy general manager from January 2018 to June 2023. Mr. Zhu is primarily responsible for the overall operational management of the global business of our Group.

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

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

Mr. Wang Yu (王愚), aged 47, is an executive Director, deputy general manager and chief technology officer of our Company. Mr. Wang was appointed as our chief technology officer, Director and deputy general manager in November 2020, December 2020 and June 2023, respectively, and was re-designated as our executive Director in June 2023. He is primarily responsible for the overall technical management and providing technology direction of our Company.

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

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

Independent Non-executive Directors

Mr. Chun Chang, aged 68, was appointed as our independent Director in April 2021 and was re-designated as our independent non-executive Director in June 2023. He is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

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

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

Mr. Wong Chi Kin (黃志堅), aged 51, was appointed as our independent non-executive Director in June 2023. He is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

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

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

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

Ms. Lin Lanfen (林蘭芬), aged 55, was appointed as our independent non-executive Director in July 2023. She is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

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

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

SUPERVISORS

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

Mr. Wu Wei (吳偉), aged 52, is the Chairman of our Supervisory Committee and a shareholders' representative Supervisor of our Company since December 2020 and is primarily responsible for supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor.

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

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

Ms. Song Jingfang (宋靜芳), aged 50, has been a shareholders' representative Supervisor of our Company since December 2020. Ms. Song joined our Group in February 2009 and has been serving as our strategic development manager. She is primarily responsible for supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor.

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

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

Ms. Hong Xiaoxue (洪曉雪), aged 29, has been our employee Supervisor since December 2020. Ms. Hong joined our Group and has been serving as a human resources business partner since June 2017. She is primarily responsible for monitoring financial position of our Group, and supervising the performance of Directors and senior management as a representative of our employees.

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

SENIOR MANAGEMENT

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

Mr. Sun Dali (孫大利), aged 47, is the president of our Company. Mr. Sun joined our Group in December 2020, as senior vice president and chief executive officer of domestic business, and was appointed as the president of our Company in April 2024. He is primarily responsible for assisting the chief executive officer in the overall strategic planning and daily operation of our Company, and is responsible for the overall operation and management of the domestic business.

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

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

Mr. Shen Enguang (沈恩光), aged 41, is a deputy general manager of our Company. Mr. Shen joined our Group in September 2020 as a business development researcher and served as the vice president of Lianlian International from April 2022 to February 2023. From February 2023 to March 2025, Mr. Shen was the co-chief executive officer of Lianlian International. Mr. Shen was appointed as a deputy general manager of our Company in April 2024 and as the chief executive officer of Lianlian International in March 2025. Mr. Shen is mainly responsible for the overall operation and management of the global business.

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

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

Ms. Lv Weiyan (呂蔚嬿), aged 42, is a deputy general manager and the chief operating officer of our Company. Ms. Lv joined our Group as the vice president of Lianlian International since November 2018 and served as the co-chief executive officer of Lianlian International from February 2023 to March 2025. Ms. Lv was appointed as a deputy general manager of our Company in April 2024 and as the chief executive officer of Lianlian International in March 2025. Ms. Lv is mainly responsible for assisting the chief executive officer in the overall strategic planning and daily operation of our Company, operation and management of the global business.

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

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

Ms. Fu Qin (傅琴), aged 40, is a deputy general manager and chief people officer of our Company. Ms. Fu joined our group in June 2017 and consecutively served as the vice president of our Company and head of our group office, the vice president of Lianlian International (in charge of foreign exchange and financial business department), head of chairman's office and assistant to the chairman from June 2017 to February 2025. Ms. Fu was appointed as a deputy general manager and the chief people officer of our Company in March 2025, and she is mainly responsible for the strategic planning of our Company's human resources and overseeing its implementation.

Prior to joining our Group, Ms. Fu worked at Citigroup (花旗集團) from July 2008 to June 2016, where she was primarily responsible for corporate sales transaction in global financial markets department. She was also the person in charge of the strategy department in Netease Finance (網易金融) from June 2016 to June 2017.

Ms. Fu obtained a bachelor's degree in economics from Zhejiang University (浙江大學) in June 2006 and a master's degree in economics from Peking University (北京大學) in July 2008.

Mr. Yan Hao (閆浩), aged 41, joined our Group and has been serving as the secretary of Board since December 2020. He was appointed as our joint company secretary in June 2023. Mr. Yan is primarily responsible for the overall information disclosure and investor relationship of our Company.

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

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

JOINT COMPANY SECRETARIES

Mr. Yan Hao (閆浩), aged 41, is our secretary of Board and joint company secretary. For details of his biographical details, please see the subsection headed "Senior Management" in this section above.

Ms. Cheung Lai Ha (張麗霞) was appointed as the joint company secretary of our Company in June 2023. Ms. Cheung is primarily responsible to perform company secretarial matters. Ms. Cheung is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

On March 18, 2025, Ms. Cheung has resigned as the joint company secretary and Ms. Chan Yuen Mui (陳婉梅) has been appointed as the joint company secretary in replacement of Ms. Cheung. Ms. Chan is a manager of the Entity Solutions of Computershare Hong Kong Development Limited. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Mr. Yan Hao has been designated as the primary contact person of the Company who would work and communicate with Ms. Cheung and Ms. Chan (as the case may be) on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2024, each of Mr. Yan and Ms. Cheung has taken not less than 15 hours of relevant professional training in compliance with the requirements of Rule 3.29 of the Listing Rules.

OTHER INFORMATION

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

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

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

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

Ms. Wei Ping, appointed as an executive Director with effect from June 7, 2024, confirms that she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 6, 2024, and understands her obligations as a director of the Company under the Listing Rules.

The Board of the Company is pleased to present this report of Directors with the consolidated financial statements of the Group for the year ended December 31, 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%, 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 FROM THE GLOBAL OFFERING

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 December 31, 2024, the Company had utilized approximately HK$183.3 million of net proceeds from the Global Offering, representing approximately 33.45% 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 net 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[Note] *(HK$ million)*	Net proceeds utilized since the Listing and up to December 31, 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	**155.9**	By March 31, 2029	172.9
(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	**94.8**	By March 31, 2029	69.6

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[Note] *(HK$ million)*	Net proceeds utilized since the Listing and up to December 31, 2024 *(HK$ million)*	Expected timeline of full utilization of net proceeds	Remaining Amount *(HK$ million)*
(ii) To develop, iterate and promote innovative solutions, which can help us to cater additional customer needs besides current digital payment services and diversify our value-add services	20.0%	97.0	109.6	**20.8**	By March 31, 2029	88.8
(iii) For maintenance and improvement of our existing technology infrastructure to ensure reliability and security	10.0%	48.5	54.8	**40.3**	By March 31, 2029	14.5
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%	485.1	548.0	**183.3**	**–**	364.7

The Company does not have any intention to change the purposes of the net 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.

PRINCIPAL ACTIVITIES

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

There were no significant changes in the nature of the Group's principal activities during the Reporting Period. Please refer to Note 17 to the consolidated financial statements in this annual report for details of the principal activities of the principal subsidiaries of the Group. An analysis of the Group's revenue, other income and other (losses)/gains for the Reporting Period by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and Notes 5, 8 and 9 to the consolidated financial statements.

BUSINESS REVIEW

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

Principal Risks and Uncertainties

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

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

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

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

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

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

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

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

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

RESULTS OF OPERATIONS

The results of the Group for the Reporting Period are set out in the Consolidated Statements of Comprehensive Loss on page 132 of this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 7 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIVIDEND POLICY AND FINAL DIVIDEND

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

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

PROPERTY, PLANT AND EQUIPMENT

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

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on June 6, 2025. In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from June 3, 2025 to June 6, 2025 (both days inclusive), during which period no transfer of Shares will be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be June 6, 2025. Shareholders should lodge all completed transfer documents accompanies by the relevant share certificates to Computershare Hong Kong Investor Services Limited, the H Share Registrar of the Company at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares), or to the Company's registered office at B3, 12/F, Building 1, 79 Yueda Lane, Binjiang District, Hangzhou, Zhejiang Province, PRC (for holders of Unlisted Shares) no later than 4:30 p.m. on June 2, 2025 for handling registration procedures.

COMPLIANCE WITH LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

SHARE CAPITAL

As of December 31, 2024, the total Share Capital of the Company was RMB1,079,060,000, divided into 1,079,060,000 Shares of nominal value RMB1.0 each, including 418,668,764 H Shares and 660,391,236 Unlisted Shares.

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

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period (2023: nil).

RESERVES

Details of movements in the reserves of the Company for the Reporting Period are set out in Note 25 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company had no reserves available for distribution to the Shareholders.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities listed on the Stock Exchange (including sale of treasury shares). As of December 31, 2024, the Company did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

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

DIRECTORS AND SUPERVISORS

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

Executive Directors

Mr. Zhang Zhengyu (章徵宇) *(Chairman)*
Mr. Xin Jie (辛潔) *(Chief executive officer)*
Ms. Wei Ping (魏萍) *(Financial director)*
Mr. Zhu Xiaosong (朱曉松)
Mr. Wang Yu (王愚) *(Chief technology officer)*

Independent non-executive Directors

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

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

Supervisors

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

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

CHANGE IN INFORMATION OF DIRECTORS AND SUPERVISORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors and Supervisors subsequent to the Listing Date and up to the date of this annual report 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 annual general meeting held on June 7, 2024, Ms. Wei Ping (魏萍) was elected as an executive Director, and Mr. Xue Qiangjun (薛強軍) ceased to be an executive Director with effect from the same date.

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

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

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

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

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

CONTROLLING SHAREHOLDERS' AND DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, Supervisors and senior management received their remuneration in the form of salaries, social security, housing benefits and other employee benefits, employer's contribution to the pension plans, discretionary bonuses and share-based compensation. The compensation of Directors, Supervisors and senior management is determined based on each Director, Supervisor and senior management's responsibilities, qualification, position and seniority. Details of the emoluments of the Directors, Supervisors and senior management and emoluments of the five highest paid individuals in the Group are set out in Notes 7 and 36 to the consolidated financial statements of this annual report.

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

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

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

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

MANAGEMENT CONTRACTS

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

CONVERTIBLE BONDS

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

EQUITY-LINKED AGREEMENT

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

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.

LOANS AND OTHER BORROWINGS

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

As of December 31, 2024, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors and senior management of the Company, or their respective connected persons.

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

As of December 31, 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 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 Stock Exchange pursuant to the Model Code were as follows:

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

Name of Director/ Supervisor/ Chief Executive	Position	Nature of Interest	Class of Shares	Number of Shares held (including Shares underlying the outstanding options)	Approximate percentage of shareholding in the relevant class of Shares(1)	Approximate percentage of shareholding in the total share capital of the Company(2)
Mr. Xin Jie (辛潔)(4)	Executive Director and chief executive officer	Beneficial interest	H Shares	10,000,000	2.39%	0.93%
Ms. Wei Ping (魏萍)(5)	Executive Director and financial director	Beneficial interest	H Shares	3,000,000	0.72%	0.28%
Mr. Zhu Xiaosong (朱曉松)(6)	Executive Director	Beneficial interest	H Shares	2,700,000	0.64%	0.25%
Mr. Wang Yu (王愚)(7)	Executive Director, deputy general manager and chief technology officer	Beneficial interest	H Shares	2,200,000	0.53%	0.20%

Notes:

(1) The calculation is based on a total number of 660,391,236 Unlisted Shares in issue and a total number of 418,668,764 H Shares in issue as of December 31, 2024.

(2) The calculation is based on the total number of 1,079,060,000 Shares in issue as of December 31, 2024.

(3) As of December 31, 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 December 31, 2024. Therefore, Mr. Zhang is deemed to be interested in a total of 26.84% interest of our Company under SFO as of December 31, 2024.

(4) As of December 31, 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 December 31, 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. 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.

(6) As of December 31, 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.

(7) As of December 31, 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.

(8) All interests stated are long positions.

Save as disclosed above, as of December 31, 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.

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

As of December 31, 2024, to the best knowledge of the Directors, the following persons (other than a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Substantial Shareholders	Nature of Interest	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Mr. Lu Zhonglin (呂鐘霖)[(3)]	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))[(4)] ("**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)[(4)]	Interest in controlled corporation	Unlisted Shares	172,217,799	26.08%	15.96%
Hangzhou Fuyu Investment Management Co., Ltd. (杭州福宇投資管理有限公司)[(4)]	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))[(5)] ("**Everbright Investment**")	Beneficial interest Beneficial interest	Unlisted Shares H Shares	39,964,800 39,964,800	6.05% 9.55%	3.70% 3.70%
Everbright Industrial Capital Management Co., Ltd. (光大實業資本管理有限公司)[(5)]	Interest in controlled corporation Interest in controlled corporation	Unlisted Shares H Shares	39,964,800 39,964,800	6.05% 9.55%	3.70% 3.70%

Name of Substantial Shareholders	Nature of Interest	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合夥))[5]	Interest in controlled corporation	Unlisted Shares	39,964,800	6.05%	3.70%
	Interest in controlled corporation	H Shares	39,964,800	9.55%	3.70%
China Everbright Industrial (Group) Co., Ltd. (中國光大實業(集團)有限責任公司)[5] ("**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)[5] ("**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)[5]	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)[5]	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))[6] ("**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)[6]	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)(6)	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)(6)	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)(7) ("**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)(7)	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)(7)(8)	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)(7)(8)	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 December 31, 2024.

(2) The calculation is based on the total number of 1,079,060,000 Shares in issue as of December 31, 2024.

(3) Mr. Lu Zhonglin has informed the Company that 20,200,560 Unlisted Shares held by him were subject to judicial freezing (the "**Freezing**"). The Freezing period will last until March 27, 2028 at the latest. The Freezing was executed by Yuhang District People's Court of Hangzhou City and other institutions, and was caused by civil case disputes which involved Mr. Lu Zhonglin himself.

(4) 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.

(5) 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.

(6) 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.

(7) 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 4.21%, 3.43%, 3.43% and 3.02% 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.

(8) 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 2.29% 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)).

KEY RELATIONSHIP WITH STAKEHOLDERS

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

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2024, revenue from the Group's five largest customers contributed less than 30% of the Group's total revenue during the year.

Major Suppliers

For the year ended December 31, 2024, purchases from our five largest suppliers contributed approximately 52.3% (2023: 52.5%) of the Group's total cost of procurement while our largest supplier contributed approximately 16.8% (2023: 22.2%) of the Group's cost of procurement during the year.

For the year ended December 31, 2024, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers or suppliers of the Group.

TAXATION

Tax position of the Company during the year ended December 31, 2024 is set forth in Note 11 to the consolidated financial statements of this annual report.

TAX RELIEF AND EXEMPTION

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

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

During the Reporting Period, details of the retirement benefit scheme are set out in Note 7 to the consolidated financial statements of this annual report.

PRE-IPO SHARE OPTION SCHEME

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 Schemes.

Validity

The 2021 Pre-IPO Share Option Scheme shall be valid and effective for the period of six years commencing on the date of grant. The 2023 Pre-IPO Share Option Scheme shall be valid and effective for the period of five years commencing on the date of grant. As of December 31, 2024, the remaining life of the 2021 Pre-IPO Share Option and the 2023 Pre-IPO Share Option is two years and three 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 December 31, 2024, (i) the number of underlying Shares pursuant to the outstanding share options granted under the 2021 Pre-IPO Share Option Scheme amounted to 14,083,000 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 54,393,800 Shares, representing approximately 1.3% and 5%, respectively of the issued Shares as of December 31, 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 of Shares as of January 1, 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Number of Shares as of December 31, 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
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	–	–	–	410,000	9,918,00
	June 12, 2023	RMB5	Note 2	Note 3	32,363,800	–	–	–	1,005,000	313,588

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

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

(8) 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 and Assessment 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 26 to the consolidated financial statements in this annual report.

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

FIRST AWARD AND TRUST SCHEME

Our Company proposed and approved the adoption of the First Award and Trust Scheme (the "**First Award and Trust Scheme**") at the extraordinary general meeting held on December 31, 2024. The First Award and Trust Scheme was contemplated and adopted to be funded solely by the existing Shares to be purchased through the Trustee. The Scheme constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. The following is a summary of the principal terms of the First Award and Trust Scheme:

Purpose of the First Award and Trust Scheme

The purpose of the First Award and Trust Scheme is to improve the Company's incentive mechanism, attract, motivate, and retain selected employees through the grant of Awards. The First Award and Trust Scheme aims to enhance the motivation and creativity of Participants, ensuring the achievement of the Company's long-term development goals, and promoting the sustained growth of the Company's performance, thereby benefiting both the Company and the Participants.

Management Agency of the First Award and Trust Scheme

The general meeting of the Shareholders as the highest authority of the Company can authorize the Board to handle matters pertaining to the First Award and Trust Scheme within the scope of its authority.

In order to implement the First Award and Trust Scheme, the general meeting of the Shareholders authorizes the Board and the scheme administrators as authorized by the Board to serve as the management agency of the First Award and Trust Scheme (the "**Management Agency of the First Award and Trust Scheme**"), which are responsible for reviewing and approving the implementation, changes and termination of the First Award and Trust Scheme, and handling other related matters of the First Award and Trust Scheme within the scope as authorized by the general meeting of the Shareholders.

Participants and the Basis of Determining the Eligibility of the Participants

The Participants who may participate in the First Award and Trust Scheme shall be the persons who have the right to receive the Award Shares as determined by the Board in accordance with the terms of the First Award and Trust Scheme, and the scope of the Participants include: (i) Directors (excluding independent non-executive directors), senior management and key employees of the Company; (ii) key employees of the Company's wholly-owned subsidiaries, holding subsidiaries or associated companies; and (iii) other persons as determined by the Board.

The Participants must meet the following basic qualifications or other conditions as approved by the Board: (i) have signed with the Company a labor contract, confidentiality agreement, non-competition agreement or service contract/consulting service agreement or other agreements as required by the Board; and (ii) other conditions that meet the award criteria established by the Management Agency of the First Award and Trust Scheme.

Source of the Awards

The Board shall entrust a qualified trust manager to act as the Trustee under the First Award and Trust Scheme to establish a trust plan with the objective of implementing equity incentives. The Participants will be granted the Awards and thus indirectly hold the interest of the Company's shares through the Trust. The Awards will be vested upon the fulfilment of certain conditions. The Awards granted to the Participants shall be subject to the terms of the First Award and Trust Scheme and the restrictive terms as agreed in the Trust Deed. The Participants shall be entitled to the corresponding rights and interests in accordance with the terms agreed in the Trust Deed.

The Board instructs the Trustee to purchase existing H Shares on the Stock Exchange or off the Stock Exchange from existing Shareholders. Should the Shares be purchased by the Trustee off the Stock Exchange from existing Shareholders, the purchase price must not be higher than the closing price of the Shares as stated in the daily quotations sheets of Stock Exchange on the date of purchase.

Life of the First Award and Trust Scheme

Subject to any early termination of the First Award and Trust Scheme pursuant to the terms of the First Award and Trust Scheme, the First Award and Trust Scheme shall be valid and effective for ten (10) years commencing from the Adoption Date (i.e. December 31, 2024 which is the day on which the First Award and Trust Scheme is approved by the Shareholders). Upon termination or early termination of the First Award and Trust Scheme, the Company may not grant any Awards, but the Awards that have been granted will continue to be valid until they become vested or lapsed.

Maximum Number of Shares

The maximum number of H Shares that the Trustee can acquire and hold from time to time under the First Award and Trust Scheme throughout the life of such scheme shall not exceed 10% of the total number of the issued shares of the Company (excluding treasury shares) as of the Adoption Date (the "**Scheme Mandate Limit**").

As of the Adoption Date, the total number of the issued shares of the Company (excluding treasury shares) was 1,079,060,000 Shares, and the Scheme Mandate Limit will be 107,906,000 Shares (representing 10% of the total number of the issued shares of the Company (excluding treasury shares) as of the Adoption Date).

Maximum Entitlement to Each Participant

According to the First Award and Trust Scheme, the maximum entitlement of the Awards to be granted to any Participant under the First Award and Trust Scheme shall not exceed 1% of the total number of the issued shares of the Company (excluding treasury shares) unless approved by way of special resolution at the general meeting.

Date of Grant

The date on which the Awards are granted to the Participants is the date when the Company signs and issues the Award Letter to the Participants. The date of grant shall be determined by the Board.

Consideration for the Grant of the First Award and Trust Scheme

According to the provisions of the First Award and Trust Scheme, the incentive consideration (if any) of the Participants shall be determined by the Board and shall be agreed in the Award Letter.

The Participant should use their personal lawful remuneration, personal and family property, and other self-funded resources in accordance with laws and regulations. The Company will not provide loans or any other form of financial assistance to the Participants, including providing guarantees for their loans.

The Participant shall, in accordance with the First Award and Trust Scheme, pay the full amount of the purchase price, if any, corresponding to the Awards received by the Participant to the Company or such other entity as the Company may designate by wire transfer prior to satisfying the vesting conditions and instruct the Trustee to sell its Awards in the open market.

Vesting Period

The vesting period of the Awards granted under the First Award and Trust Scheme shall be determined at the sole discretion of the Board, with a minimum vesting period of 12 months from and including the date of grant. The vesting conditions and the performance targets, if any, shall be determined at the sole discretion of the Board in the Award Letter.

Vesting Conditions of the First Award and Trust Scheme

The Awards granted to a Participant shall be vested to the Participant during the vesting period upon satisfaction of the vesting conditions and the performance targets, if any, set forth in the First Award and Trust Scheme. The vesting conditions and the performance targets, if any, shall be determined at the sole discretion of the Board in the Award Letter.

The performance targets, if any, will be determined based on the specific circumstances of the particular Participants. Depending on the circumstances, the performance targets may include, but are not limited to: (i) annual performance of the Group or members of the Group; (ii) achievement of milestones for major projects of the Group; (iii) key performance indicators of the department and/or business unit to which the Participant belongs; and (iv) the Participant's position and the annual performance appraisal results, etc.

At the end of the performance period of the relevant performance target, the Board will evaluate the actual performance of the Participant against the pre-agreed target and determine, at its sole discretion, whether or not the relevant performance target has been achieved.

If the Participant fails to fulfil the vesting conditions applicable to the relevant Awards, all the relevant Awards which may otherwise be vesting during the respective vesting period shall not be vested and become immediately lapsed with respect to such Participant. In such case, the Company will give notice about the forfeiture to the Trustee, who will dispose of the relevant forfeited shares within a reasonable time after receipt of the notice of forfeiture, including, but not limited to, by (i) selling the lapsed Shares in the open market at fair market value and adding the proceeds to the Trust pool for further purchases of the Award Shares during the term of the First Award and Trust Scheme; or (ii) retaining the forfeited Award Shares in the Trust pool for further grants to other Participants during the life of the First Award and Trust Scheme.

