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Application Proof of

Lakala Payment Co., Ltd.*

拉卡拉支付股份有限公司

(the “Company”)

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

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Lakala Payment Co., Ltd.*

拉卡拉支付股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the
the [REDACTED] [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED] and the [REDACTED])

[REDACTED] : [REDACTED] per H Share (payable in full in
Hong Kong dollars on application plus
brokerage of 1%, SFC transaction levy of
0.0027%, AFRC transaction levy of 0.00015%
and subject to refund and the Stock Exchange
trading fee of 0.00565%)

Nominal value : RMB[1.00] per H Share

[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]



中信建投國際

CHINA SECURITIES INTERNATIONAL

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The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on the [REDACTED] or such later date as may be agreed by the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company but in any event no later than 12:00 noon on [REDACTED]. The [REDACTED] will be not more than [REDACTED] per H Share and is currently expected to be not less than [REDACTED] per H Share. Applicants for [REDACTED] are required to pay, on application, the [REDACTED] of [REDACTED] per H Share together with brokerage of 1%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the [REDACTED] should be less than [REDACTED] per H Share. If, for any reason, the [REDACTED] is not agreed between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on or before [REDACTED], the [REDACTED] (including the [REDACTED]) will not proceed and will lapse.

The [REDACTED] (for itself and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below as stated in this Document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, an announcement will be published on the websites of our Company at www.lakala.com and the Stock Exchange at www.hkexnews.hk and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] range and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)), not later than the morning of the day which is the last day for lodging applications under the [REDACTED]. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections headed “[REDACTED]” and “[REDACTED]” in this Document.

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This Document is available at the websites of our Company at www.lakala.com and the Stock Exchange at www.hkexnews.hk. If you require a printed copy of this Document, you may download and print from the website addresses above.

* For identification purpose only

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

This Document is issued by our Company solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an [REDACTED] to sell or a solicitation of an [REDACTED] to buy any security other than the [REDACTED] [REDACTED] by this Document pursuant to the [REDACTED]. This Document may not be used for the purpose of marketing, and does not constitute, an [REDACTED] or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Document in any jurisdiction other than Hong Kong. The distribution of this Document and the [REDACTED] and sale of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

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SUMMARY

This summary aims to give you an overview of the information contained in this Document and should be read in conjunction with the full text of this Document. As this is only a summary, it does not contain all the information that may be important to you. You should read this Document in its entirety before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors.” You should read that section carefully before you decide to invest in the [REDACTED]. Various expressions used in this section are defined or explained in “Definitions” and “Glossary of Technical Terms” in this Document.

OVERVIEW

We are a leading digital payment services and digital commercial solutions provider in Asia. Starting from our digital payment services, we leverage big data, blockchain and artificial intelligence technologies, together with our years of industry experience and insights, to become an important partner for small and medium-sized merchants and industry clients in expanding their business globally, and to build a comprehensive digital operation system that helps our customers achieve business success.

We have a strong market position and well-established brand recognition in China’s digital payment market. According to Frost & Sullivan, the TPV of China’s digital payment market reached approximately RMB331.7 trillion in 2024, of which independent digital payment service providers accounted for RMB45.7 trillion. In 2024, our TPV amounted to more than RMB4.0 trillion, representing a market share of 9.4% among independent digital payment service providers, ranking first in this segment.

Small and medium-sized merchants and industry clients are our primary customers. We provide them with one-stop payment solutions covering online, offline, domestic and cross-border transactions through our self-developed payment technology system. Our solutions enable customers to process payments securely, efficiently and seamlessly across different business scenarios, payment methods and currencies. We are also actively promoting the innovative application of digital currencies and empowering customers to achieve full-chain digital operations through our comprehensive digital commercial solutions. As our customers continue to expand globally in recent years, we have consistently broadened our service offerings and established a global operating system to support merchants in their international business expansion.

SUMMARY

Market-leading Position	Digital Payment Services	Digital Commercial Solutions
 Ranked first⁽¹⁾ Domestic independent digital payment service provider	 More than RMB4.0 trillion⁽⁴⁾ of TPV	 65⁽⁵⁾ Industries covered by end-to-end business digital solutions
 Among the first batch⁽²⁾ One of the two payment institutions that entered into a strategic cooperation agreement with the Digital Currency Research Institute of the People's Bank of China	 Over 10 million⁽⁵⁾ Annual active merchants	 300+⁽⁵⁾ Third-party SaaS partners
 One of the industry's few qualification holders⁽³⁾ Independent digital payment institution qualified to provide payment services for all major international card brands	 129⁽⁵⁾ Cross-border payment capabilities covering 129 countries and regions	 130,000+⁽⁵⁾ Active merchants in the catering and retail SaaS sector

Notes:

- (1) Based on the TPV in 2024, according to the Frost & Sullivan report.
- (2) According to the Frost & Sullivan report.
- (3) According to the Frost & Sullivan report.
- (4) In 2024.
- (5) As of June 30, 2025.