After vesting and during the life of the First Award and Trust Scheme, the Participants can instruct the Trustee to sell the vested Award Shares in the open market through the Company or the Company's designated ESOP platform or system. The Trustee will use the proceeds from the sale after deducting relevant taxes and other related expenses, and the funds will be transferred to the bank account under the name of the Participants to redeem the corresponding cash returns.

Clawback Mechanism

The First Award and Trust Scheme has established a clawback mechanism where any of the following events occurs prior to the vesting of the Awards: (i) Participant's resignation for any reasons; (ii) Participant's retirement and loss of working ability; and (iii) Participant's death.

During the life of the First Award and Trust Scheme, if the Participant has resigned, the vested Awards shall continue to be enjoyed by the original Participants; the unvested Awards shall become forfeited Awards, and the Participants no longer have rights. The unvested Awards shall be disposed of by the Board or the scheme administrators as authorized by the Board, including but not limited to instructing the Trustee to: (i) sell the lapsed Shares on the open market at the market price and consolidate the proceeds therefrom into the Trust pool, which can be used to further purchase the Awards during the life of the First Award and Trust Scheme; or (ii) retain the lapsed Awards in the Trust pool for further grants to other Participants during the life of the First Award and Trust Scheme.

During the life of the First Award and Trust Scheme, if the Participant has retired, lost working ability, or died, the vested Awards shall continue to be enjoyed by the original Participant; the unvested Awards shall either continue to be enjoyed by the Participants or their successors or become forfeited Awards at the discretion of the Board or the scheme administrators as authorized by the Board. If the Awards become forfeited, the disposal method shall be determined at the discretion of the Board or the scheme administrators as authorized by the Board, including but not limited to instructing the Trustee to: (i) sell the lapsed Shares on the open market at the market price and consolidate the proceeds therefrom into the Trust pool, which can be used to further purchase the Awards during the life of t the First Award and Trust Scheme; or (ii) retain the lapsed Awards in the Trust pool for further grants to other Participants during the life of the First Award and Trust Scheme.

In the event of other matters not agreed upon, the disposal of the Awards held by the Participants shall be determined by the Board or the scheme administrators as authorized by the Board.

Rights on Voting and Dividends

Neither the Participants nor the Trustee may exercise any voting rights attached to any Shares held by the Trustee under the Trust Deed.

Subject to the provision of the First Award and Trust Scheme, dividends payable on Award Shares corresponding to unvested Award Shares (other than the lapsed Awards) shall belong to the Participants and shall be paid to the Participants at the time of vesting and shall be paid by the Trustee to the account of the Participants; and dividends payable in respect of current Awards for which the vesting conditions have not been satisfied shall be retained by the Trustee and added to the Trust pool to be used for further purchases of the Award Shares, and the Participant shall have no further rights.

Restrictions and Limitations

A Grant or any instruction from the Board to the Trustee to acquire or sell H Shares may not be made after a price sensitive event or inside information has occurred or a price sensitive matter or inside information has been the subject of a decision until such price sensitive information or inside information has been published in accordance with the Listing Rules. In particular, during the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results, no Grant may be made to the Directors or connected persons, and the Board shall not give any instruction to the Trustee to purchase or sell the H Shares.

Upon the sale or purchase of the Awards by the Participants, such person shall comply with restrictive requirements under relevant laws and regulations, including but not limited to the restrictions on inside information and compliance with the restrictions (if any) in the number of Shares to be sold.

Issuance of Shares and Rights of Shares

During the life of the First Award and Trust Scheme, if the Company issues H Shares or other securities to the Shareholders for subscription by way of rights issues, options or warrants, the Trustee may, with the consent of the trustor, exercise, or take action to underwrite, purchase and/or subscribe for, any rights, options or warrants allocated to the Shares of the Company and held for purposes of implementing the First Award and Trust Scheme provided that no additional funds need to be paid for the subscription; otherwise, the Trustee shall not exercise such rights.

Termination of the First Award and Trust Scheme

The First Award and Trust Scheme will terminate on the earlier of: (i) the expiration of the life of the First Award and Trust Scheme; or (ii) the date determined by the Board or approved by the Shareholders to terminate the First Award and Trust Scheme.

Upon termination, ungranted Awards will lapse, and the Trustee will sell the underlying Shares in the market.

During the Reporting Period, the Trustee did not purchase any Shares on the Stock Exchange or off the Stock Exchange for the purpose of the First Award and Trust Scheme. No Awards had been granted to any Participants under the First Award and Trust Scheme as of the December 31, 2024.

Rule 17.07(3) is not applicable as during the Reporting Period, no awards were granted under the First Award and Trust Scheme.

CONNECTED/RELATED PARTY TRANSACTION

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

Payment Solutions Framework Agreement

We have historically, during our ordinary and usual course of business provided digital payment services and value-added services through our payment channels, and relevant supporting technology services (collectively, the "**Payment Solutions**"), to several entities controlled by Mr. Zhang Zhengyu or/and his associates, including Ningbo Lianhui Commercial Factoring Co., Ltd.* (寧波連惠商業保理有限公司) and Zhonglian Intelligent Technology Co., Ltd.* (眾連智能科技有限公司) etc. (collectively the "**Payment Solutions Procurement Entities**") in order to enable the Payment Solutions Procurement Entities to conduct online transactions.

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

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

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

The annual caps under the Payment Solutions Framework Agreement for the years ended or ending December 31, 2024, 2025 and 2026 are RMB2,800,000, RMB3,400,000 and RMB4,800,000 respectively.

The aggregate transaction amount incurred in accordance with the Payment Solutions Framework Agreement for the year ended December 31, 2024 was RMB2,760,000.

Waiver Application for Non-fully Exempt Continuing Connected Transactions

As the above non-fully exempt continuing connected transactions are expected to continue on a recurring and continuing basis, our Directors consider that compliance with the above announcement requirements will be impractical, will incur unnecessary administrative costs for us, and will be unduly burdensome to us. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement requirements in respect of the above non-fully exempt continuing connected transactions. The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set out above for the year ended December 31, 2024 has followed the pricing principles of such continuing connected transactions.

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

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

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

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

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the Auditor to report on the continuing connected transactions, and the Auditor has provided a letter to the Board confirming nothing has come to their attention that causes them to believe that the above-mentioned continuing connected transactions:

(1) have not been approved by the Board;

(2) were not, in all material respects, in accordance with the pricing policies of such continuing connected transactions;

(3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(4) have exceeded the cap.

PROPERTY INTERESTS AND PROPERTY VALUATION

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

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the subsection headed "Connected/Related Party Transaction" in this section, during the year ended December 31, 2024, none of the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholders or any of its subsidiaries, and there is no contract of significance in relation to provision of services by the Controlling Shareholders or any of its subsidiaries to the Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares (excluding treasury shares), the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public since the Listing Date and up to the date of this annual report.

PERMITTED INDEMNITY PROVISIONS

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

DONATIONS

During the Reporting Period, we made charitable and other donations with a total amount of approximately RMB0.8 million.

AUDIT COMMITTEE

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

The Audit Committee has, together with the management of the Company and the Auditor, with no disagreement, considered and reviewed the applicable accounting principles, standards and practices adopted by the Group as well as the consolidated financial statements of the Group for the year ended December 31, 2024 and the disclosure in this annual report.

CORPORATE GOVERNANCE

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

During the period from the Listing Date to December 31, 2024, the Company has complied with all the principles and applicable code provisions set out in Part 2 of the CG Code.

AUDITOR

The consolidated financial statements have been prepared in accordance with IFRSs and audited by PricewaterhouseCoopers who will retire at the forthcoming AGM of the Company and, being eligible, offer themselves for re-appointment.

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

By order of the Board
Zhang Zhengyu
Chairman of the Board
Hangzhou, the PRC
March 18, 2025

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

WORKS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

For the year ended December 31, 2024, the Supervisory Committee held two meetings and the details are as follows:

On April 25, 2024, the second meeting of the second session of the Supervisory Committee was held, and the Proposal on the Annual Report of Directors of the Group for the Year 2023 (《關於審議本集團 2023 年度董事會年度報告的議案》), the Proposal on the Annual Report of the Supervisory Committee of the Company (《關於審議公司監事會年度報告的議案》), the Proposal on the Draft of the 2023 Annual Report (Inclusive of ESG Report) (《關於審議本集團 2023 年報草案(包括環境、社會及管治報告)的議案》) and the Proposal on the Consolidated Financial Statements of the Group for the Year 2023 (《關於審議本集團 2023 年綜合財務報表的議案》) were duly considered and approved.

On August 20, 2024, the third meeting of the second session of the Supervisory Committee was held, and the Proposal on the 2024 Interim Report of the Group (《關於審議本集團 2024 年中期報告的議案》), the Proposal on the 2024 Interim Results Announcement of the Group (《關於審議本集團 2024 年中期業績公告的議案》) and the Proposal on the 2024 Interim Financial Statements of the Group (《關於審議本集團 2024 年中期財務報表的議案》) were duly considered and approved.

COMMENTS OF THE SUPERVISORY COMMITTEE ON CERTAIN MATTERS OF THE COMPANY IN 2024

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

The Supervisory Committee has arrived at the following opinions:

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

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

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

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

Chairman of the Supervisory Committee
Wu Wei
Hangzhou, the PRC, March 18, 2025

The Board is pleased to present the Corporate Governance Report of the Company for the year ended December 31, 2024.

COMPLIANCE WITH THE CG CODE

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

During the period from the Listing Date to December 31, 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 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 from time to time.

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 December 31, 2024.

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 December 31, 2024.

THE BOARD

Responsibilities

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

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

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

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

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

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

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

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

Chairman and Chief Executive Officer

During the Reporting Period, the Chairman and the chief executive officer of the Company were Mr. Zhang Zhengyu and Mr. Xin Jie, respectively.

The roles of the Chairman and the chief executive officer are segregated and assumed by two separate individuals who have no relationship with each other. It is aimed at striking a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman of the Board is responsible for the leadership and effective running of the Board and ensuring that good corporate governance practices and procedures are established, while the chief executive officer is delegated with the authorities to manage the business of the Group in all aspects effectively. The division of responsibilities between the Chairman and the chief executive officer has been clearly established and set out in writing.

Board Composition

As of December 31, 2024 and up to the date of this annual report, the Board consists of eight Directors, including five executive Directors (namely, Mr. Zhang Zhengyu (Chairman), Mr. Xin Jie, Ms. Wei Ping, Mr. Zhu Xiaosong and Mr. Wang Yu), and three independent non-executive Directors (namely, Mr. Chun Chang, Mr. Wong Chi Kin and Ms. Lin Lanfen). As far as the Company is aware, there is neither financial, business, family or material/related relationship between members of the Board and the chief executive officer, nor significant relationships between the Directors, Supervisors and senior management that need to be disclosed.

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

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

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

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

Independent Non-executive Directors

During the period for the year ended December 31, 2024 and up to the date of this annual report, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

During the period for the year ended December 31, 2024 and up to the date of this annual report, the Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

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

Independent Views and Input

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

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

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

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

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

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

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

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

Board Diversity Policy

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

We have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the overall management, accounting, corporate finance and software engineering. They obtained degrees in various areas including management, business administrations, economics, mathematics, finance and computer software. Our board diversity policy is well implemented as evidenced by the fact that there are Directors ranging from 47 years old to 68 years old with experience from different industries, sectors and genders.

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

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

As of December 31, 2024, our Board comprises six male members and two female members. Our Nomination Committee is responsible for ensuring the diversity of our Board members. Our Nomination Committee will review the board diversity policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

Induction and Continuous Professional Development

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

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

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

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

Name of Directors	Nature of Continuous Professional Development
Executive Directors:	
Mr. Zhang Zhengyu	A/B
Mr. Xin Jie	A/B
Ms. Wei Ping (appointed on June 7, 2024)	A/B
Mr. Zhu Xiaosong	A/B
Mr. Wang Yu	A/B
Mr. Xue Qiangjun (resigned on June 7, 2024)	A/B
Independent Non-executive Directors:	
Mr. Chun Chang	A/B
Mr. Wong Chi Kin	A/B
Ms. Lin Lanfen	A/B

Notes:

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

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

Appointment and Re-Election of Directors

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

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

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

Board Meetings and General Meetings

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

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

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

During the Reporting Period, the Board held 11 board meetings to, among other things, approve the Company's audited consolidated results for the year ended December 31, 2023, the Company's interim condensed consolidated results for the six months ended June 30, 2024, the annual report and the environmental, social and governance report for the year ended December 31, 2023, the interim report for the six months ended June 30, 2024, the proposed appointment of Director and appointment of senior management and other matters.

During the Reporting Period, the Company held three general meetings to, among other things, approve the Company's audited consolidated results for the year ended December 31, 2023, the annual report and the environmental, social and governance report for the year ended December 31, 2023, the adoption of the First Award and Trust Scheme, the proposed amendments to the Articles and Association, the proposed appointment of Director.

During the Reporting Period, the attendance records of each Director at the Board meetings and general meetings is as follows:

Name of Directors	Attendance/No. of Meetings held Board meetings	General meetings
Executive Directors:		
Mr. Zhang Zhengyu	11/11	3/3
Mr. Xin Jie	11/11	3/3
Ms. Wei Ping (appointed on June 7, 2024)	7/7	2/2
Mr. Zhu Xiaosong	11/11	3/3
Mr. Wang Yu	11/11	3/3
Mr. Xue Qiangjun (resigned on June 7, 2024)	4/4	1/1
Independent non-executive Directors:		
Mr. Chun Chang	11/11	3/3
Mr. Wong Chi Kin	11/11	3/3
Ms. Lin Lanfen	11/11	3/3

Corporate Governance Function

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code. From the Listing Date and up to December 31, 2024, the Board confirms that it has:

(a) developed and reviewed the Company's policies and practices on corporate governance, made recommendations to the Board and reported to the Board on matters;

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

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

(d) developed, reviewed and monitored the code of conduct and compliance manual applicable to the Group's employees and directors; and

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

BOARD COMMITTEES

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

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

Audit Committee

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

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

During the Reporting Period, the Audit Committee held two meetings to, among others, review the Company's audited consolidated results for the year ended December 31, 2023 and the Company's interim condensed 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 has also reviewed and discussed the risk management and internal control measures and systems of the Company, the effectiveness of the Company's internal audit function, financial reporting and the appointment of the Auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

During the Reporting Period, the attendance records for the Audit Committee meetings are set out below:

Name of Directors	Attendance/ No. of Meetings held
Mr. Wong Chi Kin	2/2
Mr. Chun Chang	2/2
Ms. Lin Lanfen	2/2

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. The Nomination Committee currently comprises three members, including one executive Director, namely Mr. Zhu Xiaosong, and two independent non-executive Directors, namely Ms. Lin Lanfen and Mr. Wong Chi Kin. The Nomination Committee is chaired by Ms. Lin Lanfen.

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

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

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

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

During the Reporting Period, the Nomination Committee held one meeting, during which the Nomination Committee has, among others, assessed the independence of independent non-executive Directors, reviewed the backgrounds of proposed Director and senior management and reviewed the structure, number, composition and diversity of the Board. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

A summary of the work performed by the Nomination Committee during the Reporting Period is set out as follows:

(1) reviewed the structure, size, composition and diversity of the Board;

(2) reviewed the Board Diversity Policy;

(3) reviewed the mechanisms implemented regarding independent views available to the Board;

(4) reviewed the independence of the independent non-executive Directors;

(5) reviewed Directors' time commitment in performing their duties as Directors;

(6) made recommendation to the Board on nomination of Ms. Wei Ping as new executive Director to fill the casual vacancy created by the resignation of Mr. Xue Qiangjun at the annual general meeting held on June 7, 2024; and

(7) reviewed the gender diversity condition at Board level.

During the Reporting Period, the attendance records for the Nomination Committee meetings are set out below:

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

Remuneration and Assessment Committee

The Company has established a Remuneration and Assessment Committee with written terms of reference in compliance with Rules 3.25 to 3.27 of the Listing Rules and the CG Code. The Remuneration and Assessment Committee currently comprises three members, including one executive Director, namely Mr. Zhang Zhengyu, and two independent non-executive Directors, namely Mr. Chun Chang and Ms. Lin Lanfen. The Remuneration and Assessment Committee is chaired by Mr. Chun Chang.

The primary duties of the Remuneration and Assessment Committee include, but not limited to (i) formulating individual remuneration plans for Directors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies; (ii) examining the criteria of performance evaluation of Directors and the senior management of our Company, and conducting annual performance evaluation; (iii) supervising the implementation of the remuneration plan of the Company; (iv) ensuring that no director or any of his/her associates is involved in deciding his/her own remuneration; and (v) dealing with other matters that are authorized by the Board. The written terms of reference of the Remuneration and Assessment Committee are available on the websites of the Stock Exchange and the Company. The Remuneration and Assessment Committee makes recommendations to the board on the remuneration packages of individual executive directors and senior management arrangement.

During the Reporting Period, the Remuneration and Assessment Committee held two meetings, during which the Remuneration and Assessment Committee has, among others, reviewed the remuneration policy and structure of the Company, assessed performance of the executive Directors and senior management of the Company, approved the terms of service contracts of the executive Directors and senior management of the Company, the First Award and Trust Scheme and other related matters of the Company.

During the Reporting Period, the attendance records for the Remuneration and Assessment Committee meetings are set out below:

Name of Directors	Attendance/ No. of Meetings held
Mr. Chun Chang	2/2
Mr. Zhang Zhengyu	2/2
Ms. Lin Lanfen	2/2

Remuneration of Directors, Supervisors and Senior Management

Details of the remuneration by band of the Directors, the Supervisors and senior management of the Company, whose biographies are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report (save for Ms. Fu Qin who was appointed as senior management of the Company after the Reporting Period and her remuneration by band will be disclosed in the subsequent annual report of the Company), for the year ended December 31, 2024, are set out below:

Remuneration range (RMB)	Number of individuals
Nil to RMB1,000,000	6
RMB2,000,001 to RMB3,000,000	1
RMB8,000,001 to RMB9,000,000	2
RMB9,000,001 to RMB10,000,000	1
Above RMB10,000,001	6

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

Compliance and Risk Management Committee

The Company has established a Compliance and Risk Management Committee. The Compliance and Risk Management Committee currently comprises three members, including two executive Directors, namely Mr. Zhang Zhengyu and Mr. Xin Jie, and one independent non-executive Director, namely Mr. Wong Chi Kin. The Compliance and Risk Management Committee is chaired by Mr. Zhang Zhengyu.

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

During the Reporting Period, the Compliance and Risk Management Committee held one meeting, during which the Compliance and Risk Management Committee has reviewed (i) the Corporate Governance Report in this annual report and (ii) the risk management and internal control policy and the effectiveness of the Company's internal audit function.

During the Reporting Period, the attendance records for the Compliance and Risk Management Committee meetings are set out below:

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

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

Strategy Committee

The Company has established a Strategy Committee. The Strategy Committee currently comprises three members, including two executive Directors, namely Mr. Zhang Zhengyu and Mr. Xin Jie, and one independent non-executive Director, namely Mr. Chun Chang. The Strategy Committee is chaired by Mr. Zhang Zhengyu.

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

During the Reporting Period, the Strategy Committee has held one meeting, during which the Strategy Committee has reviewed the long-term development strategies, major investment decisions and other important matters affecting the development of the Company.

During the Reporting Period, the attendance records for the Strategy Committee meetings are set out below:

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The external Auditor's statement about reporting responsibility is set out on pages 126 to 131 of this annual report.

SUPERVISORY COMMITTEE

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

During the Reporting Period, all members of the Supervisory Committee have complied with the principle of integrity and earnestly performed their supervisory duties in accordance with the relevant regulations set out in the PRC Company Law, the Articles of Association and the Rules of Procedures for the Supervisory Committee of the Company to protect the interests of the Shareholders and the Company. Please refer to the section headed "Report of Supervisors" in this annual report for more details about the work done by the Supervisory Committee during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

Risk Management

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

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

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

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

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

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

- ***Financial Reporting Risk Management***

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

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

Establishment of the Internal Control System

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

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

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

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

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

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

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

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

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

Procedures and Internal Controls for Processing and Releasing Inside Information

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

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

Anti-corruption and Whistleblowing Policy

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

Effectiveness of Risk Management and Internal Control

For the year ended December 31, 2024 and up to the date of this annual report, the Board was not aware of any material defect in internal control of the Group. The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for once for the year ended December 31, 2024 and up to the date of this annual report, and considered the risk management and internal control systems to be effective and adequate and the Group has established an effective risk management and internal control system, which achieves our objectives of risk management and internal control and is free of material defect and significant defect. The review has been discussed by the Company's management and evaluated by the Audit Committee.

AUDITOR'S REMUNERATION

The remuneration paid and payable to PricewaterhouseCoopers, the external auditor of the Company, in respect of audit services and non-audit services (mainly taxation services) for the year ended December 31, 2024 amounted to approximately RMB5.2 million and RMB1.8 million respectively.

JOINT COMPANY SECRETARIES

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

Ms. Cheung Lai Ha (張麗霞) was appointed as the joint company secretary of our Company in June 2023. Ms. Cheung is primarily responsible to perform company secretarial matters. Ms. Cheung is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

On March 18, 2025, Ms. Cheung has resigned as the joint company secretary and Ms. Chan Yuen Mui (陳婉梅) has been appointed as the joint company secretary in replacement of Ms. Cheung. Ms. Chan is a manager of the Entity Solutions of Computershare Hong Kong Development Limited. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Mr. Yan Hao has been designated as the primary contact person of the Company who would work and communicate with Ms. Cheung and Ms. Chan (as the case may be) on the Company' corporate governance and secretarial and administrative matters.

For the year ended 31 December 2024, each of Mr. Yan and Ms. Cheung has taken not less than 15 hours of relevant professional training in compliance with the requirements of Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

The Company's management regularly reviewed the implementation and effectiveness of these shareholder communication channels and confirmed their effectiveness during a period from the Listing Date and up to December 31, 2024.

SHAREHOLDERS' RIGHTS

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

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

Convening of extraordinary general meeting and putting forward proposals

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

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

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

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

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

Enquiries to the Board and Contact Details

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

Computershare Hong Kong Investor Services Limited

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

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

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

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

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has considered and approved the proposed amendments to the Articles of Association at the extraordinary general meeting of the Company held on July 15, 2024, the amendments of which have been effective from the same date.

In order to 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, the Board proposed to make the amendments to the Articles of Association to: (1) specify the number of deputy general managers as six; and (2) clarify that the proportion of employee representative Supervisor shall be one-third of all Supervisors of the Company. The Board also proposed the Shareholders to authorize the Board to delegate the management of the Company to handle relevant filing procedures with the relevant regulatory authorities in respect of the proposed amendments to the Articles of Association, and to make wording adjustments and amendments to the Articles of Association according to the opinions of the relevant regulatory authorities (if necessary). Details of the proposed amendments to the Articles of Association were set out in Appendix I to the circular of the Company dated June 28, 2024.

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

DIVERSITY

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

We have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy is well implemented as evidenced by the fact that there are two female and six male Directors with experience from different industries and sectors. For more details, please refer to the section headed "Corporate Governance Report – Board of Directors – Board Diversity Policy" in this annual report. In 2024, we hired 1,103 full-time employees, of which 556 were male and 547 were female. As of December 31, 2024, the gender ratio in the workforce (including senior management) was approximately 50.41:49.59. The Board considers that the current gender ratio reflects a gender balance in our employee structure. Going forward, the Company will continue to monitor and evaluate the diversity policy and adopt measurable objectives from time to time to ensure continued effectiveness and the Company's diversity policy and the gender balance in our employee structure. The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is committed to ensuring the recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates will be considered. The Company will also continue to create favorable conditions in our working environment to attract more women to join the Group and maintain or increase the proportion of female employees (including senior management) in the future.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Following the principles of objectivity, transparency, and comprehensiveness, this Report offers stakeholders an accurate disclosure of the environmental, social, and governance (hereinafter referred to as "ESG") practices and results of Lianlian DigiTech Co., Ltd.

Reporting Scope

This Report encompasses Lianlian DigiTech Co., Ltd. and its subsidiaries. Unless otherwise specified, the reporting period of this Report spans from January 1, 2024, to December 31, 2024, with certain content and information relating retrospectively to prior years or prior to the publication of this report in 2025, where applicable. All financial figures presented in this Report are denominated in RMB.

Reporting Principles

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

This Report adheres to the reporting principles of materiality, quantitative, and consistency. This Report is developed through a set of procedures, including: identifying and prioritizing significant stakeholders, identifying and prioritizing material ESG issues, defining the boundary of this Report, gathering relevant materials and data, compiling the report based on the information, and reviewing the report content.

Reliability Statement

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

About the Names

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

Review and Approval

This Report has been approved by the Board of Directors on March 18, 2025 upon confirmation by the management.

Report Access

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

1 CORPORATE GOVERNANCE

With a commitment to sustainable development at its core, Lianlian DigiTech has been continuously enhancing its governance structure and risk management standards, thereby laying a solid foundation for its sustainable development.

1.1 Compliance Operation

1.1.1 Risk Management

We have formulated internal systems such as the *Compliance Risk Management Policy* and the *Management Measures for Risk Accountability* in accordance with laws and regulations such as the *Law of the People's Republic of China on Combating Telecom and Online Fraud*, the *Regulation on the Supervision and Administration of Non-Banking Payment Institutions*, and the *Implementation Measures of the People's Bank of China for the Protection of the Rights and Interests of Financial Consumers*. We have established a comprehensive risk management system to comprehensively identify, assess, and respond to potential risks in our operations, ensuring business compliance and safety.

We have established a compliance risk management system covering the Board of Directors, senior management, the compliance department and other relevant departments to systematically promote compliance and risk management. The compliance department, as a core functional department, is mainly responsible for identifying major risks in business operations, dynamically adjusting policies, processes and compliance standards, and ensuring the effective implementation of risk management measures.

We have established a comprehensive "three lines of defense" risk management system, which assigns responsibilities for risk management at all levels and ensures that various risks faced by the Company are managed persistently and effectively throughout our operations.

"Three lines of defense" structure for risk management

During the Reporting Period, we optimized and adjusted the risk management structure and established two second-tier departments, including the Compliance Department and the Anti-Money Laundering Center, which are responsible for controlling compliance risks, and anti-money laundering and counter-terrorist financing risks, respectively. In addition, the internal control department was reorganized into an independent first-tier department, which is fully responsible for the internal control system and operational risk management, further enhancing the professionalism and refinement of risk management.

Precautionary measures

- A professional audit team conducts strict verification of key customers' identity information and business background to ensure authenticity and compliance.
- During the customer on-boarding stage, we comprehensively assess the customer's creditworthiness and business sustainability, identify and sort out potential risks, and formulate appropriate solutions.

Ongoing monitoring

- We have established a dynamic monitoring mechanism to effectively identify and prevent illegal fund transfers through continuous tracking and data analysis.
- We use big data analysis technology and customer risk rating models to quickly identify abnormal transactions and take appropriate interception measures.

Subsequent review and improvement

- We conduct systematic reviews of identified risk events, optimize risk prevention strategies and improve risk prevention and control capabilities.
- We perform root cause analyses of risk events, formulate and implement improvement measures to enhance our risk management system.

"Three lines of defense" implementation mechanism

To ensure business stability and meet compliance requirements, we pay close attention to regulatory policy updates in the regions where we operate and keep abreast of industry development trends. Before launching new products or services, we systematically conduct internal risk assessments to effectively identify and prevent potential risks in business development. In addition, we regularly organize staff training to ensure that they are kept abreast of the latest policy requirements and continuously improve their risk prevention and control skills, providing a solid foundation for business development.

In response to key anti-money laundering risks, we have formulated systems such as the *Charter of the Anti-Money Laundering Leading Group* and the *High-Value and Suspicious Transaction Reporting Operation Procedures* to establish procedures for assessing money laundering risks. At the same time, we have established a full-process standard covering precautionary measures, ongoing identification and re-identification, and subsequent control to constantly improve customer on-boarding and identification mechanisms. In addition, we continuously optimize the identification model for illegal merchants and abnormal behavior, improve the accuracy of risk identification and management efficiency, and further strengthen anti-money laundering prevention and control capabilities.

1.1.2 Business Ethics

Upholding the principles of integrity, fairness and transparency, Lianlian DigiTech is committed to maintaining business order. We strictly comply with laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*, and prohibit any form of unethical business practices, including bribery, extortion, blackmail, or money laundering. We have formulated business ethics management systems such as the *Anti-Corruption and Anti-bribery Policy* and regulate staff behavior through the *Employee Handbook*.

Business Ethics Management System

In terms of key areas of business ethics such as anti-money laundering and anti-corruption, we have established a management structure jointly operated by the Board of Directors, senior management, the anti-money laundering center, and various departments to systematically promote the prevention and control of money laundering and corruption risks. To effectively prevent corruption-related incidents, we strengthen the culture of integrity and regularly evaluate the effectiveness of our anti-corruption efforts through internal audits.

We strictly regulate the business practices of our third-party partners. Through anti-corruption due diligence questionnaires and anti-corruption contract terms, we eliminate bribery and other corruption practices by our third-party partners and work together to create a positive business environment.

Whistle-blowing and Complaints

We stipulate the violation levels of anti-corruption and anti-bribery in the *Employee Discipline Policy*, and specify corresponding disciplinary measures to improve the whistle-blowing and complaint mechanism. During the Reporting Period, we designated the Audit Department as the department for receiving complaints and whistle-blowing, which is responsible for leading investigations of complaints and whistle-blowing and issuing investigation reports. Substantiated complaints or whistle-blowing are handled by the Human Resources Department in conjunction with the relevant departments in accordance with the regulations. We provide multiple channels to encourage supervision, including whistle-blowing hotlines, email, mailboxes, and face-to-face interviews, to ensure that whistle-blowing and complaints are unobstructed and maintain an environment of integrity and compliance.

We have established multiple complaint channels to encourage employees to report violations of business ethics through various channels, including whistle-blowing hotlines, emails, and face-to-face interviews. At the same time, we uphold strict confidentiality of the whistleblowers' information and resolutely prohibit any form of retaliation. We will take serious measures against any violation of regulations regarding the disclosure of whistleblowers' information or any retaliation against whistleblowers. Serious cases will be transferred to the judicial authorities for investigation of legal responsibility in accordance with the law.

Building a Culture of Integrity

We provide regular business ethics training for our senior management, new employees, and business personnel. At the same time, we provide anti-corruption training for Directors to enhance their professional capabilities and awareness of integrity. During the Reporting Period, we organized various special training, including "How Payment Institution Employees Fulfill Anti-money Laundering Obligations", "Compliance Strategies under the New Payment Regulations" and "In-depth Interpretation of the *Anti-Money Laundering Law of the People's Republic of China (2024 Revision)*", with a total of 551 participants.

Through the interpretation of new regulations and the sharing of anti-money laundering practices, we have further strengthened employees' understanding of relevant policies and comprehensively improved their compliance awareness and risk prevention standards. During the Reporting Period, neither Lianlian DigiTech nor its employees were involved in any legal cases related to corruption and bribery.

1.2 ESG Governance

1.2.1 Board Statement

As the highest responsible part of ESG governance, the Lianlian DigiTech Board is fully responsible for monitoring and reviewing the Company's risk exposures and opportunities in respect of environment, society and governance, as well as reviewing the Group's ESG-related policies and objectives.

The Board highly values expectations and needs of stakeholders, actively participates in identification, assessment and analysis of the significance of material ESG issues, defines and prioritizes ESG issues that have great impacts on the Group and stakeholders, and systematically manages ESG-related risks and matters.

To monitor the Group's ESG performance, the Board reviews the achievement of its ESG objectives annually, and adjusts and updates such objectives based on actual business situation. Through evaluation of the practice and disclosure of relevant risks and material issues, the Board lays a solid foundation for sustainable and high-quality development.

1.2.2 ESG Governance Structure

We have established an ESG governance structure comprising of the Board of Directors, the Environmental, Social and Governance Team and various business and functional departments. Each party has their respective responsibilities and will cooperate with each other, thus ensuring the ESG efforts can be conducted orderly within the Company.

ESG governance structure

1.2.3 Communication with Stakeholders

We continue to improve our stakeholder communication mechanism and respond to the concerns of various parties through diverse communication channels. In order to identify and evaluate ESG issues for the year, we communicate with internal and external stakeholders to deeply understand their respective expectations and demands on ESG matters of Lianlian DigiTech.

Lianlian DigiTech's key stakeholders and communication channels

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

1.2.4 Materiality Issues

We conduct identification and assessment on ESG issues based on industry development trends and stakeholder expectations, and prioritize such issues in accordance with the review comments of the Board of Directors, which serve as the key basis for formulating ESG policies and disclosures in this Report.

Materiality issues assessment process

During the Reporting Period, based on management research and discussion, stakeholder communication and peer benchmarking, we identified 17 issues that have material impacts on the Company and stakeholders. The materiality level of each issue is set out in the table below:

List of materiality ESG issues

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

2 GREEN OPERATION

Adhering to the concept of green and sustainable development, Lianlian DigiTech actively performs its environmental responsibilities. In compliance with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, we promote the building up of an environmentally friendly and resource-efficient enterprise.

2.1 Environmental Goals

We have established long-term goals encompassing emission, waste, energy and water resources management, and continuously improve sustainable development level through a systematic environmental management system.

Emission management targets

- We aim to improve wastewater discharge system, enhance supervision and monitoring mechanisms, ensure discharge in compliance with laws and regulations, continue to optimize wastewater treatment technologies, and reduce discharge density

Waste management targets

- We aim to establish special management system for waste management, regulate waste classification, disposal and recycling, increase resource recycling rate, and minimize the impacts of waste on environment

Energy utilization efficiency targets

- We aim to improve energy utilization system, strengthen control measures for energy consumption in offices and data centers, promote energy-saving technology upgrade and equipment optimization, and continuously reduce energy consumption intensity

Water utilization targets

- We aim to optimize water utilization management, strengthen implementation of water conservation measures in offices, promote the application of efficient water-saving facilities, enhance water resource utilization efficiency, and foster a culture of water conservation

Long-term goals of environmental management

2.2 Emission Management

Waste Management

In accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations, Lianlian DigiTech has established a comprehensive waste management system, clearly defined environmental management responsibilities for each department, and regulated the classification, collection and disposal of waste.

The waste generated from Lianlian DigiTech's operations primarily consists of household waste and kitchen garbage from office activities. We adopt targeted classification and disposal measures for different types of wastes to ensure that waste disposal is in compliance with laws and regulations. During the Reporting Period, the total amount of non-hazardous waste generated from Lianlian DigiTech's operations was 387 tonnes, and the non-hazardous waste discharge density stood at 0.29 tonne per RMB million of revenue.

Non-hazardous waste

Recyclable materials such as cardboard, waste paper and plastic products etc.

Transfer to professional recycling companies on collective basis for recycling

Hazardous waste

Used batteries, discarded electronic equipment and cartridge etc.

Delegate qualified third parties for compliant disposal

Wastewater Management

Strictly in accordance with the *Law of the People's Republic of China on Prevention and Control of Water Pollution* and other laws and regulations, Lianlian DigiTech obtained the Urban Sewage Discharge Permit as required by regulations. We fully implemented the separate collection of rainwater and sewage, which will be discharged to water treatment plants for treatment on collective basis so as to ensure that wastewater discharge is in compliance with national and local environmental protection standards.

2.3 Resource Management

Adhering to the concept of harmonious symbiosis of humanity and nature, Lianlian DigiTech continues to increase resources utilization rate and facilitate the achievement of sustainable development goals by implementing a series of energy conservation and consumption reduction measures.

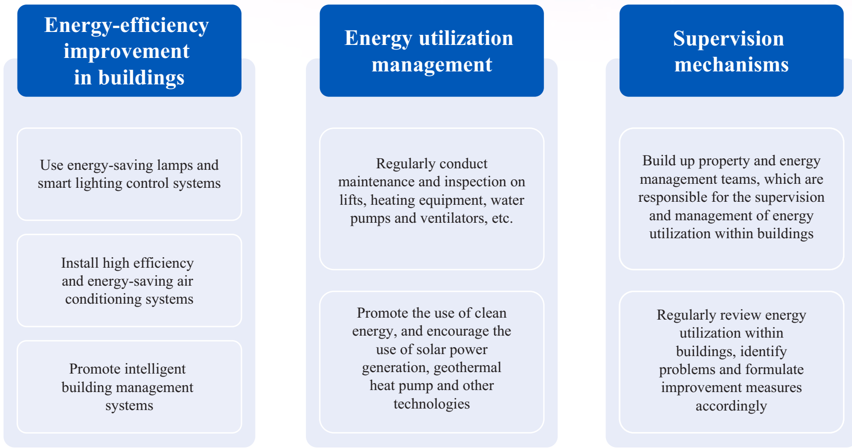
2.3.1Energy Conservation and Carbon Emission Reduction

Energy Management

In compliance with the *Energy Conservation Law of the People's Republic of China* and other laws and regulations, Lianlian DigiTech has formulated the *Energy Management Policy* to regulate the energy utilization and management procedures. Lianlian DigiTech's operations primarily consume externally purchased electricity, natural gas and gasoline.

During the Reporting Period, Lianlian DigiTech fully increased energy utilization rate and facilitated the achievement of energy conservation and carbon emission reduction goals through various measures such as energy-efficiency improvement in buildings, enhancement in energy utilization management and optimization of supervision mechanisms.

Comprehensively exploring key areas of focus for energy conservation and carbon emission reduction in the value chain, Lianlian DigiTech cooperates with suppliers in establishing an effective energy-saving system across the whole chain. Taking consideration of energy consumption level and energy utilization efficiency as important factors in the selection of data centers and cloud service providers, we comprehensively evaluate the energy utilization efficiency of supplier, so as to create a high-efficiency value chain with low energy consumption.



Key energy-saving initiatives

Greenhouse Gas Management

Lianlian DigiTech treats reducing greenhouse gas emission as a key mission in its environment management. Our carbon emissions primarily generated from electricity consumption. Hence, we have adopted a series of energy-saving management measures so as to continuously facilitate the achievement of emission reduction goals.

Major emission reduction initiatives

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

Energy consumption and greenhouse gas emissions in 2024

Indicators	Unit	2024
Natural gas	10,000 m^3	10.44
Gasoline	Tonnes	9.53
Total direct energy consumption[1]	Tonnes of standard coal	128.90
Direct energy consumption density	Tonnes of standard coal/RMB million of revenue	0.10
Externally purchased electricity	10,000 kWH	369.10
Total indirect energy consumption	Tonnes of standard coal	453.62
Indirect energy consumption density	Tonnes of standard coal/RMB million of revenue	0.34
Scope 1 greenhouse gas emissions[2]	Tonnes of CO_2 equivalent	254.81
Scope 2 greenhouse gas emissions[3]	Tonnes of CO_2 equivalent	2,161.44
Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes of CO_2 equivalent	2,416.24
Greenhouse gas emissions intensity	Tonnes of CO_2 equivalent/RMB million of revenue	1.84

2.3.2 Resource Conservation

Water Management

Adhering to the concept of water conservation, Lianlian DigiTech treats effective water utilization as an important part of sustainable development. Our water consumption in ordinary operations mainly derives from domestic water usage in office spaces, all sourced from municipal water supplies. Strictly in compliance with relevant national and local laws and regulations, we have obtained water extraction permits in accordance with the law, and have not encountered any significant issues in securing suitable water sources.

1 Energy consumption is calculated according to the General Principles for Calculation of the Comprehensive Energy Consumption (GB2589-2020)

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

3 Scope 2 was calculated based on 0.5856 $kgCO_2/kWh$, the average carbon dioxide emission factor of China's national power grid in 2022 set out in the Announcement on Power Sector CO_2 Emission Factors for 2022 issued by the Ministry of Ecology and Environment

In our ordinary office operations, we have been enhancing water utilization efficiency by formulating a water utilization management system, optimizing water appliances and implementing other measures.

Optimize water-saving appliances

- Install water-saving taps, low water-consumption toilet tanks and automatic sensor water taps so as to enhance water utilization efficiency in offices and domestic usage

Conduct regular maintenance and inspection

- Conduct regular inspection and maintenance of internal pipeline systems of buildings so as to ensure stable operation of water appliances and fix water leakage in a timely manner

Enhance water-saving promotion and education

- Promote water resources protection across all employees so as to enhance their water-saving awareness and encourage them to get use to water-saving habits

Major water-saving initiatives

Our water resource consumption during the Reporting Period is shown in the table below.

Water consumption in 2024

Indicators	Unit	Total consumption/density
Water consumption	Tonnes	39,212
Water consumption intensity	Tonnes/RMB million of revenue	29.82

Green Office

Lianlian DigiTech actively promotes green office by moving office processes online through a digital platform to reduce paper consumption. At the same time, we encourage employees to adopt low-carbon office practices by putting up energy-saving signs and encouraging double-sided printing. In 2024, the Group's paper usage decreased by 13% year-on-year.

2.4 Addressing Climate Change

Lianlian DigiTech fully recognizes the potential impact of climate-related risks on business operations. In view of our business characteristics, we continuously identify and assess climate risks, and formulate targeted strategies to enhance climate resilience and ensure long-term stable development.

During the Reporting Period, we systematically assessed the physical risks and transition risks related to climate change with reference to the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Risk type	Risk description	Timeframe	Potential impact	Countermeasures
Physical risks	Extreme weather events caused by climate change	Mid-to-long term	• Data centers and server clusters may be damaged by extreme weather events, leading to system outages and affecting business continuity	• Developing and improving emergency plans and response mechanisms for extreme weather events • Equipping drainage systems and rainwater collection facilities, and conducting regular inspections on environmental safety hazards
	Global warming leading to rising sea levels	Mid-to-long term	• Operational safety of certain workplace may be affected by seawater intrusion	• Optimizing flood control emergency plans • Taking protective measures and stockpile emergency supplies
Transition risks	Energy price fluctuations	Mid-to-long term	• Rising energy prices may lead to an increase in operating costs for data centers and server clusters, which may affect the prices of the Company's cloud services and service hosting	• Introducing energy-efficient equipment to improve energy efficiency • Increasing the use of renewable energy and reducing reliance on traditional energy
	Policy and regulatory changes	Mid-to-long term	• Policy changes may increase compliance pressure	• Improving carbon emissions monitoring and data compliance management • Keeping abreast of policy developments and optimizing the internal system and compliance system
	Reputation risk	Short term	• Poor performance in climate actions may result in negative comments from stakeholders and affect brand image	• Strengthen ESG information disclosure • Actively participating in green initiatives and sustainable development projects

3. BEING PEOPLE-ORIENTED

Lianlian DigiTech believes that employees are the key driving force for corporate development. We are committed to creating an equal and diverse working atmosphere, providing employees with comprehensive career development support, and growing and creating value together with our employees.

3.1 Compliant Employment

We strictly adhere to the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Employment Promotion Law of the People's Republic of China* and other related laws and regulations, and have established internal systems such as the *Employee Code of Conduct*, to ensure legal and compliant employment.

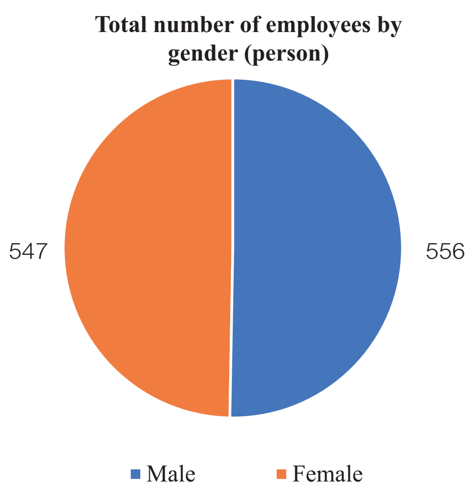
We strictly prohibit the employment of child labour and conduct strict verification of key information, such as the age and identity of applicants, during the resume screening, interview evaluation and hiring stages of recruitment to ensure that they fully meet the statutory employment requirements. At the same time, we respect the legitimate rights and interests of employees and ensure that they participate in work voluntarily, eliminating any form of forced labour.

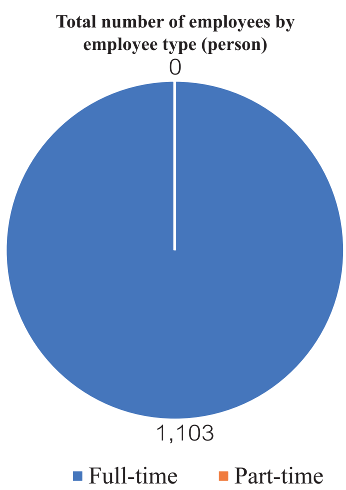
If any violation of employment regulations is identified, we will immediately terminate the relevant process, conduct a comprehensive investigation in the cause of the incident, and take strict disciplinary action against the responsible personnel in accordance with the *Employee Discipline Policy*. As of the end of the Reporting Period, the Group did not employ any child labour or forced labour.

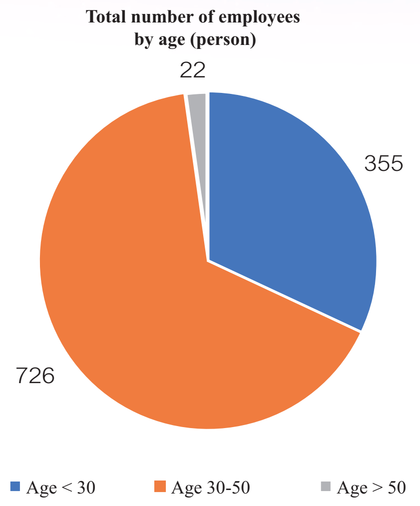
On the basis of ensuring employment compliance, we actively create a workplace culture of equality, diversity and inclusiveness. We are committed to open and transparent recruitment, and attract a wide range of talent from the society through a combination of online and offline channels.