OUR BUSINESS MODEL

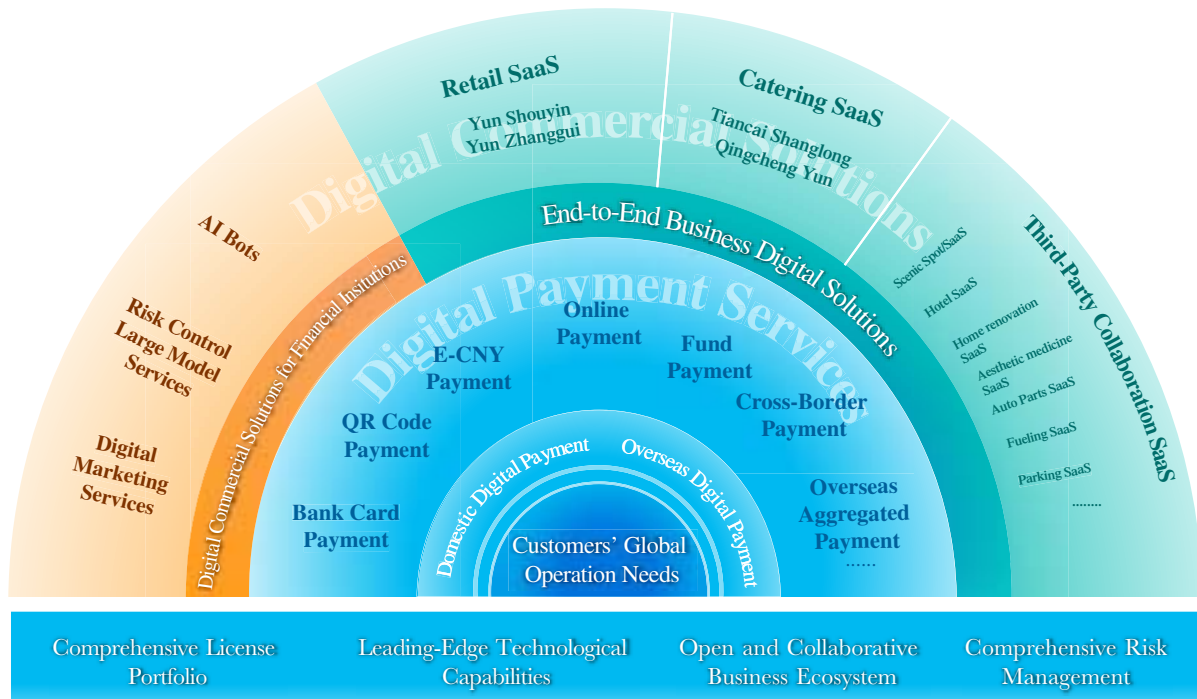
We are a leading digital payment services and digital commercial solutions provider in Asia. We offer various convenient and reliable services and solutions to businesses of all sizes, primarily including:

- **Digital Payment Services.** We provide a comprehensive range of secure, convenient and one-stop digital payment services to our customers in various industries, consisting of (i) domestic digital payment services, including bank card payment, QR code payment, e-CNY payment and fund payment; and (ii) cross-border digital payment services. We also provide payment-related services to our customers, such as mobile data services.

SUMMARY

- Digital Commercial Solutions.** Leveraging our extensive customer base of digital payment services, our deep understanding of customers’ businesses and our advanced R&D capabilities, we integrate AI and big data to provide digital commercial solutions, consisting of (i) end-to-end business digital solutions; and (ii) digital commercial solutions for financial institutions.

In addition to the above, we also provide hardware products, such as POS terminals.



Digital Payment Services

Digital payment services refer to the transaction settlement services we provide as a digital payment service provider to merchants of different sizes and various industries, enabling them to accept various forms of consumer payments quickly and securely. Our digital payment services cover a wide range of online, offline, domestic and cross-border payment solutions. We enter into payment acceptance agreements with merchants and provide comprehensive digital payment services accordingly. When merchants accept payments from consumers, we charge service fees in accordance with these agreements as our primary source of revenue.

SUMMARY

The following table sets forth the total payment volume (TPV) of our digital payment services for the periods indicated:

	Years Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	%		%		%		%		%	
(RMB in million, except for percentages)										
Domestic digital payment										
services	4,522,540	99.5%	4,511,183	99.1%	4,270,509	98.9%	2,153,636	99.0%	2,324,939	98.4%
Bank card payment . . .	3,608,403	79.4%	3,309,198	72.7%	2,858,524	66.2%	1,479,785	68.0%	1,299,660	55.0%
QR code payment	914,137	20.1%	1,201,986	26.4%	1,361,555	31.5%	673,851	31.0%	656,368	27.8%
Fund payment	—	—	—	—	50,430	1.2%	—	—	368,911	15.6%
Cross-border digital										
payment services	20,818	0.5%	43,016	0.9%	49,160	1.1%	21,332	1.0%	37,141	1.6%
Total	4,543,358	100.0%	4,554,199	100.0%	4,319,669	100.0%	2,174,967	100.0%	2,362,080	100.0%

Digital Commercial Solutions

Leveraging our extensive customer base of digital payment services, our deep understanding of customers’ businesses and our advanced R&D capabilities, we integrate AI and blockchain technologies to provide digital commercial solutions, consisting of (i) end-to-end business digital solutions; and (ii) digital commercial solutions for financial institutions.

According to Frost & Sullivan, the market size of China’s end-to-end digital solutions market, measured by revenue, expanded from RMB113.4 billion in 2020 to RMB174.2 billion in 2024, representing a CAGR of 11.3%. The market size is projected to reach RMB261.2 billion by 2029, with a CAGR of 10.0% over the period from 2025 to 2029.

We continue to advance our digitalization strategy and have achieved significant progress in digital commercial solutions. First, we focus on enhancing our merchant service system by providing comprehensive, end-to-end solutions for vertical industry clients to support their digital operations. Second, we actively integrate AI and big data technologies into our products and services to help merchants and financial institutions improve customer engagement, optimize marketing strategies and strengthen risk management capabilities.

SUMMARY

OUR STRENGTHS

We believe that the following strengths have contributed to our success and differentiated us from our competitors:

- Strong brand recognition and market leadership in Asia’s payment industry;
- Leading technology system and evolving innovation capabilities;
- Extensive customer base and self-reinforcing ecosystem;
- Extensive marketing network and strong merchant service capabilities;
- Dynamic corporate culture and visionary, experienced leadership team.

For details, see “Business — Our Strengths.”

OUR STRATEGIES

We plan to execute the following strategies to drive our future growth:

- Further expand our global commercial network;
- Strengthen our technological capabilities and expand the application of cutting-edge technologies in digital payments;
- Seek strategic investment and potential acquisition opportunities to enhance market position and unlock development potential;
- Highly value talent development and continuously attract top-tier professionals.

For details, see “Business — Our Strategies.”

SUMMARY

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

Our customer base mainly comprises merchants, financial institutions and channel partners, predominantly located in China. Through years of deep collaboration, we have established stable relationships with our customers, which provide a solid foundation for the sustainable growth of our business.

We have a large and diversified customer base, and do not rely on any particular customer. In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue generated from our five largest customers amounted to RMB191.1 million, RMB174.0 million, RMB166.0 million and RMB78.9 million, representing 3.6%, 2.9%, 2.9% and 3.0% of our total revenue, respectively.

Our channel partners purchase our POS terminals and deliver them to merchants. We also enter into service agreements directly with these merchants and pay commissions to the channel partners based on the merchants’ transaction performance. As channel partners usually make bulk purchases of POS terminals from us, some of them are among our largest customers.

Major Suppliers

Our suppliers primarily consist of payment terminal manufacturers that supply us with POS terminals and related devices, and channel partners that provide us with marketing services, most of which are based in China. We maintain stable relationships with our suppliers to ensure the stability of material supply and its delivery. In 2022, 2023, 2024 and the six months ended June 30, 2025, purchases from our five largest suppliers amounted to RMB1,396.0 million, RMB1,628.0 million, RMB1,392.5 million and RMB619.3 million, accounting for 33.6%, 37.4%, 32.8% and 30.2% of our total procurement in the same periods, respectively. During the Track Record Period, we did not experience material fluctuations with respect to the procurement prices.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each period of the Track Record Period also acted as our suppliers, or vice versa. According to Frost & Sullivan, such arrangements are common in the digital payment market. Our Directors confirm that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis.

SUMMARY

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

In 2024, the global payments industry processed approximately 3.6 trillion transactions, representing a TPV of about RMB13,300 trillion, implying a 2.0% CAGR from 2020. As a core part of the world’s economic and financial infrastructure, payments serve the essential functions of consumer spending, trade settlement and funds clearing, underpinning both the real economy and the expansion of the digital economy. According to Frost & Sullivan, by 2029, global TPV is expected to reach RMB14,901.5 trillion, reflecting a 2.3% compound annual growth rate over the forecast period, with the sector’s scale and systemic importance continuing to expand.

Compared with traditional bank payments, digital payment providers leverage aggregated-rail routing, lightweight cloud architectures, and flexible APIs to deliver broad coverage of bank cards, QR codes, e-wallets, and domestic real-time payment rails, while enabling more flexible settlement cycles, consistent reconciliation, a more streamlined integration experience, and lower total cost of ownership. At the point of acceptance, digital payment providers also capture transaction data in real time and natively embed risk control, reconciliation, treasury/cash-management and loyalty/marketing modules, materially improving merchants’ digital operating efficiency.

Demand-side dynamics are also shifting toward greater diversity and internationalization recently. On one hand, high-frequency sectors such as restaurants, retail and e-commerce are accelerating digital transformation, pushing payment acceptance beyond traditional POS to mobile and aggregated payments. On the other hand, the rapid online growth of cross-border e-commerce, digital-content platforms, and travel-related consumption raises the bar for local-method acceptance, foreign-currency settlement and cross-border payments. Benefiting from technology neutrality, rapid response and strong scenario adaptability, digital payment providers have become critical infrastructure across global retail and transaction flows, and are extending from payments into SaaS, fintech, supply-chain finance and cross-border settlement to deliver end-to-end digital solutions that enhance merchants’ operating efficiency and global fulfilment capability.

According to Frost & Sullivan, measured by TPV, the global digital payments market has grown steadily since 2020, supported by the widespread adoption of digital payment instruments and the continued convergence of online and offline commerce. From 2020 to 2024, global digital payments TPV expanded from RMB846.3 trillion to RMB963.6 trillion, representing a CAGR of 3.3%. Key growth drivers include rising e-commerce penetration, booming cross-border e-commerce, the increasing frequency of mobile payments, stronger consumer preference for contactless transactions, and the ongoing build-out of financial infrastructure and digital-payments ecosystems in emerging markets, particularly across Asia and Latin America.

SUMMARY

Looking ahead, as consumption scenarios across online and offline channels expand and increasingly converge, including cross-border ecommerce, travel and mobility, digital content, and local services, digital payments are expected to play an even more central role as the transactional bridge for a broader universe of merchants and consumers in both physical and digital settings. By 2029, global digital payments TPV is projected to reach RMB1,101.9 trillion, implying a 3.1% CAGR over 2025 to 2029. Against the backdrop of accelerating global fulfilment, more rigorous compliant-payments requirements, and the strengthening of end-to-end merchant enablement capabilities, the sector retains substantial room for expansion and structural upgrading.

Leveraging multi-rail compliant settlement, vertical SaaS capabilities, foreign-card and cross-border networks, and data-driven risk and operations, we have rapidly become a leading digital payments and end-to-end digital solutions provider in Asia. There are two types of service providers in digital payment market, namely independent and non-independent digital payment service providers. Independent digital payment service providers are those that are not owned or controlled by financial institutions, nor are they highly dependent on the businesses contributed by connected parties, such as large e-commerce platforms or social media platforms. In 2024, we ranked No. 1 in Asia among independent digital payment and end-to-end solutions providers by TPV, with market share of 1.1%.

The TPV of digital payment market contributed by independent digital payment service providers in China was RMB45.7 trillion in 2024. Measured by TPV, we were the largest independent digital payment service provider in China in 2024, with a market share of 9.4%. The independent segment remains fragmented, and our lead reflects broad rail connectivity, compliant settlement, vertical SaaS capabilities and a nationwide merchant network.

Measured by TPV, we were also the largest independent digital payment service provider in China’s aggregated acquiring market in 2024, with a market share of 11.7%, and the largest independent digital payment service provider in aggregated acquiring by QR code, with a market share of 9.3%, respectively.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of consolidated financial information as of and for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025. We have derived this summary from our audited financial information set forth in the Accountants’ Report set out in Appendix I to this Document. The summary financial data set forth below should be read together with our consolidated financial statements and the related notes, as well as the section headed “Financial Information”.