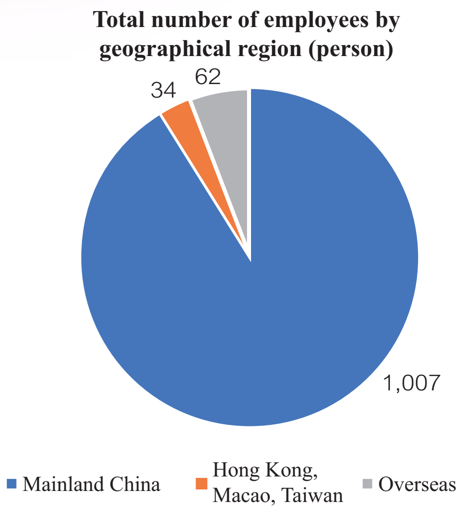
At the same time, we strongly oppose any form of discrimination, including unequal treatment due to race, ethnicity, nationality, gender, physical condition, religion, sexual orientation, age and other factors. We are committed to providing every employee with fair employment and development opportunities.

As of the end of the Reporting Period, Lianlian DigiTech had 1,103 employees. The breakdowns by category are shown in the following charts.









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

Employee turnover rate by category

Indicator		Unit	2024
Employee turnover rate by gender	Male	%	16.77
	Female	%	17.50
Employee turnover rate by age	Age < 30	%	23.33
	Age 30-50	%	14.08
	Age > 50	%	4.35
Employee turnover rate by geographical region	Mainland China	%	16.29
	Hong Kong, Macao and Taiwan	%	17.07
	Overseas	%	28.74

3.2 Employees' Rights and Interests

Lianlian DigiTech is committed to providing employees with an optimized compensation system and comprehensive welfare benefits, optimizing the employee experience and enhancing their sense of belonging and well-being.

3.2.1 Compensation and Benefits

We manage our compensation in strict accordance with applicable laws and regulations in regions where we operate, including the *Labor Contract Law of the People's Republic of China*, *Regulations on Paid Annual Leave for Employees*, and *Administrative Measures of Zhejiang Province* on *Enterprise Wage Payment*, providing employees with a comprehensive compensation package covering salaries, statutory benefits and company-provided benefits.

In addition to statutory benefits such as the five social insurances and one housing fund, we provide a wide range of additional benefits to employees, including supplementary commercial insurance, annual health checkups, and welfare leave, established a comprehensive welfare system to enhance their sense of well-being and belonging.

Commercial insurance

- We have included "guaranteed renewal for life insurance" in our commercial insurance renewal, which guarantees that employees' life insurance coverage will not be limited upon renewal in the year after a serious illness, further strengthening employee health protection.

Annual health checkups

- We have optimized the annual health checkups plan by taking into account common diseases and occupational characteristics, with additional items of cardiac enzyme detection, and upgraded items of spiral CT chest detection and cardiac ultrasound, providing employees with comprehensive and in-depth health checkups services.

Holiday benefits

- In addition to statutory public holidays, we provide employees with additional holidays such as annual leave benefits, paid sick leave, and New Year's holiday benefits. We have also optimized the annual leave policy according to employees' length of service to meet their diverse needs.

Other benefits

- We provide employees with benefits, such as team-building activity funds, lunch benefits, afternoon tea, birthday/marriage & childbirth/holiday benefits, to continuously increase their sense of well-being and belonging at work.

Employee benefits

3.2.2 Care and Communication

We are committed to creating diverse and caring experience for our employees. We enrich their leisure time and foster a warm and harmonious working atmosphere through activities such as annual celebrations, holiday benefits, and fun clubs.

20th Anniversary Celebration

- During the Reporting Period, the Company held a 20th anniversary celebration themed "20th is the prologue". 1,000 employees participated in the event, which further enhanced their sense of belonging and cohesion by revisiting the Company's development history.

Dragon Boat Festival Group Buying Discount

- In 2024, the Company launched the Dragon Boat Festival internal purchase activity to provide exclusive benefits for employees. Employees may purchase desired products at a group buying discounted price. This activity was available to all employees and effectively enhances their sense of well-being and satisfaction.

Basketball Activity

- During the Reporting Period, the Lianlian Digital Trade Union team actively participated in the Xing Yao Cup's (星耀杯) 3rd "Embrace the Challenge" (迎籃而上) Basketball League in the High-tech Zone (Binjiang), demonstrating the team's fighting spirit and further promoting team collaboration and healthy culture.

Badminton Activity

- During the Reporting Period, the Lianlian Badminton Club actively participated in the 9th "Who is the Champion" (誰羽爭鋒) Badminton Tournament organized by the Internet Enterprise Work Committee under the Hangzhou Municipal Party Committee.

Employee caring activities

We have continuously improved our employee communication and feedback system through various channels and mechanisms to ensure that employee demands are fully respected and responded to in a timely manner. Employees may communicate online on a regular basis via the HR Consulting Service Desk and Administrative Service Desk, where they can conveniently make enquiries or provide feedback. During the Reporting Period, we updated the *Employee Discipline Policy* to further stipulate the reporting process for violations of discipline.

At the same time, we fully respect the opinions of employees and strictly adhered to the announcement procedures for newly released employee systems to ensure the rationality and transparency of system formulation and implementation.

3.3 Development and Training

Lianlian DigiTech believes that the growth of employees is an important driving force for corporate development. We have established a comprehensive development platform for employees through a sound talent promotion mechanism and a multi-dimensional training system that promotes the mutual improvement of our employees and the Company.

3.3.1 Employee Development

We have established a "professional + management" dual-channel promotion mechanism for employees in sales and non-sales sector, which comprehensively evaluates their professional competence, performance during their tenure and overall quality. We prudently screen candidates through multiple stages, such as nomination and presentation processes, to ensure that promotion decisions are made in a scientific and fair manner. During the Reporting Period, we further optimized the promotion process and strengthened the peer review mechanism to provide employees with clear career paths and ample room for development.

We have formulated the *Performance Management Policy* and comprehensively optimized the *Lianlian Yintong Performance Appraisal System* during the Reporting Period, refining the assessment standards and processes. We conduct regular performance appraisals and classify employee performance into different levels based on scientific ratio and appraisal results. At the same time, we continuously promote the performance management mechanism in a scientific and rational approach to help employees with their career development.

3.3.2 Employee Training

We have created a comprehensive training system for employees at different levels and positions to help them quickly integrate into the workplace and improve their comprehensive abilities. During the Reporting Period, we launched diversified courses such as induction training, sales skills training, and R&D quality and technical specifications training to provide continuous support for employees' career development.

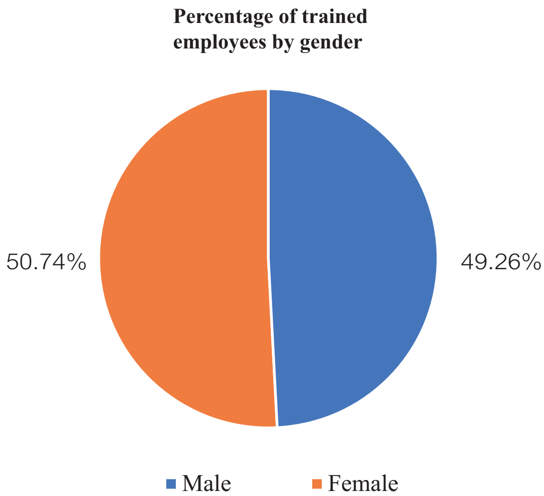
"Lianlian speech – business knowledge for everyone" training

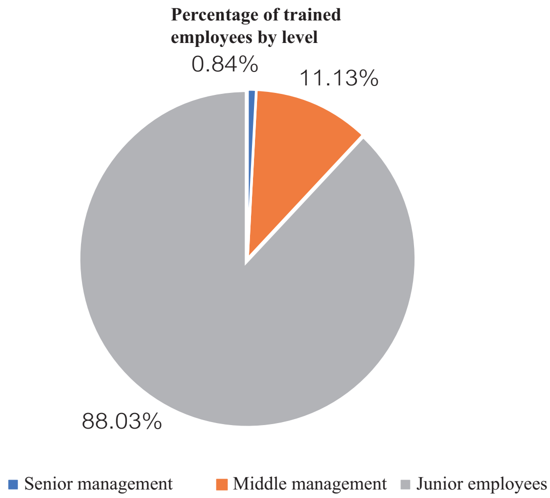
We have launched the "Lianlian speech – business knowledge for everyone" training, which focuses on core topics such as the development of B2B foreign trade, user needs and future payment trends. The training effectively improved employees' understanding of industry trends and business needs, providing solid support for business innovation and customer services.

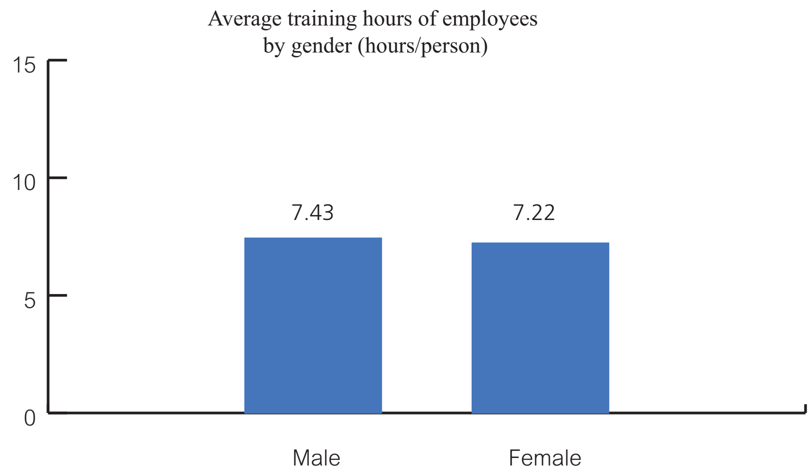
R&D quality and technical specification training

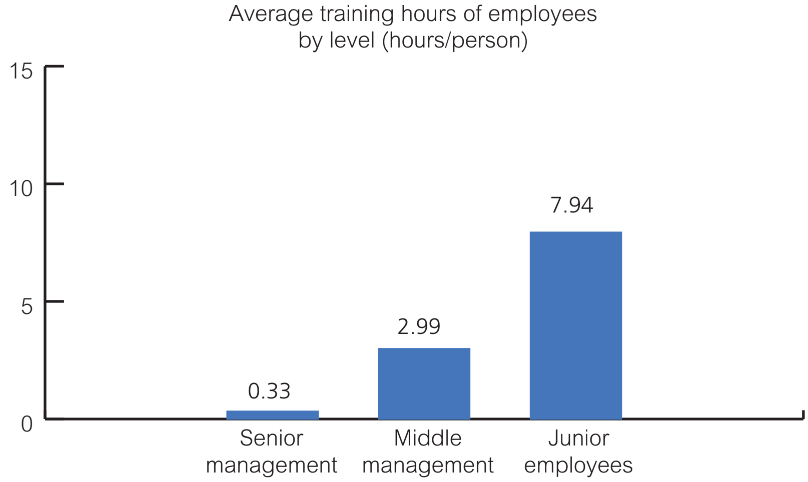
During the Reporting Period, we conducted 7 on-site training sessions for technical employees, covering R&D quality, technical specifications and technical systems, which effectively improved employees' technical capabilities and awareness of standards, and provided solid support for the professional development of the team.

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









3.4 Health and Safety

Lianlian DigiTech prioritizes the health and safety of its employees. We strictly adhere to the *Occupational Disease Prevention and Control Law of the People's Republic of China* and other laws and regulations, and have established the *Workplace Safety Regulations* to identify and control potential safety risks, and provide a safe and healthy work environment.

We highly value the health of our employees and are committed to providing them with comprehensive health protection. We make contribution to employee injury insurance in accordance with the law to provide basic protection for our employees. Meanwhile, we arrange annual health checkups for all employees and provide professional report interpretation and medical guidance services. Based on the results of the annual health checkups, we dynamically adjust the supplementary medical insurance plan to further provide employees with medical insurance. In addition, we organize health activities such as free Chinese medicine consultations from time to time to increase employees' awareness of health management.

In terms of physical safety in the workplace, we have formulated strict workplace disinfection and cleaning regulations, and conduct regular environmental disinfection to ensure the hygiene and safety of the workplace and continuously protect the health of our employees.

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

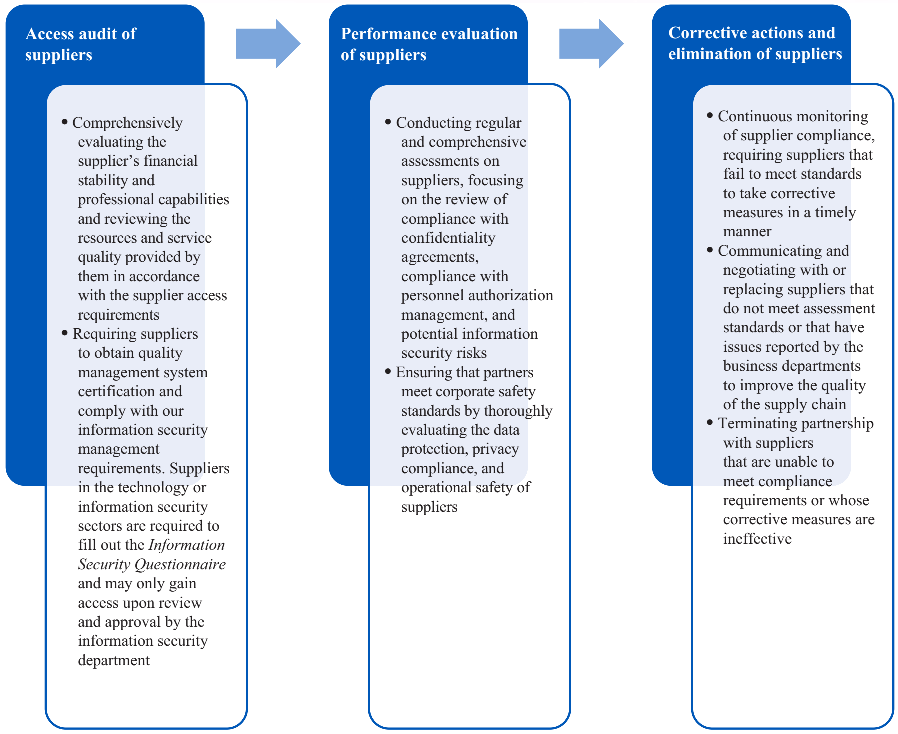
4 SUPPLY CHAIN MANAGEMENT

Lianlian DigiTech is committed to building a safe, sustainable and collaborative supply chain, continuously improving the supplier management system and striving for high-quality development and long-term and win-win partnership in the supply chain.

4.1 Supply Chain Compliance Management

Lianlian DigiTech strictly adheres to internal systems such as the *Procurement Management System* and the *Supplier Management System*, which systematically regulate the procurement process, covering supplier admission, classification management, assessment, evaluation, and elimination. We categorize suppliers into technical service suppliers, information security suppliers and software development suppliers, and implement tiered management based on their qualifications and performance evaluations.

We strictly implement the supplier access audit mechanism, which regularly assesses the compliance with agreements and information security risks, and take corrective and replacement action against suppliers that fail to meet the standards. At the same time, we maintain communication with suppliers through on-site visits, emails and phone calls to ensure the stability and compliance of our supply chain.



Supplier management mechanism

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

Number of suppliers by geographical region in 2024

Geographical Regions	Unit	2024
Mainland China	/	108
Hong Kong, Macao and Taiwan	/	2
Overseas	/	1
Total	/	111

4.2 Supply Chain Risk Management

To improve the sustainability of our supply chain, we have implemented a rigorous ESG assessment mechanism at the supplier admission stage, covering areas such as business ethics, labour rights, data security and environmental protection. In the supplier assessment and evaluation system, we have established a dynamic risk management mechanism, and have made ESG performance a core indicator to continuously promote suppliers to optimize their sustainable management practices.

We attach importance to establishing integrity in procurement. We regulate business dealings with suppliers through the signing of anti-corruption agreements and integrity commitment letters to ensure that the procurement process is open, transparent, fair and just. At the same time, we systematically assess the environmental impacts of our third-party service providers, incorporate carbon emission indicators into our supplier admission system, and use them as the core assessment elements for the selection of our service providers, so as to promote the green transformation and low-carbon development of our supply chain.

5 PRODUCTS AND SERVICES

Lianlian DigiTech adheres to the excellent quality philosophy of digital solutions to ensure the quality of the entire process of R&D, operation and maintenance. We take customer needs as our priority, provide customized solutions, greatly emphasize on information security and privacy protection, and continuously enhance the customer experience.

5.1 Responsible Products

5.1.1 Product Quality Control

Lianlian DigiTech strictly complies with the *Administrative Measures for Payment Services of Non-Financial Institutions*, the *Security Assessment Measures for Outbound Data Transfers* and other regulatory standards, and is committed to building a secure, reliable and efficient digital payment ecosystem. We ensure the quality and stability of our products throughout their entire lifecycle with a comprehensive information system R&D, operation and maintenance management system.

R&D stage

- Formulate the *Information System R&D Management Regime* to standardize the entire process of requirements, design, development, testing and release, optimize the R&D process and ensure R&D quality and efficiency
- Provide customers with high-quality products and services through standardized management and continuous optimization of the R&D process

Operation and maintenance stage

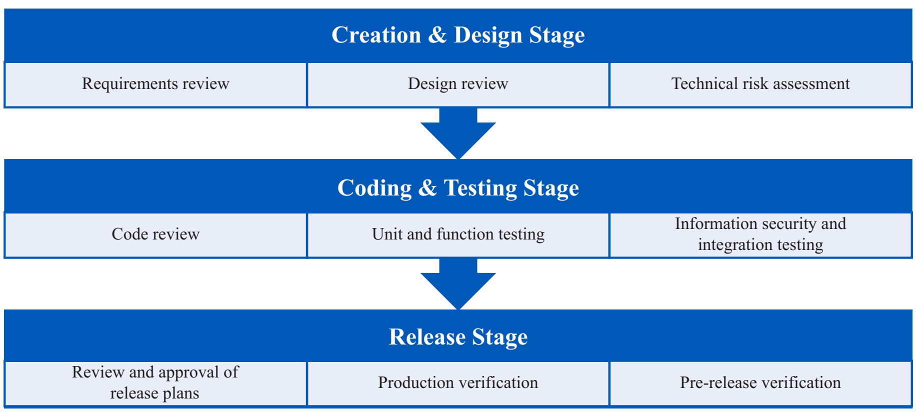
- Strictly implement the *Information System Operation and Maintenance Management Regime*, to standardize the management of infrastructure, databases and application systems, strengthen monitoring and inspections, and ensure the safe and stable operation of the system
- Integrate processes such as change management, certificate management and configuration management to optimize operation and maintenance efficiency and service quality

As of the end of the Reporting Period, we have obtained ISO 9001 Quality Management System certification and ISO 20000 Information Technology Service Management System certification, and obtained the technical qualification certification in compliance with the requirements of the public security authorities, the People's Bank of China and international standards, which laid a solid support foundation for the quality of our products and services. Currently, we have built a portfolio of 65 payment licenses and related qualifications, covering eight core markets: mainland China, Hong Kong SAR of China, Singapore, the United States, the United Kingdom, Thailand, Luxembourg and Indonesia. We provide safe, stable and efficient payment services and support to customers around the world.

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

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

Lianlian DigiTech takes product quality and information security as its core emphasis, and through its self-developed collaborative R&D platform, comprehensively guarantees quality control of products during the design, testing and release stages.



Quality review mechanism during product R&D process

5.1.2 Responsible Marketing

Lianlian DigiTech, taking truthfulness, transparency and integrity as its core values, fulfils its commitment to responsible marketing, and follows internal regulations such as the *External Publicity Management Measures* to ensure compliance in product promotion and brand marketing.

We have established a comprehensive review process covering multiple stages, including content creation, preliminary review by departments, content review and final review, to ensure that all promotional materials are strictly reviewed. We review and optimize the relevant systems every year to ensure that they are aligned with the our development and the market environment. At the same time, we regularly carry out promotion compliance training to enhance the understanding of laws and regulations among employees and eliminate false advertising and infringement.

5.2 Customer Services

5.2.1 Customer Management

Lianlian DigiTech abides by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests,* the *E-Commerce Law of the People's Republic of China* and other laws and regulations, and has formulated internal systems such as the *Customer Rights and Interests Protection Policy* to completely protect customer rights and interests.

In order to better meet customer needs, we have established a comprehensive customer service handling mechanism and set up a customer service department to handle customer inquiries, complaints, and disputes. We have formulated systems such as the *Customer Complaint Handling Process*, the *Business Risk Transaction Handling Process* and the *Guidelines on Standardized Customer Services* to regulate our customer complaint handling process.

In 2024, we received 1,513 complaints from financial consumers through various channels. We have taken a series of measures to address the most common issues raised in these complaints, including strengthening merchant risk control, improving business processes, and improving service response efficiency so as to effectively protect the rights and interests of customers.

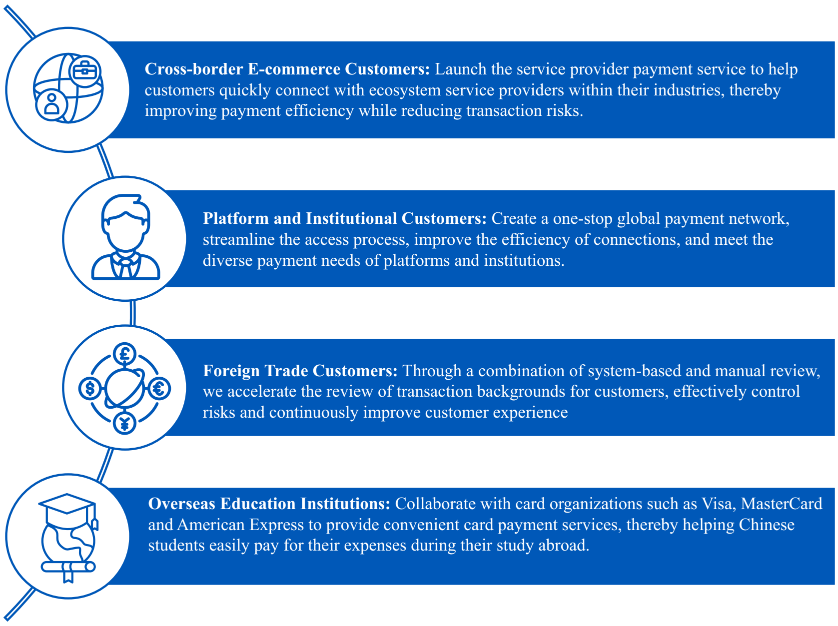
Handling customer complaints and improvement measures

- We attach great importance to the risk management of our partner merchants. For any issues identified, we took various measures to strengthen risk control capabilities and improve the information disclosure mechanism, including sending risk alerts, providing recommendations for rectification, adjusting transaction limits, and removing non-compliant merchants, to protect the legitimate rights and interests of financial consumers.
- We continuously optimize our products and services, improve business processes and function design, enhance the efficiency of our service response, and strengthen admission approval and monitoring of transaction behaviour of our partner merchants.