SUMMARY

Summary of Consolidated Statements of Comprehensive Income

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	5,361,111	5,927,533	5,754,157	2,980,328	2,647,095
Cost of sales	(4,141,028)	(4,264,280)	(4,035,942)	(2,004,681)	(1,989,356)
Gross profit	1,220,083	1,663,253	1,718,215	975,647	657,739
Other income and gains, net. .	92,023	274,434	56,053	23,194	53,204
Selling and marketing expenses	(544,061)	(491,149)	(477,173)	(226,878)	(226,944)
Administrative expenses	(238,853)	(270,851)	(252,630)	(128,825)	(117,598)
Research and development costs	(229,090)	(249,947)	(260,550)	(125,325)	(136,796)
Fair value (losses)/gains on financial assets at fair value through profit or loss	—	(161,003)	(152,222)	—	65,466
Impairment losses on financial instruments net . .	(64,528)	(49,905)	(58,032)	(24,672)	(22,935)
Impairment losses on investments in associates . .	(78,399)	(75,834)	(38,973)	—	—
Other expenses, net	(1,405,073)	(30,140)	(37,764)	(1,155)	(1,390)
Finance costs	(14,667)	(22,034)	(9,697)	(4,911)	(5,952)
Share of (losses)/profits of associates	(54,676)	(74,008)	(68,482)	17,327	17,284
(Loss)/Profit before tax . . .	(1,317,241)	512,816	418,745	504,402	282,078
Income tax	(120,986)	(55,756)	(67,688)	(84,852)	(52,795)
(Loss)/profit for the year/period	(1,438,227)	457,060	351,057	419,550	229,283
Other comprehensive income/(loss) for the year/period, net of tax . . .	780	145	59	(17)	19,118
Total comprehensive (loss)/income for the year. .	(1,437,447)	457,205	351,116	419,533	248,401
Profit Attributable to:					
Owners of the parent	(1,436,191)	457,808	351,258	419,482	248,479
Non-Controlling interests. . .	(1,256)	(603)	(142)	51	(78)
	(1,437,447)	457,205	351,116	419,533	248,401

SUMMARY

We derived our revenue from digital payment services, digital commercial solutions and others. The following table sets forth a breakdown of our revenue by business segments both in absolute amount and as a percentage of our total revenue for the periods presented:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Digital payment services .	4,581,074	85.5	5,179,588	87.4	5,165,496	89.8	2,634,192	88.4	2,362,824	89.3
Digital commercial solutions	284,981	5.3	276,730	4.7	243,464	4.2	143,619	4.8	130,944	4.9
Others ⁽¹⁾	495,056	9.2	471,215	7.9	345,197	6.0	202,517	6.8	153,327	5.8
Total	5,361,111	100.0	5,927,533	100.0	5,754,157	100.0	2,980,328	100.0	2,647,095	100.0

Note:

(1) Others primarily refer to revenues from sales of terminals and factoring services.

Our revenue decreased by 11.2% from RMB2,980.3 million in the six months ended June 30, 2024 to RMB2,647.1 million in the six months ended June 30, 2025. The decrease in our revenue primarily reflects our decreased revenue of digital payment services, primarily due to changes in customer payment habits (shifting from bank card payments to QR code payments), accompanied by our enhanced merchant onboarding standards and stricter management of our existing customer base which resulted in a decrease in the average TPV.

Our revenue decreased slightly by 2.9% from RMB5,927.5 million in 2023 to RMB5,754.2 million in 2024. The slight decrease primarily reflects decreased revenue from others, due to our reduced sales volume of POS terminals amid a changing digital payment market featuring weaker demands for POS terminals.

Our revenue increased by 10.6% from RMB5,361.1 million in 2022 to RMB5,927.5 million in 2023, primarily reflecting our increased revenue of digital payment services, primarily due to the increased amount of digital payment transactions executed through us resulted from the economic recovery after the COVID-19 pandemic.

SUMMARY

Our gross profit represented our revenue less our cost of sales. Our gross profit margin represented our gross profit as a percentage of our revenue. The following table sets forth a breakdown of our gross profit and gross margin by major business segment for the periods indicated:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Digital payment services .	925,813	20.2	1,362,049	26.3	1,406,177	27.2	795,430	30.2	549,725	23.3
Digital commercial solutions	181,418	63.7	179,237	64.8	217,767	89.4	121,393	84.5	106,406	81.3
Others	112,852	22.8	121,966	25.9	94,271	27.3	58,824	29.0	1,608	1.0
Total	<u>1,220,083</u>	<u>22.8</u>	<u>1,663,253</u>	<u>28.1</u>	<u>1,718,215</u>	<u>29.9</u>	<u>975,647</u>	<u>32.7</u>	<u>657,739</u>	<u>24.8</u>

Our total gross profit decreased by 32.6% from RMB975.6 million in the six months ended June 30, 2024 to RMB657.7 million in the six months ended June 30, 2025, primarily due to a decrease in our gross profits from digital payment services and others. Our total gross profit margin decreased from 32.7% in the six months ended June 30, 2024 to 24.8% in the six months ended June 30, 2025, primarily attributable to a decrease in our gross profit margins for digital payment services and others.

Our gross profit increased slightly by 3.3% from RMB1,663.3 million in 2023 to RMB1,718.2 million in 2024, primarily due to our enhanced control of cost. Our overall gross profit margin increased slightly from 28.1% in 2023 to 29.9% in 2024, attributable to the increase in gross profit margins across our businesses.

As a result of the foregoing, our gross profit increased by 36.3% from RMB1,220.1 million in 2022 to RMB1,663.3 million in 2023, primarily due to our increased revenue and our enhanced control of cost. Our overall gross profit margin increased from 22.8% in 2022 to 28.1% in 2023, primarily attributable to the increase in our gross profit margin for digital payment services.

SUMMARY

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total current assets	6,231,050	8,524,252	6,986,263	7,171,059
Total non-current assets	4,212,543	3,739,635	3,482,790	3,849,902
Total assets	10,443,593	12,263,887	10,469,053	11,020,961
Total current liabilities	6,743,554	8,450,415	7,049,612	7,604,025
Total non-current liabilities	350,274	64,093	28,220	55,286
Total liabilities	7,093,828	8,514,508	7,077,832	7,659,311
Net current assets/(liabilities)	(512,504)	73,837	(63,349)	(432,966)
Net assets	3,349,765	3,749,379	3,391,221	3,361,650
EQUITY				
Equity attributable to owners of the parent				
Share capital	800,020	800,020	788,083	788,083
Treasury shares	(599,984)	(204,825)	(100,133)	(100,133)
Reserves	3,147,905	3,152,963	2,702,192	2,793,055
Non-controlling interests	1,824	1,221	1,079	(119,355)
Total equity	3,349,765	3,749,379	3,391,221	3,361,650

We recorded net current liabilities as of December 31, 2022 and 2024 and June 30, 2025. We recorded net current assets as of December 31, 2023.

Our net current liabilities of RMB512.5 million as of December 31, 2022 changed to net current assets of RMB73.8 million as of December 31, 2023, primarily due to an increase in pledged and restricted cash from RMB4,554.2 million to RMB6,644.2 million, partially offset by an increase in other payables and accruals from RMB5,148.7 million to RMB6,959.0 million.

Our net current assets of RMB73.8 million as of December 31, 2023 changed to net current liabilities of RMB63.3 million as of December 31, 2024, primarily due to a decrease in pledged and restricted cash from RMB6,644.2 million to RMB5,576.0 million, partially offset by a decrease in other payables and accruals from RMB6,959.0 million to RMB5,858.7 million.

SUMMARY

Our net current liabilities of RMB63.3 million as of December 31, 2024 increased to RMB433.0 million as of June 30, 2025, primarily due to (i) an increase in other payables and accruals from RMB5,858.7 million to RMB6,113.5 million; and (ii) an increase in interest-bearing bank borrowings from RMB406.6 million to RMB606.1 million.

Summary of Consolidated Statements of Cash Flows

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

	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Cash (used in)/generated from operations	(249,141)	468,535	980,015	719,830	155,501
Net cash flows (used in)/from operating activities	(356,876)	378,247	899,428	671,592	140,123
Net cash flows (used in)/from investing activities.	(842,280)	213,198	(221,610)	(137,035)	11,539
Net cash flows from/(used in) financing activities	873,063	(446,007)	(829,529)	(593,735)	(76,381)
Net (decrease)/increase in cash and cash equivalents. .	(326,093)	145,438	(151,711)	(59,178)	75,281
Cash and cash equivalents at the beginning of the year . .	948,189	622,876	768,458	768,458	616,806
Cash and cash equivalents at the end of the year/period	622,876	768,458	616,806	709,262	693,147

SUMMARY

Key Financial Ratios

The following table sets forth our key financial ratios for the periods indicated:

	As of or for the Year Ended December 31,			As of or for the six months ended June 30,
	2022	2023	2024	2025
Gross profit margin ⁽¹⁾	22.8%	28.1%	29.9%	24.8%
Current ratio ⁽²⁾	0.9	1.0	1.0	0.9

Notes:

- (1) Represents gross profit for the period divided by revenue for the same year, expressed as a percentage.
- (2) Current ratio is calculated based on the current assets divided by current liabilities.

Gross Profit Margin

In 2022, 2023, 2024 and the six months ended June 30, 2025, our gross profit margin was 22.8%, 28.1%, 29.9% and 24.8%, respectively. See “— Key Components of Our Consolidated Statement of Profit or Loss” in this section for factors affecting our gross profit margin during the respective periods.

Current Ratio

Our current ratio increased from 0.9 as of December 31, 2022 to 1.0 as of December 31, 2023, primarily due to the repayment of short-term borrowings, which reduced our current liabilities. Our current ratio remained stable at 1.0 as of December 31, 2023 and 2024. Our current ratio decreased from 1.0 as of December 31, 2024 to 0.9 as of June 30, 2025, primarily due to an increase in short-term borrowings, which raised our current liabilities.

SUMMARY

[REDACTED]⁽¹⁾

The numbers in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are [REDACTED] and [REDACTED] in the [REDACTED], (ii) the [REDACTED] is not exercised, and (iii) [REDACTED] shares are totally [REDACTED] and outstanding following the completion of the [REDACTED].

	Based on an [REDACTED] of [REDACTED] per H Share	Based on an [REDACTED] of [REDACTED] per H Share
[REDACTED] of our H Shares after completion of the [REDACTED] ⁽²⁾	[REDACTED]	[REDACTED]
[REDACTED] of our Shares after completion of the [REDACTED] ⁽³⁾	[REDACTED]	[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per Share ⁽⁴⁾	[REDACTED]	[REDACTED]

Notes:

- (1) All statistics in this table are presented based on the assumption that the [REDACTED] is not exercised.
- (2) The calculation of [REDACTED] is based on [REDACTED] H Shares expected to be in [REDACTED] and outstanding following the completion of the [REDACTED].
- (3) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in [REDACTED] and outstanding following the completion of the [REDACTED].
- (4) The unaudited [REDACTED] adjusted consolidated net tangible asset of the Group attributable to owners of the Company per H Share is calculated after the adjustments referred to in “[REDACTED]” to this Document and on the basis that [REDACTED] H Shares were in [REDACTED] assuming that the [REDACTED] had been completed on June 30, 2025 and without taking into account of any shares which may be [REDACTED] and [REDACTED] upon the exercise of the [REDACTED].

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Legend Holdings Corporation directly held 23.54% of our total issued share capital. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Legend Holdings Corporation will directly hold [REDACTED] of our total issued share capital. As such, solely for the purpose of the Listing Rules, Legend Holdings Corporation is our single largest shareholder immediately upon the completion of the [REDACTED].

SUMMARY

DIVIDEND

In 2024 and six months ended June 30, 2025, we paid dividends of RMB720.0 million and RMB157.6 million, respectively.

After completion of the [REDACTED], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See “Risk Factors — Risks Relating to the [REDACTED] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.” in this document.

RISK FACTORS

Our business and the [REDACTED] involved certain risks, which are set out in the section headed “Risk Factors” in this Document. You should read that section in its entirety before you decide to invest in the [REDACTED]. Some of the major risks we face include:

- We are subject to extensive regulatory requirements and noncompliance with or changes to these regulatory requirements may affect our business, financial performance and results of operation;
- The digital payment service industry and digital commercial solutions industry are characterized by rapid and continuous change. If we fail to consistently develop and innovate our technology or offer solutions that meet the evolving needs of customers, we may not be able to retain existing customers, attract new customers or expand our market share;
- Market, economic and other conditions in countries we provide service to could adversely impact the demand of our services;
- We operate in highly competitive industries and failure to compete successfully could significantly harm our business, financial performance and results of operation;

SUMMARY

- Fraudulent or fabricated transactions could place significantly strain on our risk management systems, if we fail to detect and mitigate these risks effectively, it may adversely impact our business, financial performance and results of operation;
- Our operations rely heavily on key business partners, including third-party e-wallets, banks, clearing institutions and SaaS providers. If any of these partners fail to meet their obligations, maintain service quality or sustain effective collaboration, it could adversely and materially affect our business operations and financial performance.