We launched the "Smile 101" service enhancement project, and collect customer feedback and continuously optimize our products and services based on customer suggestions. In 2024, we received a total of 2,356 reviews, with positive reviews accounting for 90.07%.

5.2.2 Customized Services

By having a deep insight into the needs of our customers across different industries and leveraging our extensive technology platform resources, we create diverse digital payment application scenarios. For various customer groups ranging from cross-border e-commerce customers, platform and institutional customers, foreign trade customers, to overseas education institutions, we offer customized digital payment solutions, to help them achieve global development.



Customized services for various types of customers

We make use of our innovative technologies and global payment network to create a wide range of product and service application scenarios that meet the payment needs of various customers and help them achieve efficient and secure capital flows.

Product and service application scenarios

- **Global payment services and products (LGPS):** We provide global payment services for cross-border payment service providers, banks and other financial institutions, helping our customers transfer international funds faster and more securely through our payment network.
- **Open platform interface (Lianlian Global Open API):** We provide platform and institutional customers with one-stop account management and payment and collection services to meet their diverse business needs and significantly improve access efficiency.
- **Import e-commerce fund collection and payment product upgrade:** We optimize payment services for import business based on market demand, provide customers with more comprehensive solutions, and enhance the payment experience.

With customers at the forefront of our consideration as always, we are constantly optimizing our products and services to provide customers with more convenient and efficient payment experience.

Enhance customer service experience

- **Semi-managed e-commerce payment model "Temu" now available:** We provide payment solutions with greater flexibility for cross-border e-commerce customers, thereby improving capital flow efficiency and reducing transaction risks.
- **The European LGAS (LianLian Global Accounts Service) website (based on the EMI (Electronic Money Institution) licence):** We further improve service capabilities in the European market and provide customers in the European region with more convenient and compliant payment services.
- **Lianlian Planet Foreign Exchange Information Centre:** With the use of AI and big data technology, we provide customers with real-time market information and exchange rate analysis to help them better manage exchange rate risks.

5.3 Intellectual Property Rights

Lianlian DigiTech strictly abides by the *Trademark Law of the People's Republic of China*, the *Patent Law of the Peoples Republic of China* and other laws and regulations, and has formulated internal systems such as the *Intellectual Property Rights Management System* and the *Measures for Rewards for Patents*, which clarify the management process of intellectual property rights and the innovation incentive mechanism.

We comprehensively protect the our intellectual property rights through measures such as strict process control, infringement handling, and software use control.

Measures to protect intellectual property rights

- **Regulate external release processes:** We establish customer notification release process, external publicity release process and other processes, to ensure that release content is strictly approved
- **Establish a mechanism for infringement handling:** We establish internal communication mechanism and ledger to handle intellectual property infringement in a timely manner
- **Tighten control over software use:** We control the installation and use of software by employees via the Cloud Hub software
- **Safeguard our trademark rights:** We protect our trademark rights through trademark opposition and trademark invalidation. As of the end of the Reporting Period, a total of 11 trademark oppositions had been filed and 3 applications for trademark invalidation had been filed
- **Clarify the ownership of our intellectual property rights:** We clarify the ownership of our intellectual property rights such as trademarks and copyrights through contractual agreements, etc

In order to enhance awareness of intellectual property protection among all our employees, Lianlian DigiTech organizes a series of promotional and training activities. We stimulate the innovative vitality of employees and enhance the Company's competitiveness through the distribution of intellectual property rights awards and the display of posters. At the same time, in response to the intellectual property right risks that are likely to arise in publicity or marketing. we carry out special training sessions aimed at raising employees' awareness of respecting intellectual property rights in marketing activities, and strengthen our ability to safeguard our own intellectual property rights.

As of the end of the Reporting Period, Lianlian DigiTech owned a total of 266 trademarks, 59 patents and 161 software copyrights in mainland China, 16 trademarks in Hong Kong, Taiwan and Macau, and 279 trademarks in overseas regions.

5.4 Information Security and Privacy Protection

Lianlian DigiTech strictly adheres to the *Data Security Law of the People's Republic of China*, *Cybersecurity Law of the People's Republic of China*, *Measures for Security Assessment of Cross-Border Data Transfer*, *Personal Information Protection Law of the People's Republic of China* and other laws and regulations, to ensure that our data security and privacy protection are conducted in a lawful and compliant manner. During the Reporting Period, we updated the *Personal Information Protection Impact Assessment Regime* and the *Online Process Standardization Regime* to clarify the approval process and rules for cross-border data transfer, and to improve our data security and privacy protection management system.

Through multi-level and comprehensive protection measures, we ensure data security and privacy protection in every aspect of our business operations to provide users with safe and reliable service experience.

Data collection during user registration

- Strictly follow the data privacy policy and related management systems during the user registration process

Privacy policy application

- Develop privacy policies that match various product forms

Privacy and security policy implementation

- Domestic: Embed the privacy and security policy in the merchant payment interface and display it to the user during the payment process to ensure the privacy protection measures are well understood by the users
- Overseas: Display the privacy and security policy when logging into a unified account or identity system, and perform secondary data collection when the user purchases a specific product

Privacy and security assessments and audits

- Regularly conduct privacy and security assessments and audits and record the non-compliances found for a period of 2 to 3 years so as to ensure traceability and rectification of the issue of concern

Data encryption measures

- Encrypt sensitive data with NIST 800-57 compliant algorithms during storage and perform consistency checks on key words or paragraphs

Data security and privacy protection training

- Conduct awareness and legal training on privacy protection for all employees (including mainland and overseas employees)
- Provide specialized data security and privacy protection training for technical employees, covering R&D, operation and maintenance, and the security department

Data security and privacy protection management measures

As of the end of the Reporting Period, we have obtained the ISO 27001 Information Security Management System Certification and the Personal Financial Information Protection Certification. In addition, we were also recognized as a "Demonstration Unit for Sound Operation of Personal Financial Information Protection System" by the National Financial Technology Certification Center (Beijing).

Certificate of ISO 27001 Information Security Management System Certification

Certificate of Personal Financial Information Protection Certification

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

6 CONTRIBUTIONS TO COMMUNITY

Lianlian DigiTech actively embraces its corporate social responsibility, striving to create value for society. We focus on key areas such as healthcare, education, and rural revitalization to promote sustainable social development. During the Reporting Period, we have formulated and implemented systems such as the *Lianlian DigiTech Public Welfare Foundation Information Disclosure Policy*, the *Lianlian DigiTech Public Welfare Foundation Project Management Policy*, and the *Lianlian DigiTech Public Welfare Foundation Volunteer Management Policy* to ensure the transparent and regulated operation of our public welfare projects and inject sustainable momentum into social welfare undertakings.

During the Reporting Period, our investment in social welfare initiatives through our associated public welfare foundation reached RMB200,000.

Lianlian Library "Cards of Love" Distribution Activity

The Lianlian DigiTech Public Welfare Foundation continued to carry out the "Lianlian Future Library" project, dedicated to helping children in areas severely lacking in educational resources. In 2024, at the 20th anniversary celebration of Lianlian DigiTech, we organized a special event "Spread your love and blessings", in which all employees were invited to write down their blessings and words of encouragement to children on "cards of love", which were then delivered, along with all the donated books, to the "Lianlian Future Library". More than 1,000 employees participated in this event, putting into practice the noble notion of "everyone can contribute to the public welfare", and spreading knowledge and warm regards to children.

Donations for the College of Medicine in Zongsa, Tibet

In 2024, in order to support the public welfare projects with the aim of cultivating and developing talents in Tibetan medicines in Dege County, the Lianlian DigiTech Public Welfare Foundation, donated books and daily necessities to the College of Medicine in Zongsa, Tibet for the fourth consecutive year. We donated RMB112,000 worth of books to the college through the "Lianlian Future Library" and provided RMB88,000 worth of living supplies for further carrying forward the cultural heritage and the development of Tibetan medicine.

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

Subject Areas, Aspects, General Disclosures and KPIs			Index
A. Environmental			
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		2.2 Emission Management 2.3 Resource Management
	KPI A1.1	The types of emissions and respective emissions data.	As a non-manufacturing company, air emissions do not constitute a significant impact. The Group does not, based on the principle of materiality, collect or disclose the types of air emissions and respective emissions data.
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.3 Resource Management
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	As a non-manufacturing company, hazardous waste emissions do not constitute a significant impact. The Group does not, based on the principle of materiality, collect or disclose the total hazardous waste and intensity.
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.2 Emission Management
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	2.1 Environmental Goals 2.2 Emission Management 2.3 Resource Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.1 Environmental Goals 2.2 Emission Management

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

Subject Areas, Aspects, General Disclosures and KPIs			Index
B. Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		3.1 Compliant Employment 3.2 Employees' Rights and Interests
	KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	3.1 Compliant Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Compliant Employment
Aspect B2: Health and safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		3.4 Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4 Health and Safety
	KPI B2.2	Lost days due to work injury.	3.4 Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.4 Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs			Index
Aspect B3:	General Disclosure		3.3 Development and Training
Development and training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer		
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.3 Development and Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	3.3 Development and Training
Aspect B4:	General Disclosure		3.1 Compliant Employment
Labour standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.1 Compliant Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Compliant Employment

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

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

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

Independent Auditor's Report

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

OPINION

What we have audited

The consolidated financial statements of Lianlian DigiTech Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 132 to 234, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of digital payment services	
Refer to note 5 to the consolidated financial statements. For the year ended 31 December 2024, the Group recognised revenue of approximately RMB1,150,632,000 from digital payment services mainly including pay-in, pay-out, acquiring, foreign exchange, virtual card and payment aggregation services. The revenue of digital payment services is mainly recognised at a point in time upon completion of the payment services, which is mainly calculated based on applicable service fee rates of the transaction amount or a fixed service fee per transaction as agreed in the customer contracts. In addition, foreign exchange revenue is recognised at a point in time when the currency exchange transaction is completed. The Group also collect a fixed fee on monthly, quarterly or annual basis from its customers, of which the revenue is recognised over a period of time. We identified revenue recognition of digital payment services as a key audit matter, as auditing revenue from digital payments services required significant extent of effort due to the large volume and the involvement of the complex information systems.	Our procedures in relation to the revenue recognition of digital payment services mainly included: We understood and evaluated management's internal controls, and tested relevant controls, on a sample basis, in relation to the revenue recognition of digital payment services, including information technology general controls related to complex IT environment, IT dependencies including system generated reports, interfaces between business systems and key automated application controls used in capturing and processing the payment services transactions in relation to revenue recognition of digital payment services with the assistance of our internal information technology specialists. We understood and evaluated the appropriateness of the Group's accounting policy on recognition of revenue from digital payment services by tracing to the sales agreements, on a sample basis, to examine the key terms including the Group's performance obligations. We performed risk-based data analysis over revenue from digital payment services, at a disaggregated level, including analysing patterns of operations based on our industry knowledge to evaluate the overall trend and fluctuations of revenue.

KEY AUDIT MATTERS (continued)

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

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 18 March 2025

Consolidated Statements of Comprehensive Loss

(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	5	**1,314,959**	1,028,256
Cost of sales	6	**(632,438)**	(450,904)
Gross profit		**682,521**	577,352
Selling and marketing expenses	6	**(248,265)**	(191,799)
General and administrative expenses	6	**(560,882)**	(480,473)
Research and development expenses	6	**(319,058)**	(268,165)
Other income	8	**212,377**	108,457
Other (losses)/gains	9	**(28,290)**	279,848
Provision for impairment on financial assets	3.1(b)	**(6,221)**	(1,763)
Operating (loss)/profit		**(267,818)**	23,457
Finance income	10	**8,053**	2,771
Finance costs	10	**(19,724)**	(12,801)
Finance costs – net		**(11,671)**	(10,030)
Share of net loss of associates accounted for using the equity method	17	**(292,518)**	(665,183)
Loss before income tax		**(572,007)**	(651,756)
Income tax credits/(expenses)	11	**405,469**	(2,459)
Loss for the year		**(166,538)**	(654,215)
Loss for the year attributable to:			
– Owners of the Company		**(168,219)**	(656,064)
– Non-controlling interests		**1,681**	1,849
		(166,538)	(654,215)
Loss per share attributable to the owners of the Company			
Basic loss per share (in RMB)	12(a)	**(0.16)**	(0.65)
Diluted loss per share (in RMB)	12(b)	**(0.16)**	(0.65)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(2,099)**	(615)
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, net off tax impact		**10,059**	(3,981)
Other comprehensive income/(loss) for the year, net of income tax		**7,960**	(4,596)
Total comprehensive loss for the year		**(158,578)**	(658,811)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		**(161,406)**	(660,585)
– Non-controlling interests		**2,828**	1,774
		(158,578)	(658,811)

The notes on pages 137 to 234 are an integral part of the consolidated financial statements.

Consolidated Balance Sheet

(All amounts in RMB unless otherwise stated)

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	*13*	**119,557**	120,773
Right-of-use assets	*14(a)*	**29,202**	19,381
Investment properties	*15*	**161,012**	165,039
Intangible assets	*16*	**19,359**	17,191
Deferred income tax assets	*31*	**425,252**	17,806
Investments accounted for using the equity method	*17*	**–**	292,518
Financial assets at fair value through other comprehensive income	*22*	**50,840**	39,006
Financial assets at fair value through profit or loss ("FVPL")	*21(a)*	**69,363**	82,445
Total non-current assets		**874,585**	754,159
Current assets			
Prepayments, other receivables and other current assets	*19*	**158,402**	79,716
Trade receivables	*20*	**93,038**	67,552
Financial assets at fair value through profit or loss	*21(a)*	**283,639**	192,321
Customer accounts and restricted cash	*23*	**12,606,903**	9,183,911
Cash and cash equivalents	*23*	**522,250**	189,840
Total current assets		**13,664,232**	9,713,340
Total assets		**14,538,817**	10,467,499
Liabilities			
Non-current liabilities			
Borrowings	*29*	**136,850**	147,900
Lease liabilities	*14(b)*	**14,562**	7,599
Deferred income tax liabilities	*31*	**–**	165
Deferred income	*30*	**12,640**	9,480
Total non-current liabilities		**164,052**	165,144
Current liabilities			
Trade payables	*27*	**74,710**	76,006
Contract liabilities	*5(d)*	**10,407**	12,645
Income tax payables		**7,277**	8,614
Borrowings	*29*	**342,463**	289,645
Lease liabilities	*14(b)*	**12,893**	9,874
Accruals and other payables	*28*	**12,691,508**	9,311,927
Total current liabilities		**13,139,258**	9,708,711
Total liabilities		**13,303,310**	9,873,855

		As at 31 December	
	Note	**2024**	2023
		RMB'000	*RMB'000*
Equity			
Share capital	*24*	**1,079,060**	1,014,760
Other reserves	*25*	**2,998,072**	2,255,086
Accumulated losses		**(2,848,796)**	(2,680,545)
Equity attributable to owners of the Company		**1,228,336**	589,301
Non-controlling interests		**7,171**	4,343
Total equity		**1,235,507**	593,644
Total equity and liabilities		**14,538,817**	10,467,499

The notes on pages 137 to 234 are an integral part of the consolidated financial statements.

The financial statements on page 132 to 234 were approved by the board of directors (the "Board") on 18 March 2025 and were signed on its behalf.

Xin Jie
Director

Wei Ping
Director

Consolidated Statements of Changes in Equity

(All amounts in RMB unless otherwise stated)

	Note	Attributable to owners of the Company					
		Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2023		1,014,760	2,067,341	(2,023,710)	1,058,391	2,064	1,060,455
(Loss)/profit for the year		–	–	(656,064)	(656,064)	1,849	(654,215)
Other comprehensive loss		–	(4,521)	–	(4,521)	(75)	(4,596)
Total comprehensive loss		–	(4,521)	(656,064)	(660,585)	1,774	(658,811)
Transactions with equity holders of the Company:							
Profit appropriations to statutory reserves	*25*	–	771	(771)	–	–	–
Share-based compensation	*7, 26*	–	191,495	–	191,495	–	191,495
Capital contributions from non-controlling interests		–	–	–	–	505	505
Balance as at 31 December 2023		1,014,760	2,255,086	(2,680,545)	589,301	4,343	593,644
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 year		**–**	**–**	**(168,219)**	**(168,219)**	**1,681**	**(166,538)**
Other comprehensive income		**–**	**6,813**	**–**	**6,813**	**1,147**	**7,960**
Total comprehensive income/(loss)		**–**	**6,813**	**(168,219)**	**(161,406)**	**2,828**	**(158,578)**
Transactions with equity holders of the Company:							
Profit appropriations to statutory reserves	*25*	**–**	**32**	**(32)**	**–**	**–**	**–**
Share-based compensation	*7, 26*	**–**	**237,432**	**–**	**237,432**	**–**	**237,432**
Issue of ordinary shares upon global offering	*24, 25*	**64,300**	**498,709**	**–**	**563,009**	**–**	**563,009**
Balance as at 31 December 2024		**1,079,060**	**2,998,072**	**(2,848,796)**	**1,228,336**	**7,171**	**1,235,507**

The notes on pages 137 to 234 are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	*33(a)*	**(286,203)**	685
Interests received		**182,998**	101,988
Income tax paid		**(7,853)**	(8,024)
Net cash (used in)/generated operating activities		**(111,058)**	94,649
Cash flows from investing activities			
Proceeds from repayment of loans to related parties		**–**	300,000
Interests received from loans to related parties		**–**	10,785
Proceeds from disposal of property, plant and equipment and intangible assets		**47**	–
Other investment income received	*8*	**405**	308
Proceeds from disposal of financial assets at FVPL	*3.3(b)*	**80,365**	–
Capital injection for associates	*17*	**–**	(507,611)
Payment for financial assets at FVPL	*21(b)*	**(190,487)**	(470)
Payment for acquisition of property, plant and equipment		**(14,239)**	(1,599)
Payment for acquisition of intangible assets		**(7,119)**	(3,212)
Net cash used in investing activities		**(131,028)**	(201,799)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares upon global offering	*24, 25*	**563,009**	–
Proceeds from capital contribution from non-controlling interests		**–**	505
Proceeds from borrowings		**997,089**	586,449
Repayment of borrowings		**(955,516)**	(412,688)
Release of pledged deposits		**–**	5,100
Interests of borrowings paid		**(18,677)**	(12,616)
Principal and interests of lease payments	*14(b)*	**(13,869)**	(10,199)
Payments for listing expenses		**(2,905)**	(7,374)
Net cash generated from financing activities		**569,131**	149,177
Net increase in cash and cash equivalents		**327,045**	42,027
Cash and cash equivalents at beginning of the year		**189,840**	145,504
Effects of exchange rate changes on cash and cash equivalents		**5,365**	2,309
Cash and cash equivalents at end of the year	*23*	**522,250**	189,840

The notes on pages 137 to 234 are an integral part of the consolidated financial statements.

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 Alley, Binjiang District, Hangzhou, Zhejiang, the PRC. In December 2020, the Company was converted into a joint stock limited company.

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

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

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

These consolidated financial statements of the Group have been approved for issue by the Board on 18 March 2025.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

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

2.1 Basis of preparation (continued)

(a) New and amended Standard adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2024:

	New/amended standards	Effective date
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1	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 year ended 31 December 2024 and have not been early adopted by the Group. Except for IFRS 18 which will mainly impact the presentation of statement of profit and loss, 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 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability	1 January 2027

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

2.2 Changes in accounting policy and disclosures

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

The functional currency of most of the Group's subsidiaries outside PRC are US dollars. As at 31 December 2024, if the RMB and other currencies strengthened/weakened by 5% against the USD with all other variables held constant, loss before income tax for the year would have been approximately RMB31,899,000 higher/lower (31 December 2023: RMB4,165,000 higher/lower). The functional currency of the Group's subsidiaries in the PRC is RMB. Management considered the foreign exchange risk of these PRC subsidiaries is minimal because most transactions were denominated and settled in RMB.

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 the same currencies.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

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

(ii) Cash flow and fair value interest rate risk

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

The Group's interest rate risk mainly arises from borrowings. As at 31 December 2024 and 2023, the Group's borrowings carried at fixed rates and floating rates, which exposed the Group to fair value interest rate risk and cash flow interest rate risk.

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

(b) Credit risk

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

(i) Risk management

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

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

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

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

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

(ii) Impairment of financial assets

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

Trade receivables

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

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

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

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

Trade receivables (continued)

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

The loss allowance as at 31 December 2024 and 2023 was determined as follows for trade receivables.