[REDACTED]

Assuming an [REDACTED] of [REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range stated in this Document), the [REDACTED] fees, commissions, together with the Stock Exchange [REDACTED] fee, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED], which are payable by us are estimated to be approximately [REDACTED] (equivalent to [REDACTED]), of which [REDACTED] are expected to be charged to our consolidated statements of comprehensive income, and [REDACTED] are expected to be deducted from equity following the [REDACTED]. The [REDACTED] consist of [REDACTED] [REDACTED]-related expenses and [REDACTED] non-[REDACTED]-related expenses (including fees and expenses of legal advisors and the reporting accountant of [REDACTED] and other fees and expenses of [REDACTED]), representing approximately [REDACTED] of our [REDACTED] from the [REDACTED]. The [REDACTED] above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately [REDACTED] after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming an [REDACTED] of [REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per H Share in this Document. We intend to use the [REDACTED] from the [REDACTED] for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [REDACTED], or [REDACTED] of the net [REDACTED], will be [REDACTED] to accelerating our licensing deployment and expanding overseas markets;
- approximately [REDACTED], or [REDACTED] million of the net [REDACTED], will be [REDACTED] to strengthening technology capabilities for a global, full-process product system;

SUMMARY

- approximately [REDACTED], or [REDACTED] of the net [REDACTED], will be [REDACTED] to strategic investments and acquisitions over the next five years;
- approximately [REDACTED], or [REDACTED] of the net [REDACTED], will be used to provide funding for our working capital and other general corporate purposes. For further details, please refer to the section headed “Future Plans and Use of [REDACTED]” in this Document.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since June 30, 2025, which is the end date of the years/periods reported on in the Accountants’ Report as set out in Appendix I to this document, and there is no event since June 30, 2025 which would materially affect the information in the Accountants’ Report as set out in Appendix I to this document.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this Document.

“2022 Restricted Share Incentive Plan”	a restricted share incentive plan adopted by our Company on May 20, 2022 by a Shareholders’ meeting, for the purpose of incentivising eligible management and employees of our Group
“2023 Restricted Share Incentive Plan”	a restricted share incentive plan adopted by our Company on June 13, 2023 by a Shareholders’ meeting, for the purpose of incentivising eligible management and employees of our Group
“A Shares”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
“A Share Listing”	the listing of our A Shares on the ChiNext Market of the Shenzhen Stock Exchange on April 25, 2021 (stock code: 300773)
“Accountants’ Report”	the report from the Reporting Accountants dated [•], the text of which is set out in Appendix I to this document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC” or “Accounting and Financial Reporting Council”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in “Appendix IV — Summary of the Articles of Association of the Company” to this Document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“CAGR”	compound annual growth rate
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Company”, or “our Company”	Lakala Payment Co., Ltd.* (拉卡拉支付股份有限公司, a joint-stock company with limited liability established in the PRC on January 6, 2005, and converted into a joint stock limited company on December 2, 2015, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300773))
“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EIT”	the PRC enterprise income tax

DEFINITIONS

“EIT Law”	Enterprise Income Tax Law of the PRC
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FIL”	Foreign Investment Law (中華人民共和國外商投資法) published by State Council in January 2020
“FINI” or “Fast Interface for New Issuance”	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry research consultant commissioned to prepare the Frost & Sullivan Report
“Frost & Sullivan Report”	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
[REDACTED]	
“Group”, “our Group”, “we”, or “us”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each in the share capital of our Company, which are to be [REDACTED] for and [REDACTED] in HK dollars and for which an application has been made for [REDACTED] and permission to trade on the Stock Exchange
	[REDACTED]
“HKAS”	Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKFRS	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC [REDACTED]”	the application for the [REDACTED] to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the [REDACTED] on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force

DEFINITIONS

“HKSCC Participant” a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant

“Hong Kong dollars” or “HK dollars” or “HK\$” Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

“Hong Kong SAR” or “HKSAR” the Hong Kong Special Administrative Region of the People’s Republic of China

[REDACTED]

“independent third party(ies)” any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

DEFINITIONS

[REDACTED]

“Latest Practicable Date” October 10, 2025, being the latest practicable date for ascertaining certain information in this Document before its publication

“Legend Holdings Corporation” Legend Holdings Corporation (聯想控股股份有限公司), a company listed on the Stock Exchange (stock code: 3396) and our Single Largest Shareholder

[REDACTED]

“Listing Committee” the Listing Committee of the Stock Exchange

[REDACTED]

DEFINITIONS

“Listing Rules”	the Rules Governing the [REDACTED] of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“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
“Mainland China” or “PRC”	the People’s Republic of China and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong SAR, Macau SAR and Taiwan
[REDACTED]	
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	[the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)]

[REDACTED]

DEFINITIONS

[REDACTED]

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Legal Advisor”	Zhong Lun Law Firm, our legal advisor as to PRC laws

[REDACTED]

“Document”	this document being issued in connection with the [REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Reporting Accountant”	Ernst & Young
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“RPC”	A Remote Procedure Call (RPC) is a software communication protocol that one program uses to request a service from another program located on a different computer and network, without having to understand the network’s details
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“SCRM”	a customer relationship management model that integrates social media and digital interaction channels into traditional CRM systems
“SEC”	the Securities and Exchange Commission of the United States
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Share(s)”	A Share(s) and H Share(s) in the capital of our Company with a par value of RMB1.00 each
“Shareholder(s)”	holder(s) of our Share(s)
“Single Largest Shareholder”	Legend Holdings Corporation (聯想控股股份有限公司), details of which are set out in the section headed “Relationship with our Single Largest Shareholder” in this Document
“Skyee”	a company directly held by our Company as to [31.15]% and therefore an associate of our Company

DEFINITIONS

[REDACTED]

“Sole Sponsor”	China Securities (International) Corporate Finance Company Limited

[REDACTED]

“State Council”	State Council of the PRC (中華人民共和國國務院)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance

“substantial shareholders”	has the meaning ascribed to it in the Listing Rules

“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time

“Track Record Period”	the period comprising the three financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025

“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States

“U.S. persons”	U.S. persons as defined in Regulation S

“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[REDACTED]