	As at 31 December 2024		
	Gross carrying amount	**Expected credit loss rate**	**Loss allowance**
	RMB'000		***RMB'000***
Within 3 months	**84,013**	**2.73%**	**(2,290)**
3 months to 6 months	**10,963**	**11.44%**	**(1,254)**
6 months to 1 year	**2,796**	**42.56%**	**(1,190)**
More than 1 year	**5,377**	**100.00%**	**(5,377)**
	103,149	**9.80%**	**(10,111)**

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Loss allowance
	RMB'000		*RMB'000*
Within 3 months	59,409	2.52%	(1,496)
3 months to 6 months	8,930	11.02%	(984)
6 months to 1 year	2,616	35.28%	(923)
More than 1 year	1,199	100.00%	(1,199)
	72,154	6.38%	(4,602)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

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

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

Trade receivables (continued)

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At beginning of the year	**(4,602)**	(3,063)
Increase in loss allowance	**(5,509)**	(1,835)
Write-off	**–**	296
At end of the year	**(10,111)**	(4,602)

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

Other financial assets at amortised cost

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

Other receivables

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

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

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

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

Other financial assets at amortised cost (continued)

Other receivables (continued)

Management considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis for the years ended 31 December 2024 and 2023. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Indicators that significant increase in credit risk include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 30 days past due. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

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

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) *Credit risk* (continued)

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

Other financial assets at amortised cost (continued)

Other receivables (continued)

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At beginning of the year	**(264)**	(336)
(Increase)/Reversal in loss allowance	**(712)**	72
At end of the year	**(976)**	(264)

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At beginning of the year	**(4,866)**	(3,399)
Increase in loss allowance	**(6,221)**	(1,763)
Written off	**–**	296
At end of the year	**(11,087)**	(4,866)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

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

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

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
As at 31 December 2024					
Trade payables	74,710	–	–	–	74,710
Lease liabilities	13,742	11,344	3,628	–	28,714
Borrowing (including interests)	354,988	16,813	47,799	111,817	531,417
Other payables (excluding VAT payables, other tax payables and staff salaries and welfare payables)	12,553,234	–	–	–	12,553,234
	12,996,674	28,157	51,427	111,817	13,188,075

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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

3.2 Capital risk management

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

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

As at 31 December 2024 and 2023, the asset-liability ratio was as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Total liabilities	**13,303,310**	9,873,855
Total assets	**14,538,817**	10,467,499
Asset-liability ratio	**92%**	94%

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

(a) *Fair value hierarchy*

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

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

As at 31 December 2024 and 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 31 December 2024 and 2023.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(a) ***Fair value hierarchy*** (continued)

Recurring fair value measurements at 31 December 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 21)	**–**	**–**	**248,228**	**248,228**
– Treasury investments (Note 21)	**–**	**–**	**87,970**	**87,970**
– Listed equity securities (Note 21)	**16,804**	**–**	**–**	**16,804**
	16,804	**–**	**336,198**	**353,002**
Financial assets at FVOCI				
– Unlisted equity investments (Note 22)	**–**	**–**	**50,840**	**50,840**
	16,804	**–**	**387,038**	**403,842**

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 21)	–	–	274,766	274,766
Financial assets at FVOCI				
– Unlisted equity investments (Note 22)	–	–	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 year ended 31 December 2024 and 2023.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

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

The following table presents the changes in level 3 instruments for the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Opening balance 1 January	**313,772**	314,834
Additions (Note 21)	**164,929**	470
Fair value change recognised in consolidated statements of comprehensive loss under "Other gains" (Note 9)	**(25,033)**	1,770
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income (Note 22)	**11,834**	(4,683)
Foreign currency translation	**1,901**	1,381
Disposal (Note 21)	**(80,365)**	–
Closing balance 31 December	**387,038**	313,772

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

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

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

Description	Fair value As at 31 December 2024 RMB'000	Fair value As at 31 December 2023 RMB'000	Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment in treasury investments	**87,970**	–	Expected rate of return	4.00%-5.50%	The higher the expected rate of return, the higher the fair value.
Unlisted equity investments					
Current:					
– financial assets at FVPL	**178,865**	192,321	Risk-free interest rate during the option life	1.14%-2.21%	The higher the risk-free interest rate during the option life, the lower the fair value.
			Estimated equity price volatility	49.51%-56.91%	The higher the estimated equity price volatility, the higher the fair value.
Non-current:					
– financial assets at FVPL	**68,896**	81,985	Average growth rate of income	23.47%-27.23%	The higher the average growth rate of income, the higher the fair value.
			– Discount for lack of marketability ("DLOM")	20.00%	The higher the DLOM during the option life, the lower the fair value.
			– Discount for lack of control ("DLOC")	10.00%	The higher the DLOC during the option life, the lower the fair value.
			Perpetuity growth rate	1.00%	The higher the perpetuity growth rate, the higher the fair value.
			Conversion rate	13.00%	The higher the conversion rate during the option life, the lower the fair value.
	467	460	Latest transaction price	Not applicable	The higher the transaction price, the higher the fair value.
Non-current:					
– financial assets at FVOCI	**50,840**	39,006	Comparable company multiples	11.31-12.21	If the comparable company multiples had increased/decreased by 10% with all other variables held constant, the fair value at the year ended 31 December 2024 would have increased/decreased by RMB5,084,000 (2023: RMB3,901,000).
			DLOM	30.00%	If the DLOM had increased/decreased by 10% with all other variables held constant, the fair value at the year ended 31 December 2024 would have decreased/increased by RMB2,179,000 (2023: RMB1,672,000).
Total	**387,038**	313,772			

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

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

If the fair values of financial assets at FVPL held by the Group had been 10% higher/lower, the loss before income tax for the year ended 31 December 2024 would have been approximately RMB33,620,000 lower/higher (2023: RMB27,477,000 lower/higher).

(c) *Valuation processes*

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Fair value for financial instruments

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

(b) Expected credit loss

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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

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

(d) Current and deferred income taxes

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

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

Breakdown of revenue by business lines is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Digital payment services	**1,150,632**	874,212
Value-added services	**146,193**	133,544
Others	**–**	658
	1,296,825	1,008,414
Revenue from other sources		
Rental income	**18,134**	19,842
Total	**1,314,959**	1,028,256
Revenue from contracts with customers:		
At a point in time	**1,278,656**	993,246
Over time	**18,169**	15,168
	1,296,825	1,008,414

5 REVENUE AND SEGMENT INFORMATION (continued)

(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 in segment assets and liabilities mainly includes 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 treasury investments, the investments in listed equity securities and deferred income tax assets. The unallocated amount in loss mainly includes investment gains or losses, deferred income tax credit and share based compensation expenses of senior management.

(i) Segment results, assets and liabilities

Segment information as at and for the year ended 31 December 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	807,772	342,860	146,193	18,134	–	–	1,314,959
Cost of sales	(226,408)	(275,234)	(118,240)	(12,556)	–	–	(632,438)
Segment gross profit	581,364	67,626	27,953	5,578	–	–	682,521
Depreciation, amortisation and impairment charges included in segment cost	(7,245)	(16,187)	(3,235)	(8,181)	–	–	(34,848)
Finance income	2,478	525	6	5,044	–	–	8,053
Finance costs	(6,977)	(6,581)	–	(6,166)	–	–	(19,724)
Share of net loss of associates accounted for using the equity method	–	–	–	–	(292,518)	–	(292,518)
Profit/(loss) before income tax	126,866	(79,602)	(18,968)	(71,470)	(528,833)	–	(572,007)
Income tax credits/(expenses)	11,189	907	(662)	48	393,987	–	405,469
Profit/(loss) for the year	138,055	(78,695)	(19,630)	(71,422)	(134,846)	–	(166,538)
Segment assets	10,776,505	2,879,348	153,935	856,515	2,673,364	(2,800,850)	14,538,817
Segment liabilities	11,208,928	2,353,431	65,406	322,881	988,584	(1,635,920)	13,303,310

5 REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

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

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

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

(c) Information about major customers

No revenue from services provided to a single customer accounted for 10% or more of total revenue of the Group for the years ended 31 December 2024 and 2023.

5 REVENUE AND SEGMENT INFORMATION (continued)

(d) Contract liabilities

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contract liabilities – Current	**10,407**	12,645

(i) Changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while services are yet to be provided.

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Credited to the consolidated statements of comprehensive loss	**12,645**	9,601

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

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

5 REVENUE AND SEGMENT INFORMATION (continued)

(f) Accounting policies of revenue recognition

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

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

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

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

(i) Digital payment services

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

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

5 REVENUE AND SEGMENT INFORMATION (continued)

(f) Accounting policies of revenue recognition (continued)

(i) Digital payment services (continued)

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

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

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

(ii) Value-added services

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

(iii) Revenue from other sources

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

6 EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Employee benefits (Note 7)	**816,275**	670,937
Processing fees to financial institutions and payment networks	**346,116**	246,258
Service charge	**243,312**	153,270
Professional service expenses	**88,402**	57,347
Marketing and promotion expenses	**72,029**	44,078
Travelling expenses	**37,980**	29,916
Office and telecommunication expenses	**20,289**	17,412
Depreciation of property, plant and equipment (Note 13)	**13,716**	13,673
Depreciation of right-of-use assets (Note 14(a))	**12,973**	9,213
Outsourcing labour costs	**8,016**	11,325
Listing expenses	**7,799**	59,473
Auditors' remuneration		
– Audit services	**5,180**	4,243
– Non-audit services	**1,784**	350
Other taxes and surcharges	**6,472**	8,365
Expense relating to short-term leases (Note 14(b))	**5,123**	3,064
Property management expenses	**4,656**	4,450
Amortisation of intangible assets (Note 16)	**4,132**	4,670
Depreciation of investment properties (Note 15)	**4,027**	4,014
Others	**62,362**	49,283
Total cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses	**1,760,643**	1,391,341

7 EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**468,494**	379,637
Share-based compensation expenses (Note 26)	**237,432**	191,495
Employee social security plans, medical insurances, other social insurances obligations and housing benefits (a)	**85,100**	70,655
Welfare and other benefits	**25,249**	29,150
	816,275	670,937

7 EMPLOYEE BENEFITS EXPENSES (continued)

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

No forfeited contributions were utilised during the years end 31 December 2024 and 2023 to offset the Group's contribution to the abovementioned social security plans.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024, include 3 (2023: 3) directors whose emoluments are reflected in analysis shown in Note 39 below. The emoluments payable to the remaining 2 (2023: 2) individuals for the years ended 31 December 2024 and 2023 are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**21,385**	19,344
Contribution to pension scheme	**141**	131
	21,526	19,475

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December	
	2024	2023
Emolument bands:		
HK$9,500,001-HK$10,000,000	**–**	1
HK$11,500,001-HK$12,000,000	**2**	1
	2	2

8 OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest income and gains on customer accounts	**206,717**	98,075
Government grants (i)	**4,741**	8,875
Dividend income (ii)	**919**	308
Additional deductible VAT input tax	**–**	1,199
	212,377	108,457

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

(ii) For the year ended 31 December 2024, dividends were from financial assets measured at FVOCI and FVPL (year ended 31 December 2023: from financial assets measured at FVOCI).

9 OTHER (LOSSES)/GAINS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Foreign exchange gains, net	**13,544**	27,321
Gains on disposal of financial assets at FVPL	**894**	–
Dilution gains (i)	**–**	244,470
Interest income on borrowing to related parties (Note 36(b)(iii))	**–**	6,247
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets	**(113)**	63
Fair value (losses)/gains of financial assets at FVPL (Note 21(b))	**(34,878)**	1,770
Others	**(7,737)**	(23)
	(28,290)	279,848

(i) In December 2023, the Company and American Express Company ("American Express") made additional capital injections of RMB74.6 million and RMB625.4 million, respectively, to LianTong, an associate of the Company. After the completion of the additional capital injections, the Company's interest in LianTong decreased from 50.0% to 45.2% while American Express's interest increased from 50.0% to 54.8%. The total board seats of LianTong were reduced from six to five, of which the Company holds two and continues to have significant influence over LianTong. Such change of equity holding structure resulted in a deemed disposal of the Company's partial interest in LianTong and, consequently, a dilution gain of approximately RMB244,470,000, being the difference between fair value and carrying amount of the investment, was recognised upon the completion of such capital injection.

10 FINANCE COSTS – NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance income:		
Interest income on cash and cash equivalents	**8,053**	2,771
Finance costs:		
Interest expense on bank and other borrowings	**(18,708)**	(12,159)
Interest expense on lease liabilities (Note 14(b))	**(1,016)**	(642)
	(19,724)	(12,801)
Finance costs – net	**(11,671)**	(10,030)

11 INCOME TAX CREDITS/(EXPENSES)

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current income tax expenses	**3,917**	14,800
Deferred income tax credits (Note 31)	**(409,386)**	(12,341)
	(405,469)	2,459

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") and Lianlian (Hangzhou) Information Technology Co., Ltd. ("Lianlian Hangzhou") entitled High and New Technology Enterprises ("HNTE") status in 2023 and 2024 with a preferential CIT rate of 15% for a three-year period since the qualification day.

Lianlian Bao (Hangzhou) obtained the High-Tech Enterprise qualification in 2021, and successfully renewed the qualification every year. Accordingly, it is entitled to a preferential EIT rate of 15% for the year ended 31 December 2024 (year ended 31 December 2023: 15%).

11 INCOME TAX CREDITS/(EXPENSES) (continued)

PRC corporate income tax (continued)

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.

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% (2023: 12.5% to 34%).

11 INCOME TAX CREDITS/(EXPENSES) (continued)

Other countries (continued)

A reconciliation of the expected income tax calculated at the applicable tax rate and loss before income tax, with the actual income tax is as follow:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss before income tax	**(572,007)**	(651,756)
Tax calculated at statutory tax rates of 25%	**(143,002)**	(162,939)
Different tax jurisdiction	**(389)**	(1,099)
Preferential income tax benefits applicable to subsidiaries in the PRC	**(1,963)**	(2,048)
Income not subject to income tax purposes	**(32,823)**	(1,002)
Expenses not deductible for tax purpose (i)	**61,063**	39,971
Super deduction for research and development expenses	**(14,529)**	(9,515)
Utilisation or recognition of previously unrecognised tax losses and temporary differences (ii)	**(373,980)**	(1,777)
Temporary differences for which no deferred tax asset was recognised	**40,755**	111,798
Tax losses for which no deferred tax assets were recognized (iii)	**59,399**	29,070
Income tax (credits)/expenses	**(405,469)**	2,459

(i) Expenses not deductible for tax purpose

Expenses not deductible for tax purpose was mainly comprised of share-based compensation expenses of the Group for the years ended 31 December 2024 and 2023.

(ii) The Group recognised a deferred tax asset of RMB294,545,000 for deductible temporary differences arising from the cumulated share of net loss of RMB1,178,182,000 related to the investment in a subsidiary and LianTong, to the extent, that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised, in consideration of the disposal of the equity interests in LianTong (Note 37).

11 INCOME TAX CREDITS/(EXPENSES) (continued)

Other countries (continued)

(iii) Tax losses

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Unused tax losses for which no deferred tax asset has been recognised will be expired		
2024	**–**	25,065
2025	**5,280**	30,470
2026	**9,488**	10,588
2027	**18,659**	23,466
2028	**8,248**	9,193
2029	**519,146**	22,609
After 2029	**387,732**	344,506
Infinite	**208,965**	75,967
	1,157,518	541,864

As at 31 December 2024, the Group had unused tax losses of approximately RMB1,157,518,000 (31 December 2023: RMB541,864,000) that can be carried forward against future taxable income. Deferred income tax asset has not been recognized in respect of such tax losses due to the unpredictability of future taxable income.

The Group principally conducted its business in the PRC, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expirations of unused tax losses of HNTE and Small & Middle-Sized High-Tech Enterprises issued in August 2018, the accumulated tax losses of Lianlian Yintong, Lianlian Hangzhou, Zhejiang Lianlianbao Network Co., Ltd. and Hangzhou Hulian Internet Technology Service Co., Ltd. will expire within 10 years.

(iv) Global minimum top-up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2024. The mandatory exception applies retrospectively and the retrospective application has no impact on the consolidated financial statements.

11 INCOME TAX CREDITS/(EXPENSES) (continued)

(a) Accounting policies of current and deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(b) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(c) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and income tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

11 INCOME TAX CREDITS/(EXPENSES) (continued)

(c) Deferred income tax (continued)

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group considers the asset and the liability separately for lease transactions. The Group recognises a deferred income tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred income tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities since initial recognition.

12 LOSS PER SHARE

(a) Basic loss per share

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

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Net loss attributable to the owners of the Company	**(168,219)**	(656,064)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,063,734**	1,014,760
Basic loss per share (RMB per share)	**(0.16)**	(0.65)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

During the years ended 31 December 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 years ended 31 December 2024 and 2023, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the amounts of diluted loss per share for the years ended 31 December 2024 and 2023 were the same as basic loss per share of the respective year.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Vehicles *RMB'000*	Electronic equipment *RMB'000*	Furniture and office equipment *RMB'000*	Leasehold improvement *RMB'000*	Total *RMB'000*
As at 1 January 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
Year ended 31 December 2023						
Opening net book value	112,064	1,549	16,015	2,952	387	132,967
Additions	141	326	851	191	–	1,509
Disposals	–	(30)	–	–	–	(30)
Depreciation charge (Note 6)	(6,106)	(388)	(6,190)	(767)	(222)	(13,673)
Closing net book value	106,099	1,457	10,676	2,376	165	120,773
As at 31 December 2023						
Cost	162,086	2,593	79,733	9,578	460	254,450
Accumulated depreciation	(55,987)	(1,136)	(69,057)	(7,202)	(295)	(133,677)
Net book value	106,099	1,457	10,676	2,376	165	120,773
Year ended 31 December 2024						
Opening net book value	**106,099**	**1,457**	**10,676**	**2,376**	**165**	**120,773**
Additions	**853**	**–**	**7,683**	**484**	**3,580**	**12,600**
Disposals	**(82)**	**(16)**	**(2)**	**–**	**–**	**(100)**
Depreciation charge (Note 6)	**(5,956)**	**(450)**	**(5,852)**	**(782)**	**(676)**	**(13,716)**
Closing net book value	**100,914**	**991**	**12,505**	**2,078**	**3,069**	**119,557**
As at 31 December 2024						
Cost	**162,830**	**2,289**	**87,381**	**10,062**	**4,040**	**266,602**
Accumulated depreciation	**(61,916)**	**(1,298)**	**(74,876)**	**(7,984)**	**(971)**	**(147,045)**
Net book value	**100,914**	**991**	**12,505**	**2,078**	**3,069**	**119,557**

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Pledged of assets

The Group's buildings with net book value of RMB100,914,000 as at 31 December 2024 (31 December 2023: RMB106,099,000) were pledged for the Group's long-term bank borrowings (Note 29).

(ii) Depreciation of property, plant and equipment has been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
General and administrative expenses	**8,338**	7,906
Research and development expenses	**3,345**	3,231
Cost of sales	**1,580**	2,108
Selling and marketing expenses	**453**	428
	13,716	13,673

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
Year ended 31 December 2023				
Opening net book value	6,109	2,911	6,511	15,531
Additions	9,394	–	3,669	13,063
Depreciation charge (Note 6)	(5,253)	(90)	(3,870)	(9,213)
Closing net book value	10,250	2,821	6,310	19,381
As at 31 December 2023				
Cost	18,936	3,865	17,157	39,958
Accumulated depreciation	(8,686)	(1,044)	(10,847)	(20,577)
Net book value	10,250	2,821	6,310	19,381
Year ended 31 December 2024				
Opening net book value	**10,250**	**2,821**	**6,310**	**19,381**
Additions	**24,231**	**–**	**–**	**24,231**
Depreciation charge (Note 6)	**(8,959)**	**(78)**	**(3,936)**	**(12,973)**
Modifications	**(1,437)**	**–**	**–**	**(1,437)**
Closing net book value	**24,085**	**2,743**	**2,374**	**29,202**
As at 31 December 2024				
Cost	**32,749**	**3,865**	**17,157**	**53,771**
Accumulated depreciation	**(8,664)**	**(1,122)**	**(14,783)**	**(24,569)**
Net book value	**24,085**	**2,743**	**2,374**	**29,202**

14 LEASES (continued)

(a) Right-of-use assets (continued)

(i) Pledged of assets

The Group's land use rights amounted to RMB2,743,000 as at 31 December 2024 (31 December 2023: RMB2,821,000) were pledged to secure the Group's long term bank borrowings (Note 29).

(ii) Depreciation of right-of-use assets has been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
General and administrative expenses	**8,556**	4,957
Research and development expenses	**4,013**	3,892
Selling and marketing expenses	**404**	364
Total	**12,973**	9,213

(b) Lease liabilities

(i) The carrying amounts of the Group's lease liabilities and the movements for the years ended 31 December 2024 and 2023 are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Carrying amounts at the beginning of the year	**17,473**	13,967
Additions	**24,231**	13,063
Accretion of interest recognized (Note 10)	**1,016**	642
Payments	**(13,869)**	(10,199)
Modifications	**(1,396)**	–
Carrying amounts at the end of the year	**27,455**	17,473

14 LEASES (continued)

(b) Lease liabilities (continued)

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Lease liabilities		
Current	**12,893**	9,874
Non-current	**14,562**	7,599
	27,455	17,473

(ii) A maturity analysis of lease liabilities during the Reporting period is shown in the table below:

Minimum lease payments due

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**13,742**	10,505
Between 1 and 2 years	**11,344**	4,579
Between 2 and 5 years	**3,628**	3,406
	28,714	18,490
Less: future finance charges	**(1,259)**	(1,017)
	27,455	17,473

Present value of lease liabilities

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**12,893**	9,874
Between 1 and 2 years	**10,988**	4,296
Between 2 and 5 years	**3,574**	3,303
	27,455	17,473

14 LEASES (continued)

(b) Lease liabilities (continued)

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest expenses (included in finance cost) (Note 10)	**1,016**	642
Expense relating to short-term leases (included in expenses) (Note 6)	**5,123**	3,064
	6,139	3,706
Cash outflow for leases as operating activities	**5,123**	3,064
Cash outflow for leases as financing activities	**13,869**	10,199
	18,992	13,263

15 INVESTMENT PROPERTIES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Opening net book amount	**165,039**	169,053
Depreciation of investment properties (Note 6)	**(4,027)**	(4,014)
Closing net book value	**161,012**	165,039
At end of the year		
Cost	**195,819**	195,819
Accumulated depreciation	**(34,807)**	(30,780)
Net book value	**161,012**	165,039
Fair value	**298,900**	270,800

15 INVESTMENT PROPERTIES (continued)

(i) Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Rental income from operating leases	**18,134**	19,842
Direct operating expenses that generated rental income	**(8,683)**	(8,464)
	9,451	11,378

(ii) Non-current assets pledged as security

The Group's investment properties with net book value of RMB161,012,000 as at 31 December 2024 (31 December 2023: RMB165,039,000) were pledged for the Group's long-term bank borrowings (Note 29).

(iii) Valuations for investment properties

The fair values of the Group's investment properties are categorized under Level 3 fair value hierarchy and determined using income approach by taking into account the rental income derived from existing leases and achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalisation rate. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value.

The Group engaged an external, independent and qualified valuer to determine the fair value of the investment properties.

16 INTANGIBLE ASSETS

	Trademarks and Patents *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
Year ended 31 December 2023					
Opening net book value	347	12,130	2,892	3,650	19,019
Additions	–	2,842	–	–	2,842
Amortization charge (Note 6)	(34)	(4,636)	–	–	(4,670)
Closing net book value	313	10,336	2,892	3,650	17,191
As at 31 December 2023					
Cost	664	28,914	2,892	3,650	36,120
Accumulated amortization	(351)	(18,578)	–	–	(18,929)
Net book value	313	10,336	2,892	3,650	17,191
Year ended 31 December 2024					
Opening net book value	**313**	**10,336**	**2,892**	**3,650**	**17,191**
Additions	**–**	**6,300**	**–**	**–**	**6,300**
Amortization charge (Note 6)	**(31)**	**(4,101)**	**–**	**–**	**(4,132)**
Closing net book value	**282**	**12,535**	**2,892**	**3,650**	**19,359**
As at 31 December 2024					
Cost	**664**	**35,214**	**2,892**	**3,650**	**42,420**
Accumulated amortization	**(382)**	**(22,679)**	**–**	**–**	**(23,061)**
Net book value	**282**	**12,535**	**2,892**	**3,650**	**19,359**

16 INTANGIBLE ASSETS (continued)

Amortisation of intangible assets has been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of sales	**1,489**	1,803
Research and development expenses	**1,443**	2,048
General and administrative expenses	**868**	538
Selling and marketing expenses	**332**	281
Total	**4,132**	4,670

(i) As at 31 December 2024 and 2023, the goodwill of RMB3,650,000 was mainly arising from the acquisition of Lianlian Yintong and is attributable to the acquired market shares, future expansion prospect, economies of scale and synergies expected to be derived from combining the resources and operations of the Group following the acquisition.

Impairment review on the goodwill of the Group has been conducted by management as at 31 December 2024 and 2023 according to IAS 36 "Impairment of assets". For the purpose of the impairment review, the recoverable amount of goodwill is determined based on fair value less costs of disposal. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to Lianlian Yintong was recognized for the years ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, based on management's assessment on the recoverable amounts, the headroom of Lianlian Yintong were as below:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Lianlian Yintong	**354,563**	171,448

16 INTANGIBLE ASSETS (continued)

(i) (continued)

The following table sets out the key assumptions for Lianlian Yintong:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Comparable company multiples	**1.75**	1.75
Liquidity discount	**30%**	30%

As at 31 December 2024, 20% decrease in comparable company multiples will decrease the headroom of Lianlian Yintong by approximately RMB149,561,000 (31 December 2023: RMB89,819,000). A reasonably possible change in key parameters would not cause the carrying amount of the cash-generating units ("CGU") to exceed its recoverable amount.

(ii) Impairment review on the license of the Group has been conducted by management as at 31 December 2024 according to IAS 36 "Impairment of assets". For the purpose of the impairment review, the recoverable amount of license is determined based on value in use ("VIU"). VIU was determined using the cash flow projections based on business projection covering a five-year period. The management leveraged their extensive experiences in the industries and prepared the forecast based on their expectation of future business projection and market development. The discount rates adopted were derived from the analysis of the Group's time value and specific risk.

As at 31 December 2024, based on management's assessment on the recoverable amounts, the headroom of the license were IDR1,216,770,000 (31 December 2023: IDR1,208,611,000).

The following table sets out the level-3 key assumptions for impairment testing of the license. The directors of the Group were of the view that reasonably possible change in the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

	Key assumptions
Revenue growth rate during the projection period	15.0% to 25.0%
Terminal value growth rate	2.00%
Pre-tax discount rate	15.00% to 16.61%

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
LianTong (a)	**–**	291,157
Zhejiang Zhong Pu Lian Technology Co., Ltd ("Zhong Pu Lian Technology") (b)	**–**	1,361
	–	292,518

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
LianTong (a)	**(291,157)**	(663,544)
Zhong Pu Lian Technology (b)	**(1,361)**	(1,639)
	(292,518)	(665,183)

The Group also has unrecognised share of losses of associates of RMB202,898,000 mainly related to LianTong for the year ended 31 December 2024 and cumulatively because the carrying value of the investments accounted for using the equity method is nil as at 31 December 2024.

(a) Investment in LianTong

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

Name of entity	Place of business/ country of establishment	% of ownership interest		Nature of relationship	Measurement method	Carrying amount As at 31 December	
		2024	2023 (Note 9)			**2024**	2023
		%	%			***RMB'000***	*RMB'000*
LianTong	The PRC	**45.2**	45.2	Associate	Equity method	**–**	291,157

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

(a) Investment in LianTong (continued)

Set out below are the movement of investment in LianTong for the years ended 31 December 2024 and 2023.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Carrying amounts at the beginning of the year	**291,157**	205,620
Additions	–	504,611
Share of net loss accounted for using the equity method	**(291,157)**	(663,544)
Dilution gains (Note 9)	–	244,470
Carrying amounts at the end of the year	–	291,157

(i) The Group entered into a joint venture agreement with affiliates of American Express to establish LianTong in 2017. LianTong obtained its bankcard clearing business license in June 2020, and provides bankcard clearing and settlement services to issuing banks and merchant acquirers in its network, and offers cardholder benefits to Chinese consumers.

The Company holds 45.2% of the equity interests in LianTong as at 31 December 2024 (31 December 2023: 45.2%). The Group has significant influence over LianTong through board representation. Pursuant to the agreement between American Express and the Company, the Company does not have control over LianTong's operation. Accordingly, LianTong was accounted for as an associate of the Group by using the equity method during the Reporting period.

(ii) Based on the impairment assessment performed by the Group, the recoverable amount of investment in LianTong as at 31 December 2023 was higher than the respective carrying amount of the investment, and the directors of the Company were of the view that there was no need for impairment provision in the carrying values of the Group's investments in LianTong.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

(a) Investment in LianTong (continued)

Summarised balance sheets of LianTong

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current assets		
Cash and cash equivalents	**516,752**	663,204
Other current assets	**221,301**	245,254
Total current assets	**738,053**	908,458
Non-current assets	**297,031**	401,936
Current liabilities	**(1,432,992)**	(632,693)
Non-current liabilities	**(50,093)**	(33,549)
Net (deficits)/assets	**(448,001)**	644,152

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

(a) Investment in LianTong (continued)

Summarised balance sheets of LianTong (continued)

Reconciliation of above summarised financial information presented to carrying amounts of the Group's share of interests in the associate:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Opening net assets	**644,152**	411,241
Capital contribution from its shareholders	**–**	1,560,000
Loss for the year	**(1,092,153)**	(1,327,089)
Closing net (deficits)/assets	**(448,001)**	644,152
Group's share in %	**45.20%**	45.20%
Group's share and carrying amount	**–**	291,157

Summarised income statements of LianTong

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**423,104**	328,577
Interest income	**8,156**	11,047
Depreciation and amortisation	**(61,893)**	(78,374)
Interest expense	**(12,897)**	(13,286)
Income tax expenses	**–**	–
Loss for the year	**(1,092,153)**	(1,327,089)
Total comprehensive loss for the year	**(1,092,153)**	(1,327,089)

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

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

Set out below are the movement of Zhong Pu Lian Technology for the years ended 31 December 2024 and 2023.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Carrying amounts at the beginning of the year	**1,361**	–
Additions (i)	**–**	3,000
Share of net loss accounted for using the equity method	**(1,361)**	(1,639)
Carrying amounts at the end of the year	**–**	1,361

(i) The Company entered into a joint venture agreement to establish Zhong Pu Lian Technology in February 2023. The Company holds 30% of the equity interests and has significant influence over Zhong Pu Lian Technology through board representation. Accordingly, Zhong Pu Lian Technology was accounted for as an associate of the Group by using the equity method.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associate	**–**	1,361
Aggregate amounts of the Group's share of:		
Loss of the associate	**(1,361)**	(1,639)
Other comprehensive loss	**–**	–
Total comprehensive loss	**(1,361)**	(1,639)

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

(c) Accounting policy of associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associate are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profits/(losses) of investments accounted for using the equity method" in the consolidated statement of comprehensive income.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES (continued)

(d) Subsidiaries

The Group's principal subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country/place and date of incorporation/establishment and kind of legal entity	Principal activities	Particulars of registered/issued share capital	Ownership interests held by the Group as at 31 December		Ownership interests held by non-controlling interests as at 31 December	
				2024	2023	**2024**	2023
Subsidiaries directly held:							
Lianlian Yintong Electronic Payment Co., Ltd.	The PRC, 7 August 2003, limited liability company	Internet payment	RMB325,000,000	**100%**	100%	**–**	–
Lianlian Hong Kong Company Limited	Hong Kong, 17 April 2018, limited liability company	Investment holding	USD4,500,000	**100%**	100%	**–**	–
Lianlian (Hangzhou) Information Technology Co., Ltd.	The PRC, 20 October 2005, limited liability company	Information technology service	RMB80,198,000	**100%**	100%	**–**	–
Subsidiaries indirectly held:							
Zhejiang Lianlian Information Technology Co., Ltd.	The PRC, 2 August 2011, limited liability company	Investment properties leasing and property management	RMB318,000,000	**100%**	100%	**–**	–
Lianlianbao (Hangzhou) Information Technology Co., Ltd.	The PRC, 15 August 2019, limited liability company	Information technology service	RMB100,000,000/ RMB75,000,000	**100%**	100%	**–**	–
LL Pay UK Limited	The U.K., 13 July 2016, limited liability company	Internet payment	GBP350,000	**100%**	100%	**–**	–
LL Pay U.S. LLC	The U.S.A., 5 July 2016, limited liability company	Internet payment	USD14,960,000	**100%**	100%	**–**	–
Lianlian International Company Limited	Hong Kong, 20 June 2016, limited liability company	Internet payment	HKD1	**100%**	100%	**–**	–
Zhejiang Lianlianbao Network Co., Ltd.	The PRC, 22 February 2019, limited liability company	Information technology service	RMB50,000,000/ RMB30,000,000	**100%**	100%	**–**	–
Lite Pay Company Limited	Hong Kong, 9 September 2016, limited liability company	Internet payment	HKD1	**100%**	100%	**–**	–
DFX Labs Company Limited	Hong Kong, 2 May 2023, limited liability company	Information technology service	HKD159,000,000	**100%**	100%	**–**	–
Lianlian Europe S.A.	Luxembourg, 18 January 2023, limited liability company	Information technology service	EUR350,000	**100%**	100%	**–**	–

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Assets as per balance sheets		
Financial assets at amortised costs:		
– Customer accounts and restricted cash (Note 23)	**12,606,903**	9,183,911
– Cash and cash equivalents (Note 23)	**522,250**	189,840
– Other receivables (Note 19)	**114,973**	32,292
– Trade receivables (Note 20)	**93,038**	67,552
Financial assets at fair value:		
– Financial assets at FVPL (Note 21)	**353,002**	274,766
– Financial assets at FVOCI (Note 22)	**50,840**	39,006
	13,741,006	9,787,367
Liabilities as per balance sheets		
Financial liabilities at amortised costs:		
– Borrowings (Note 29)	**479,313**	437,545
– Other payables (excluding VAT payables and other tax payables, staff costs and welfare accruals) (Note 28)	**12,553,234**	9,191,427
– Trade payables (Note 27)	**74,710**	76,006
– Lease liabilities (Note 14(b))	**27,455**	17,473
	13,134,712	9,722,451

19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Included in current assets		
Prepayments:		
Prepaid expenses	**24,337**	16,399
Other current assets:		
Value-added tax recoverable	**16,582**	16,348
Prepaid income tax	**1,895**	–
Inventories	**615**	667
Prepaid listing expenses	**–**	14,010
	19,092	31,025
Other receivables:		
Advance paid on behalf of customers (i)	**65,927**	11,165
Deposits for payment channels and rentals	**45,596**	19,411
Receivables from related parties	**150**	150
Others	**4,276**	1,830
	115,949	32,556
Less: loss allowance	**(976)**	(264)
	114,973	32,292
Total	**158,402**	79,716

(i) Advance paid on behalf of customers

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

20 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**103,149**	72,154
Less: loss allowance	**(10,111)**	(4,602)
	93,038	67,552

The Group applies the IFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. Note 3.1 provides for details about the ageing analysis of the trade receivables (net of allowance for impairment of trade receivables) based on invoice date and the calculation of the allowance.

The carrying amounts of the Group's trade receivables are mainly denominated in RMB and approximate their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Classification of financial assets at fair value through profit or loss

Financial assets measured at FVPL include the following:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Included in current assets		
Unlisted equity investments (i)	**178,865**	192,321
Treasury investments (ii)	**87,970**	–
Listed equity securities (iii)	**16,804**	–
	283,639	192,321
Included in non-current assets		
Unlisted equity investments (iv)	**69,363**	82,445
	353,002	274,766

The details of the investments in unlisted investments are as follows:

(i) The Group held 4.84% of the equity interests of Hangzhou Hyperchain Technology Co., Ltd. ("Hyperchain Technology") as at 31 December 2024 and 2023. The Group does not participate in or influence the financial and operating policy decisions of Hyperchain Technology and, consequently, the Group has no significant influence over Hyperchain Technology.

The Group intends to sell the equity interests of Hyperchain Technology and, therefore, included it in current assets based on management's expectation.

(ii) This represents the Group's investments in treasury investments 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. The Group has fully redeemed the investments subsequently in 2025 as of the report date.

(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 year ended 31 December 2024, fair value losses of RMB8,950,000 were recognized in "other (losses)/gains – net" (year ended 31 December 2023: Nil).

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Classification of financial assets at fair value through profit or loss (continued)

(iv) The balance mainly included the Group's investment in Queen Bee Capital Co., Ltd. ("QBC"). The Group holds 12.96% of the voting rights in QBC as at 31 December 2024 and 2023. The Group does not participate in or influence the financial and operating policy decisions of QBC, as a result, the Group has no significant influence over QBC. Therefore, it was accounted for as financial assets at fair value through profit or losses.

The Group intends to hold equity interests of QBC as strategic investment instead of held-for-trading and included them in non-current assets.

(b) Amounts recognised in profit or loss

For the years ended 31 December 2024 and 2023, the following gains were recognised in profit or loss:

Financial assets measured at FVPL include the following:

	Unlisted equity investments		Treasury investments	Listed equity securities	
	Current	Non-current	Current	Current	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	192,321	82,445	–	–	274,766
Additions	–	–	164,929	25,558	190,487
Fair value (losses)/gains (Note 9)	(13,456)	(14,164)	1,692	(8,950)	(34,878)
Disposal gains (Note 9)	–	–	894	–	894
Currency translation difference	–	1,082	820	196	2,098
Disposals	–	–	(80,365)	–	(80,365)
As at 31 December 2024	**178,865**	**69,363**	**87,970**	**16,804**	**353,002**

	Unlisted equity investments		
	Current	Non-current	Total
	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 3.3)	3,754	(1,984)	1,770
Currency translation difference	–	1,381	1,381
As at 31 December 2023	192,321	82,445	274,766

(c) Risk exposure and fair value measurements

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Classification of financial assets at fair value through other comprehensive income

Financial assets measured at FVOCI include the following:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Included in non-current assets		
Unlisted equity investments (i)	**50,840**	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 31 December 2024 and 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 (Note 3.3).

(b) Amounts recognised in other comprehensive income

For the years ended 31 December 2024 and 2023, the following gains were recognised in profit or loss:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Fair value change recognised in other comprehensive income	**11,834**	(4,683)

(c) Risk exposure and fair value measurements

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

23 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH

Cash and cash equivalents:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash at bank	**13,128,945**	9,373,600
Cash on hand	**208**	151
	13,129,153	9,373,751
Less: customer accounts and restricted cash (a)	**(12,606,903)**	(9,183,911)
Cash and cash equivalents	**522,250**	189,840

(a) Customer accounts and restricted cash

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Customer accounts (i)	**12,597,785**	9,175,263
Performance guarantees for payment business (ii)	**8,228**	7,764
Others	**890**	884
	12,606,903	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 the collected funds for the designated purpose of providing digital payment services.

Customer accounts also comprise the service fees earned by the Group arising from completed digital payment services which has not been withdrawn from customer deposit bank accounts. It also includes, to a lesser extent, deposits made by the Group to meet requests from customers seeking expedited settlements. These balances were not reported as cash and cash equivalents because they were held on the customer accounts with collected funds.

23 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH (continued)

(a) Customer accounts and restricted cash (continued)

(ii) Performance guarantees for payment business

Performance guarantees for payment business mainly represents the amounts pledged to banks as collateral for issuance of letters of guarantee and other purpose relating to the global and domestic payment business.

Cash and cash equivalents, restricted cash and customer accounts are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash and cash equivalents and restricted cash		
USD	**187,995**	53,223
HKD	**166,259**	2,349
RMB	**130,784**	115,088
EUR	**15,724**	13,735
GBP	**11,675**	5,683
Others	**18,931**	8,410
	531,368	198,488
Customer accounts:		
USD	**5,540,717**	4,132,049
RMB	**3,660,713**	2,526,121
EUR	**1,289,437**	893,775
GBP	**519,834**	508,429
JPY	**478,913**	436,390
CAD	**252,073**	164,510
SGD	**196,713**	42,099
HKD	**152,322**	168,584
Others	**507,063**	303,306
	12,597,785	9,175,263

24 SHARE CAPITAL

	As at 31 December	
	2024	2023
	RMB'000	*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 31 December 2024	**1,079,060**

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

25 OTHER RESERVES

	Note	**Share Premium**	**Share-based Compensation Reserve**	**Statutory Reserves**	**Other reserves**	**Total**
		RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
As at 1 January 2023		1,561,585	479,598	–	26,158	2,067,341
Profit appropriations to statutory reserves		–	–	771	–	771
Fair value change of financial assets at FVOCI		–	–	–	(3,981)	(3,981)
Share-based compensation	*26*	–	191,495	–	–	191,495
Currency translation differences		–	–	–	(540)	(540)
As at 31 December 2023		1,561,585	671,093	771	21,637	2,255,086
As at 1 January 2024		**1,561,585**	**671,093**	**771**	**21,637**	**2,255,086**
Issuance of ordinary shares	*24*	**498,709**	**–**	**–**	**–**	**498,709**
Profit appropriations to statutory reserves		**–**	**–**	**32**	**–**	**32**
Fair value change of financial assets at FVOCI, net off tax impact		**–**	**–**	**–**	**10,059**	**10,059**
Share-based compensation	*26*	**–**	**237,432**	**–**	**–**	**237,432**
Currency translation differences		**–**	**–**	**–**	**(3,246)**	**(3,246)**
As at 31 December 2024		**2,060,294**	**908,525**	**803**	**28,450**	**2,998,072**

26 SHARE-BASED PAYMENTS

(a) Share awards

According to the resolution at the second interim shareholders' meeting dated 11 December 2020, the Company provided share-based incentives to those qualified employees, issuing 9,180,000 shares to the incentive recipients at a price of RMB2.96 per share. The shares accounted for 0.9% of the Company's total shares. Since there was no vesting period for such share-based incentives, the difference between the price and the fair value of the Company's equities, namely RMB110,585,000, was accounted as one-time share-based payment expenses.

(b) Share option scheme

On 1 February 2021, 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 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 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.

26 SHARE-BASED PAYMENTS (continued)

(b) Share option scheme (continued)

Movements in the options granted under the options Incentive Plan are as below:

	Weighted average exercise price in RMB per share option *RMB*	Number of options
As at 31 December 2022	2.96	18,040,500
Granted	5.00	56,125,300
Forfeited	2.96	(4,274,000)
As at 31 December 2023	4.96	69,891,800
Forfeited	4.41	(1,415,000)
As at 31 December 2024	**4.58**	**68,476,800**

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

Grant date	Expiry date	Exercise price	Number of share options as at 31 December 2024	Number of share options as at 31 December 2023
February 2021	1 February 2027	RMB2.96	**14,083,000**	14,493,000
June 2023	12 June 2028	RMB5.00	**54,393,800**	55,398,800

Weighted average remaining contractual life of options outstanding as at 31 December 2024 and 2023 were 3.2 and 4.2 years.

26 SHARE-BASED PAYMENTS (continued)

(b) Share option scheme (continued)

(ii) The Group recognised share based compensation expenses of RMB237,432,000 and RMB191,495,000 for the years ended 31 December 2024 and 2023 in relation to share options granted by the Company respectively.

(c) The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted option-pricing model to determine the fair value of the underlying ordinary shares. Key assumptions, such as discount rate and projections of further performance, are determined by the Group with best estimate.

The estimate of the fair value of the share options granted is measured by an external independent valuer using Black-Scholes and Binomial option pricing model as at the respective grant dates, which is to be expensed over the relevant vesting periods. The significant inputs into the model were listed below:

	2023	2021
Expected volatility	**51.16%**	51.89% – 58.17%
Risk-free interest rate	**2.24%**	2.60% – 2.79%
Dividend yield	**0.00%**	0.00%
Exercise price	**5.00**	2.96

The expected volatility was estimated at the grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the options. Management estimated the risk-free interest rate based on the yield of China government bond with a maturity life equal to the life of shares. Dividend yield is based on management estimation at the grant date.

(d) The Group is required to estimate the annual forfeiture rate to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 31 December 2024 and 2023, the expected forfeiture rate for the incentive recipients was estimated at 14.15% and 13.11%, respectively.

(e) Accounting policy of share-based payments

Share-based compensation benefits are provided to employees via shares issued by the Group and the employee option plan. Information relating to these schemes is set out in Note 26.

For shares issued by the Group to employees vest immediately, on the grant date, the difference of the fair value of such shares and the exercise price is recognised as share-based compensation expense with a corresponding increase in equity.

26 SHARE-BASED PAYMENTS (continued)

(e) Accounting policy of share-based payments (continued)

Employee options

The fair value of options granted under the employee option plan is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognized for that award, as at the date of forfeiture, is treated as if it had never been recognized. At the same time, any expense previously recognized on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

Where there is any modification of terms and conditions in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

The grant by the Company of its equity instruments to the employees of the subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses are treated as part of the "investments in subsidiaries" in the Company's balance sheets.

27 TRADE PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables (a)		
– Service charge payables	**51,758**	55,754
– Payable for processing fees to financial institutions and payment networks	**21,524**	18,990
– Others	**1,428**	1,262
	74,710	76,006

(a) Trade payables

Trade payables are unsecured and are usually paid within 90 days of recognition. As at 31 December 2024 and 2023, the aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**54,749**	60,995
91 to 180 days	**5,335**	5,021
181 days to 1 year	**5,928**	2,758
Over 1 year	**8,698**	7,232
	74,710	76,006

28 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Payables to merchants and other customers (i)	**12,466,651**	9,082,463
Staff costs and welfare accruals	**130,791**	100,919
VAT payables and other tax payables	**7,483**	19,581
Payables for acquisition of long-term assets	**435**	387
Amounts due to related parties	**315**	444
Payables for listing expenses	**–**	34,849
Others	**85,833**	73,284
	12,691,508	9,311,927

(i) The balance represents funds processed by the Group for merchants and other customers, which are awaiting to be settled with merchants and other customers as requested.

29 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Bank borrowings, pledged (a)	**136,850**	147,900
Borrowings included in current liabilities:		
– Bank borrowings, unsecured (b)	**331,232**	278,401
– Current portion of long-term bank borrowings, pledged (a)	**11,231**	11,244
	342,463	289,645
	479,313	437,545

(a) As at 31 December 2024, bank borrowings of RMB148,081,000 (31 December 2023: RMB159,144,000) were pledged by the Group's investment properties (Note 15), buildings (Note 13), and land use rights (Note 14). The carrying amounts of assets pledged as security for current and non-current borrowings are disclosed in Note 35.