DEFINITIONS

[REDACTED]

“United States” or the “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“VAT”	value-added tax

[REDACTED]

“%”	per cent

Unless otherwise specified or the context otherwise requires:

- 1. statements contained in this Document assume no exercise of the [REDACTED];*
- 2. all times refer to Hong Kong time;*
- 3. references to years, months and days in this Document are to calendar years, calendar months and calendar days, respectively; and*
- 4. all data in this Document is as of the date of this Document.*

In this Document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this Document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

In this Document, “” denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organizations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), etc., or another language included in this Document for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain terms used in this document in connection with our Company and our business. These terms and their definitions may not correspond to standard industry definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

“acquiring services”	one of our integrated digital payment services to help our merchant customers collect funds from end-customers, including aggregated acquiring and online acquiring services
“algorithm”	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer
“artificial intelligence”	intelligence exhibited by machines in the area of computer science that emphasizes the creation of intelligent machines that work and react like humans or other natural intelligence
“AML”	anti-money laundering
“APAC”	the Asia Pacific region, generally referring to countries and regions in East Asia, Southeast Asia, South Asia and Oceania, including but not limited to China, Japan, South Korea, the ASEAN member states, Australia and New Zealand
“API”	Application Programming Interfaces
“API-first”	a software development approach that prioritizes the design and development of Application Programming Interfaces (APIs) before building any other part of an application or system
“App(s)”	mobile application(s) and software(s) designed to run on smartphone and other mobile devices

GLOSSARY OF TECHNICAL TERMS

“ASEAN”	the Association of Southeast Asian Nations, a regional intergovernmental organization in Southeast Asia comprising Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
“Belt and Road market”	the group of countries and regions participating in the Belt and Road Initiative (BRI), an international development strategy proposed by China to enhance connectivity and economic cooperation along the ancient Silk Road routes
“CAGR”	compound annual growth rate
“card scheme”	payment networks linked to payment cards, such as debit or credit cards, of which a bank or any other eligible financial institution can become a member
“channel partner”	service provider who assists us with acquiring merchants to become our customers
“clearing institution”	a financial institution formed to facilitate the exchange (i.e., clearance) of payments, including card schemes and other eligible institutions
“CRM”	customer relationship management
“CUP or UnionPay”	China UnionPay Co., Ltd., a bank card clearing house and bank card association in the PRC
“Diners Club”	Diners Club International Ltd, a charge card company based in the United States
“e-CNY”	the digital form of fiat currency issued by the People’s Bank of China, having the same value as physical RMB
“e-commerce”	the buying and selling of goods and services over the Internet

GLOSSARY OF TECHNICAL TERMS

“e-KYC”	electronic know your customer, a digital process that obtains and verifies customer information remotely through electronic records, biometrics or liveness checks, and other regulated data sources
“EMV”	Europay, Mastercard and VISA, a global standard for chip-based payment security
“ERP system”	Enterprise Resource Planning System
“ESG”	environmental, social and governance
“e-wallet”	digital wallet, which allows users to make online payments
“FX”	foreign exchange, the conversion and trading of currencies and the associated exchange rates used for cross-border payments, hedging and settlement
“IP”	intellectual property
“ISO 9001”	an internationally recognized standard for a Quality Management System (QMS) to help organizations to consistently provide products and services that meet customer and regulatory requirements and provide a framework for establishing, implementing, maintaining and improving a QMS through principles like customer focus, leadership and process approach
“ISV”	independent software vendor
“IT”	information technology
“JCB”	JCB Co., Ltd., a credit card company based in Japan
“KDS”	Kitchen Display System
“KYC”	know your customer, a process that obtains and verifies customer information
“Mastercard”	Mastercard Incorporated, a payment-technology corporation based in the United States

GLOSSARY OF TECHNICAL TERMS

“MAU”	monthly active user(s)
“MCP”	model context protocol, an open-source standard for connecting AI applications to external systems
“MTO”	money transfer operator, a licensed remittance provider that accepts funds from senders and disburses to beneficiaries via agent networks, bank deposits, wallet credits, or cash pickup, often using correspondent partners for cross-border payout
“NetsUnion”	NetsUnion Clearing Corporation, a unified clearing platform company based in the PRC
“NFC”	near field communication, a short-range wireless technology that enables devices in close proximity (typically within a few centimeters) to exchange data for uses such as contactless payments, ticketing, device pairing and access control
“OCR”	optical character recognition
“OEM”	original equipment manufacturer
“OMS”	Online Marketplace System
“PC”	personal computer
“PCI”	payment card industry
“PCI DSS”	payment card industry data security standard, a global set of security requirements established by the PCI Security Standards Council for all entities that process, store or transmit cardholder data to protect against fraud and data breaches
“POS”	point of sale, refers to the location or the system where a customer pays for goods or services
“PSP”	payment service provider(s)
“QR code”	quick response code

GLOSSARY OF TECHNICAL TERMS

“R&D”	research and development
“RCEP”	the Regional Comprehensive Economic Partnership, a regional free trade agreement among the ten ASEAN member states and Australia, China, Japan, South Korea and New Zealand, intended to reduce tariffs, harmonize rules of origin and facilitate trade in goods, services and investment
“SaaS”	software-as-a-service, a cloud-based software delivery model where providers host applications and make them available to customers over the internet
“SDK”	software development kit
“SFA”	Sales Force Automation System
“SIM card”	subscriber identity module card, a small, removable chip found in mobile devices that identifies and authenticates customers to cellular network, granting access to voice, text and data services
“SLA”	service level agreement, a contractually binding agreement defining the performance standards and service quality that a service provide must meet for customers
“SOP (s)”	standard operating procedures
“T+1 settlement”	a securities trade’s settlement is completed one business day after the transaction date
“T+2 settlement”	a securities trade’s settlement is completed two business days after the transaction date
“TMS”	Transportation Management System
“TPV”	total payment volume
“VAT”	value-added tax
“VISA”	Visa Inc., a multinational payment card services corporation based in the United States

GLOSSARY OF TECHNICAL TERMS

“Web3 payment” refers to financial transactions conducted on a decentralized network, leveraging blockchain technology, smart contracts, and cryptocurrencies to facilitate peer-to-peer value transfer without needing traditional intermediaries like banks

“WMS” Warehouse Management System

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “objective,” “target,” “schedule,” “predict,” “aim,” “intend”, “consider,” “would,” “continue” and “outlook”) are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Document), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- general political, market and economic conditions, including those related to the PRC;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- our planned projects and goals;
- our ability to control or reduce costs;
- our ability to control our risks;
- our ability to maintain good relationships with business partners;
- our business prospects and expansion plans;
- our ability to successfully implement our business plans and strategies;
- our financial condition and performance, debt levels and capital needs;
- our dividend policy;

FORWARD-LOOKING STATEMENTS

- our capital expenditure plans;
- various business opportunities that we may pursue;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this Document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Document. Any such intentions may change in light of future developments.