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

As at 31 December 2024 and 2023, the Group's borrowings were repayable as follows

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**342,463**	289,645
Between 1 and 2 years	**11,050**	11,050
Between 2 and 5 years	**33,150**	33,150
Over 5 years	**92,650**	103,700
	479,313	437,545

(b) As at 31 December 2024 and 2023, the Group has entered into several short-term agreements with certain banks in the Mainland China. The borrowings had the maturity of one year or less and the interest rates ranging from 3.15% to 4.05% per annum as at 31 December 2024 (31 December 2023: 3.80% to 4.65%).

30 DEFERRED INCOME

The Group's deferred income represents government grants received from governmental authorities. The movement of deferred income is set out below:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**9,480**	11,820
Additions	**3,160**	2,562
Recognised in profit or loss	**–**	(4,902)
At the end of the year	**12,640**	9,480

31 DEFERRED INCOME TAXES

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Total deferred income tax assets	**492,856**	74,354
Set-off of deferred tax assets pursuant to set-off provisions (a)	**(67,604)**	(56,548)
Net deferred income tax assets	**425,252**	17,806
Deferred income tax assets:		
– to be recovered within 1 year	**415,192**	11,939
– to be recovered more than 1 year	**77,664**	62,415
	492,856	74,354
Total deferred income tax liabilities	**67,604**	56,713
Set-off of deferred tax liabilities pursuant to set-off provisions (a)	**(67,604)**	(56,548)
Net deferred income tax liabilities	**–**	165
Deferred income tax liabilities:		
– to be recovered within 1 year	**2,159**	4,036
– to be recovered more than 1 year	**65,445**	52,677
	67,604	56,713

31 DEFERRED INCOME TAXES (continued)

(a) The Group only offset deferred tax assets and deferred tax liabilities for presentation purposes only if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on same tax payee.

The movement in deferred income tax assets are as follows:

Deferred income tax assets	Unused tax losses *RMB'000*	Investments in associates (Note 11) *RMB'000*	Lease liabilities *RMB'000*	Advertising expenses *RMB'000*	Share-based compensation expenses *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2023	57,695	–	2,161	2,312	–	1,764	63,932
(Debited)/credit to profit or loss (Note 11)	(474)	–	894	7,269	2,954	(221)	10,422
As at 31 December 2023	57,221	–	3,055	9,581	2,954	1,543	74,354
Credit to profit or loss (Note 11)	**116,765**	**294,545**	**1,429**	**798**	**4,115**	**850**	**418,502**
As at 31 December 2024	**173,986**	**294,545**	**4,484**	**10,379**	**7,069**	**2,393**	**492,856**

(b) The movement in deferred income tax liabilities are as follows:

Deferred income tax liabilities	Changes in fair value *RMB'000*	Undistributed profits of overseas subsidiaries *RMB'000*	Right-of-use assets *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at 1 January 2023	45,879	11,085	2,013	357	59,334
Debited/(credit) to profit or loss (Note 11)	939	(3,506)	811	(163)	(1,919)
Credit to other comprehensive income	(702)	–	–	–	(702)
As at 31 December 2023	46,116	7,579	2,824	194	56,713
(Credit)/debited to profit or loss (Note 11)	**(3,365)**	**11,092**	**1,552**	**(163)**	**9,116**
Credit to other comprehensive income	**1,775**	**–**	**–**	**–**	**1,775**
As at 31 December 2024	**44,526**	**18,671**	**4,376**	**31**	**67,604**

32 DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 31 December 2024 and 2023.

33 CASH FLOW INFORMATION

(a) Reconciliation of loss before income tax to net cash (used in)/generated from operations

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss before income tax	**(572,007)**	(651,756)
Adjustments for:		
– Depreciation of property and equipment (Note 6)	**13,716**	13,673
– Depreciation of investment properties (Note 6)	**4,027**	4,014
– Depreciation of right-of-use assets (Note 6)	**12,973**	9,213
– Amortisation of intangible assets (Note 6)	**4,132**	4,670
– Dividend income from financial assets (Note 8)	**(405)**	(308)
– Loss/(gains) on disposal of property and equipment	**72**	(63)
– Share of loss of investments accounted for using the equity method (Note 17)	**292,518**	665,183
– Impairment losses on financial assets (Note 3.1(b))	**6,221**	1,763
– Fair value loss/(gains) on financial assets at FVPL (Note 9)	**33,983**	(1,770)
– Interest income on loans to related parties (Note 36(b)(iii))	**–**	(6,247)
– Share-based compensation expenses (Note 7)	**237,432**	191,495
– Interest income on customer accounts (Note 8)	**(184,527)**	(98,075)
– Dilution gains (Note 9)	**–**	(244,470)
– Modification of lease contract (Note 14)	**41**	–
– Finance costs – net (Note 10)	**11,671**	10,030
Operating cash flows before changes in working capital	**(140,153)**	(102,648)
Changes in working capital:		
– Trade receivables, prepayments, other receivables and other current assets	**(102,102)**	(68,068)
– Deferred income	**3,160**	(2,340)
– Trade payables, other payables and accruals, and contract liabilities	**3,375,884**	605,492
– Customer accounts and restricted cash	**(3,422,992)**	(431,751)
Cash (used in)/generated from operations	**(286,203)**	685

33 CASH FLOW INFORMATION (continued)

(b) Net asset/(debt) reconciliation

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash and cash equivalents (Note 23)	**522,250**	189,840
Lease liabilities	**(27,455)**	(17,473)
Borrowings	**(479,313)**	(437,545)
Net asset/(debt)	**15,482**	(265,178)

	Liabilities from financing activities			Other assets	
	Lease liabilities	**Borrowings**	**Subtotal**	**Cash and cash equivalents**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
As at 1 January 2023	(13,967)	(264,229)	(278,196)	145,504	(132,692)
Cash flows	10,199	(161,145)	(150,946)	42,027	(108,919)
Accrued interest expenses (Note 10)	(642)	(12,159)	(12,801)	–	(12,801)
Foreign exchange adjustments	–	(12)	(12)	2,309	2,297
Other non-cash movements	(13,063)	–	(13,063)	–	(13,063)
As at 31 December 2023	(17,473)	(437,545)	(455,018)	189,840	(265,178)
Cash flows	**13,869**	**(22,895)**	**(9,026)**	**327,045**	**318,019**
Accrued interest expenses (Note 10)	**(1,016)**	**(18,708)**	**(19,724)**	**–**	**(19,724)**
Foreign exchange adjustments	**–**	**(165)**	**(165)**	**5,365**	**5,200**
Other non-cash movements	**(22,835)**	**–**	**(22,835)**	**–**	**(22,835)**
As at 31 December 2024	**(27,455)**	**(479,313)**	**(506,768)**	**522,250**	**15,482**

34 COMMITMENTS

(a) Capital commitments

As at 31 December 2024 and 2023, there were no significant investments contracted for at the end of the year but not recognised as liabilities.

(b) Non-cancellable operating lease

The Group leases office buildings under non-cancellable operating leases. As at 31 December 2024 and 2023, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**1,618**	2,179

35 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Non-current		
Property, plant and equipment	**100,914**	106,099
Land use rights	**2,743**	2,821
Investment properties	**161,012**	165,039
	264,669	273,959
	264,669	273,959

Assets pledged as security for current and non-current borrowings were disclosed in Notes 13, 14, 15 and 23.

36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the years ended 31 December 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 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

36 RELATED PARTY TRANSACTIONS (continued)

(b) Major transactions with related parties

Trade nature

(i) Provision of services

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Ningbo Lianhui Commercial Factoring Co., Ltd.	**2,756**	2,138
Others	**62**	1,643
	2,818	3,781

(ii) Rental income

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
LianTong	**2,740**	2,711
Others	**702**	1565
	3,442	4,276

36 RELATED PARTY TRANSACTIONS (continued)

(b) Major transactions with related parties (continued)

Non-trade nature

(iii) Loans to related parties

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Repayments of loans from related parties		
–LianTong	–	300,000
Interest income related to loans to related parties		
–LianTong	–	6,247
Interest received from related parties		
–LianTong	–	10,785

In June 2022, the Group provided a loan of RMB300,000,000 to LianTong with a term of 1 year, and the annual interest rate is determined on the basis of national interbank offered rate plus 1.83%. In May 2023, the principal and interest of the loan were fully received.

(c) Receivables from and payables to related parties

Trade nature

(i) Accounts receivables

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Zhejiang Zhong Pu Lian Technology Co., Ltd.	**1,590**	1,590
Ningbo Lianhui Commercial Factoring Co., Ltd.	**1,021**	40
Others	**4**	3
	2,615	1,633

36 RELATED PARTY TRANSACTIONS (continued)

(c) Receivables from and payables to related parties (continued)

Trade nature (continued)

(ii) Advances from customers

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
LianTong	**807**	849

(d) Key management personnel compensation

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**23,281**	7,295
Share-based compensation expenses	**107,262**	48,300
Employee social security plans, medical insurances, other social insurances obligations and housing benefits	**1,424**	536
Welfare and other benefits	**50**	30
	132,017	56,161

37 EVENTS OCCURRING AFTER THE REPORTING PERIOD

In December 2024, the Company entered into an equity transfer and capital increase agreement (the "Agreement") with American Express. Under the Agreement, American Express agrees to purchase from the Company 14.56% of the equity interests in LianTong immediately after completion of the capital injections (as mentioned below) at a cash consideration of RMB1,601.5 million (the "Disposal"). Besides, pursuant to the Agreement, American Express will also make capital increase of RMB2,330.2 million to LianTong (the "Capital Increase"). The Disposal and Capital Increase were approved by PBOC in December 2024. The Disposal was completed in February 2025 and the Capital Increase is expected to be completed in March 2025.

A disposal gain of approximately RMB1,601.5 million will be recognised upon the completion of the Disposal (the carrying amount of the investment in LianTong as at 31 December 2024 is nil (Note17)).

After the completion of the Disposal and Capital Increase, the Company's interest in LianTong will further diluted to 17.63% while American Express's interest will increase to 82.37%. The total board seats of LianTong will change to four, of which the Company will hold one and continue to have significant influence over LianTong. Such change of equity holding structure will result in a deemed disposal of the Company's partial interest in LianTong and, consequently, a dilution gain of approximately RMB445.4 million will be recognised upon the completion of such capital injection, and a corresponding amount will increase the carrying amount of the investment in LianTong.

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Assets		
Non-current assets		
Property, plant and equipment	**429**	522
Deferred income tax asset	**400,364**	–
Right-of-use assets	**579**	135
Intangible assets	**563**	235
Investments accounted for using the equity method	**–**	292,518
Investments in subsidiaries	**1,219,166**	1,130,542
Total non-current assets	**1,621,101**	1,423,952
Current assets		
Prepayments, other receivables and other current assets	**6,149**	14,791
Amounts due from subsidiaries	**224,514**	101,487
Financial assets at fair value through profit or loss	**178,865**	192,321
Cash and cash equivalents	**91,413**	56,701
Total current assets	**500,941**	365,300
Total assets	**2,122,042**	1,789,252

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Liabilities		
Non-current liabilities		
Lease liabilities	**349**	–
Current liabilities		
Amounts due to subsidiaries	**323**	391,005
Accruals and other payables	**18,265**	69,166
Lease liabilities	**237**	140
Total current liabilities	**18,825**	460,311
Total liabilities	**19,174**	460,311
Equity		
Share capital	**1,079,060**	1,014,760
Other reserves (a)	**2,798,490**	2,062,349
Accumulated losses	**(1,774,682)**	(1,748,168)
Total equity	**2,102,868**	1,328,941
Total equity and liabilities	**2,122,042**	1,789,252

The balance sheet of the Company was approved by the Board on 18 March 2025 and was signed on its behalf.

Xin Jie	**Wei Ping**
Director	*Director*

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) Reserve movement of the Company

	Share Premium *RMB'000*	Share-based Compensation Reserve *RMB'000*	Total *RMB'000*
As at 1 January 2023	1,638,189	232,665	1,870,854
Share-based compensation	–	191,495	191,495
As at 31 December 2023	1,638,189	424,160	2,062,349
Issuance of ordinary share	**498,709**	**–**	**498,709**
Share-based compensation	**–**	**237,432**	**237,432**
As at 31 December 2024	**2,136,898**	**661,592**	**2,798,490**

39 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive, including their role as senior management or employees before their appointment as directors respectively for the years ended 31 December 2024 and 2023 respectively is set out below:

Emoluments paid or payable in respect of a person's service as a director

	Salaries/ Director's fee *RMB'000*	Discretionary bonuses *RMB'000*	Share-based compensation expenses *RMB'000*	Social security plans, housing benefits and employee welfare *RMB'000*	Total *RMB'000*
For the year ended 31 December 2024					
Executive directors					
Zhang Zhengyu (i)	1,199	1,182	–	144	2,525
Xin Jie (iii)	1,200	1,200	42,799	138	45,337
Wei Ping (ii)	1,152	713	12,840	36	14,741
Zhu Xiaosong (ii)	1,240	660	7,801	170	9,871
Wang Yu (ii)	1,140	660	6,103	207	8,110
Xue Qiangjun (ii)	1,199	960	8,242	132	10,533

39 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and chief executive's emoluments (continued)

	Salaries/ Director's fee *RMB'000*	Discretionary bonuses *RMB'000*	Share-based compensation expenses *RMB'000*	Social security plans, housing benefits and employee welfare *RMB'000*	Total *RMB'000*
Independent non-executive directors					
Chun Chang (vi)	365	–	–	–	365
Wong Chi Kin (v)	365	–	–	–	365
Lin Lanfen (v)	365	–	–	–	365
Supervisors					
Wu Wei (iv)	365	–	–	–	365
Song Jingfang (iv)	290	60	–	108	458
Hong Xiaoxue (iv)	255	30	–	97	382
	9,135	5,465	77,785	1,032	93,417
For the year ended 31 December 2023					
Executive directors					
Zhang Zhengyu (i)	1,200	960	–	123	2,283
Xin Jie (iii)	1,200	960	27,289	129	29,578
Zhu Xiaosong (ii)	1,487	800	8,063	290	10,640
Wang Yu (ii)	1,080	630	6,617	150	8,477
Xue Qiangjun (ii)	1,200	800	7,981	123	10,104
Independent non-executive directors					
Chun Chang (vi)	293	–	–	–	293
Feng Yan (v)	132	–	–	–	132
Li Qi (v)	103	–	–	–	103
Wong Chi Kin (v)	166	–	–	–	166
Lin Lanfen (v)	123	–	–	–	123
Supervisors					
Wu Wei (iv)	267	–	–	–	267
Song Jingfang (iv)	258	69	–	100	427
Hong Xiaoxue (iv)	170	62	–	64	296
	7,679	4,281	49,950	979	62,889

39 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and chief executive's emoluments (continued)

(i) Mr. Zhang Zhengyu was appointed as an executive director of the Company since 3 December 2020, and he was the chief executive officer of the Company till March 2023.

(ii) Mr. Wang Yu, Mr. Xue Qiangjun and Mr. Zhu Xiaosong were appointed as the executive directors of the Company since 3 December 2020. Mr. Xue Qiangjun resigned in June 2024, and Ms. Wei Ping was appointed as an executive director to replace his position in June 2024.

(iii) Mr. Xin Jie was appointed as an executive director of the Company since 4 April 2021. He was appointed as the chief executive officer of the Company in March 2023.

(iv) Mr. Wu Wei, Ms. Song Jingfang, Ms. Hong Xiaoxue were appointed as supervisors of the Company since 3 December 2020.

(v) Ms. Li Qi and Ms. Feng Yan resigned in 2023, and Mr. Wong Chi Kin and Ms. Lin Lanfen were appointed as independent non-executive directors to replaced their positions in June and July 2023, respectively.

(vi) Mr. Chun Chang was appointed as an independent non-executive director of the Company since 4 April 2021.

(b) Directors' retirement benefits

None of the directors received any retirement benefits for the years ended 31 December 2024 and 2023, except for contributions to pension plans.

(c) Directors' termination benefits

None of the directors received any termination benefits for the years ended 31 December 2024 and 2023.

(d) Consideration provided to third parties for making available directors' services

For the years ended 31 December 2024 and 2023, the Company did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

Save as disclosed in the Note 36(b), there were no loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors for the years ended 31 December 2024 and 2023.

39 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 36(b), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the years ended 31 December 2024 and 2023.

40 SUMMARY OF OTHER ACCOUNTING POLICIES

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

40.1 Principles of consolidation and equity accounting

40.1.1 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group except for the business combinations under common control (Refer to Note 40.1.3(a)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive loss, statements of changes in equity and balance sheets respectively.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.1 Principles of consolidation and equity accounting (continued)

40.1.2 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

40.1.3 Business combinations

(a) Business combinations under common control

Business combinations under common control refers to combinations where combining entities/businesses are controlled by the same parties before and after the combination and that control is not transitory.

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control, where all assets and liabilities are recorded at predecessor carrying amounts, as if the combining entities have been consolidated from the date when they first came under the control of the controlling party, where differences between consideration payable and the net assets value are taken to the capital reserve.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.1 Principles of consolidation and equity accounting (continued)

40.1.3 Business combinations (continued)

(b) *Business combination not under common control*

The acquisition method of accounting is used to account for business combinations not under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

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

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

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interests in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a gain on bargain purchase.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.1 Principles of consolidation and equity accounting (continued)

40.1.3 Business combinations (continued)

(b) Business combination not under common control (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

40.1.4 Separate financial statements

Investments in subsidiaries is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiary are accounted for by the Group on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

40.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and the other key management.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.3 Foreign currency translation

40.3.1 Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the Company and the Company's subsidiaries in the Mainland China are RMB. The functional currency of the Company's subsidiaries outside Mainland China are measured using the currency of the primary economic environment in which the subsidiary operates.

As the major operations of the Group for the years ended 31 December 2024 and 2023 are within the Mainland China, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

40.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in the consolidated balance sheets as part of the fair value gain or loss.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.3 Foreign currency translation (continued)

40.3.3 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

40.4 Investment properties

Investment properties are properties held to earn rentals. Investment properties are initially measured at cost and are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

The above investment properties are depreciated over their estimated useful lives of 46 years using the straight-line method. Depreciation is recognized over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.5 Property, plant and equipment

Property, plant and equipment, are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss for the years ended 31 December 2024 and 2023 in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives:

	Estimated useful lives	Residual rate
– Buildings	5 years, 10 years, 46 years	5%
– Vehicles	5-10 years	5%
– Furniture and office equipment	3-5 years	5%
– Electronic equipment	3-5 years	5%
– Leasehold improvement	Shorter of remaining lease term or useful life	

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 40.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in "Other gains" in the consolidated statements of comprehensive loss.

40.6 Intangible assets

(a) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortized using the straight-line method over their estimated useful lives of 3-10 years. Costs associated with maintaining computer software programs are recognized as expense as incurred.

(b) Trademarks and patents

Acquired trademarks and patents are capitalized on the basis of the costs incurred to acquire. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives of 10 years.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.6 Intangible assets (continued)

(c) Licence

Licence acquired in a business combination are recognised at fair value at the acquisition date. They have an indefinite life and are subsequently carried at cost without amortisation, but is tested for impairment annually.

(d) Goodwill

Goodwill is measured as described in Note 16. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGU for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(e) Research and development expenditures

The Group incurs significant costs and efforts on research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed products and all the following can be demonstrated:

- it is technically feasible to complete the development project so that it will be available for use;
- management intends to complete the development project, and use or sell it;
- the ability to use or sell the development project;
- it can be demonstrated how the development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and the ability to use or sell the development project are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the development project include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.6 Intangible assets (continued)

(e) Research and development expenditures (continued)

Other development expenditures that do not meet those above criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

For the years ended 31 December 2024 and 2023, there were no development costs meeting these criteria and capitalised as intangible assets.

40.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

40.8 Financial assets and liabilities

40.8.1 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

(i) Those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

(ii) Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.1 Financial assets (continued)

(b) Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any expected credit losses ("ECL") allowance) or to the amortised cost of a financial liability. The calculation does not consider ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ("POCI") financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.1 Financial assets (continued)

(c) *Measurement* (continued)

Debt instruments (continued)

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e., net of the ECL provision).

(ii) FVOCI: Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains". Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

(iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of comprehensive loss within "Other gains" in the period in which it arises.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.1 Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.1 Financial assets (continued)

(d) *Impairment*

The Group assesses the ECL associated with its debt instruments carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 3.1(b) provides more details of how the "Provision for impairment" is measured.

(e) *Derecognition*

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

(f) *Write-off*

Financial assets (and the related ECL allowance) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.8 Financial assets and liabilities (continued)

40.8.2 Financial liabilities

(a) *Classification and subsequent measurement*

Financial liabilities are classified as subsequently measured at amortised cost, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

(b) *Derecognition*

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

40.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets where the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.10 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's impairment policies.

40.11 Cash and cash equivalents and customer accounts

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include deposits held at call with banks, cash at other third-party online payment platforms, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Customer accounts mainly represent customer funds actually collected and awaiting disbursement as requested.

40.12 Trade and other payables

Trade payables mainly represent the obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The Group shares its payment service revenue with distribution channels in the form of commissions in accordance with the terms of the service agreements.

Payables to merchants included in other payables represent the funds in customer deposit accounts which has not been transferred to merchant customers due to the settlement cycle or the preferences of merchant customers for periodic collection of funds. The carrying amounts are estimated to be approximating their fair values, due to their short-term nature. Trade and other payables are presented as current liabilities unless payment is not due within one year or less after the reporting period.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.13 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other borrowing costs are expensed in the period in which they are incurred.

40.14 Employee benefits

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

The Group only operates defined contribution pension plans. Employees of the Group are covered by various government-sponsored social security plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments. Contributions to these plans are expensed as incurred.

Employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred.

(b) Short-term obligations

Liabilities for salaries and bonuses, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations and reflected in "Accruals and other payables" in the balance sheets.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.14 Employee benefits (continued)

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

40.15 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing:

- The losses attributable to equity holders of the Company;
- By the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.16 Leases

(a) Definition of a lease and the Group as a lessee

The Group leases various buildings and data centre in the PRC and abroad as lessee. Rental contracts are typically made for fixed periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.16 Leases (continued)

(a) *Definition of a lease and the Group as a lessee* (continued)

Right-of-use assets are measured at cost comprising the following (if applicable):

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment (Note 40.7). Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

(i) Modification of lease

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use assets.

(b) *The Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in consolidated statements of comprehensive loss due to its operating nature.

40 SUMMARY OF OTHER ACCOUNTING POLICIES (continued)

40.17 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets in "Other gains", see Note 9 above.

Interest income is presented as "Finance income" where it is earned from financial assets that are held for cash management purposes, see Note 10 above.

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

Interest income from financial assets at amortised cost is included in the "Finance income" or "Other income", see Note 9 and Note 10 above.

The effective interest method is a method of calculating the amortised cost of a financial asset (including a group of financial assets) and of allocating the interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (but does not consider future credit losses). The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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