All forward-looking statements in this Document are expressly qualified by reference to this cautionary statement.

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An investment in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the trading price of our H Shares could decline, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We are subject to extensive regulatory requirements. Any non-compliance with or changes to these regulatory requirements may affect our business, financial performance and results of operation.

As a company in the digital payment service industry and digital commercial solutions industry, we, together with our subsidiaries, associates, joint ventures, affiliates, business partners and other participants on our platform, are subject to a wide range of laws, regulations and government policies in China and other jurisdictions. These include rules related to e-commerce, digital payments, foreign exchange controls, data collection and security, privacy and consumer protection. We are subject to various laws and regulations issued by multiple regulatory authorities in China, including the PBOC, SAFE, CSRC, MIIT, CAC and NDRC, each of which oversees different aspects of our operations. The main laws and regulations that currently apply to our business, or may apply in the future, include regulations on payment processing and settlement, fund transfers, foreign exchange, anti-money laundering, financial consumer protection and other digital payment services.

As the markets of digital payment services and digital commercial solutions in China are emerging and evolving, the applicable laws, rules, and regulations are continuously developing. Any changes to these rules and regulations may lead to an increase in our compliance costs or cause restrictions on our business activities. If we fail to continuously comply with applicable rules and regulations, we may encounter fines, restrictions on our operations, or even suspension or revocation of some or all licenses required to carry out our business activities. Any material disciplinary actions taken against or penalties imposed on us in the future could adversely and materially impact our business, financial performance and results of operation.

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The digital payment service industry and digital commercial solutions industry are characterized by rapid and continuous change. If we fail to consistently develop and innovate our technology or offer solutions that meet the evolving needs of customers, we may not be able to retain existing customers, attract new customers or expand our market share.

The business environment in which we operate is characterized by rapid technological advancements, evolving markets, emergence of new products and services, constantly changing industry standards and regulations, and rising customer expectations. Our ability to innovate and introduce new services and solutions, as well as to anticipate customer needs is critical to our long-term success. If we fail to keep pace with innovation or to effectively respond to changing customer demands, our reputation and market share could be adversely affected, which may materially impact our business, financial performance and results of operations.

Technological development and innovation are key drivers of growth in our industries. Emerging technologies, such as big data, cloud computing, blockchain, AI, and machine learning are evolving at an unprecedented pace. These advancements place increasing demands on our technical expertise, adaptability and capacity for continuous innovation. We are committed to continuously enhancing our technological capabilities by integrating new technologies into our products and services. However, incorporating new technologies may require significant investment of time and resources, and we may not achieve a timely or successful return on these efforts. We cannot assure you that any new products or services we develop will gain meaningful commercial acceptance. Our ability to innovate may be restricted by industry standards, applicable laws and regulations, requirements of clearing institutions, customer resistance to change, or third-party intellectual property rights. Moreover, the actual timelines for introducing new technologies may differ significantly from our original expectations due to unforeseen technical, distribution, or other operational challenges. If we fail to improve and innovate our new offerings that keep pace with rapidly evolving technologies and industry standards, our business, financial condition and results of operations could be materially and adversely affected.

In addition, our services and solutions are designed to operate across a wide range of systems, infrastructures and devices. To remain compatible, we must continuously update and enhance our offerings in response to ongoing changes in mobile, internet, software, communications and data technologies. We may not succeed in developing these updates or delivering them to market in a timely and cost-effective manner. If our services and solutions fail to remain compatible with third-party systems and technologies, it could lead to customer dissatisfaction, reduced demand for our offerings and a potential loss of revenue.

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Market, economic and other conditions in countries we provide service to could adversely impact the demand of our services.

The digital payment service industry and digital commercial solutions industry are closely tied to China’s overall economic conditions and levels of consumer spending. A prolonged downturn in the general economic environment, such as economic instability or increased government intervention, could result in a decline in our customer base. Micro and small merchants, in particular, are more vulnerable to adverse changes in economy, regulatory environment, and shifts in consumer behavior, all of which could reduce demand for our digital payment services and digital commercial solutions. Consequently, our financial performance may be materially and adversely affected.

Adverse market trends may negatively impact our financial performance. Such trends may include, but are not limited to, the following:

- fluctuations in consumer demand driven by broader economic and demographic conditions;
- reduced consumer and business confidence during recessionary periods, which may lead to lower consumer spending;
- tighter credit policies by financial institutions, including restrictions on credit lines or reduced issuance of new cards to limit default risks; and
- government intervention or increased regulation, as well as reduced government investment in our customers, which may lower their willingness or ability to use our services and solutions.

We operate in highly competitive industries and failure to compete successfully could significantly harm our business, financial performance and results of operation.

Competition in the digital payment industry is expected to intensify, driven by a notable leading effect and increasing market concentration through mergers and consolidation.

Our primary competitors are other independent payment service providers in China, some of which have greater financial resources, larger customer bases and broader operational scale. These advantages enable them to invest more heavily in product development, marketing and sales, and to offer their services at more competitive prices. They may also provide more favorable terms to business partners, such as channel partners, allowing them to reach potential customers more effectively. In addition, mergers and acquisitions between these competitors may result in even

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larger, more resourceful entities, further intensifying competition. We also face intensifying competition from affiliated payment service providers that may have stronger market positions and broader customer reach. Moreover, we expect new market entrants to introduce competitive products and services. If we are unable to effectively differentiate our offerings or maintain a competitive position in the market, our business, financial performance and results of operations could be materially and adversely affected.

Fraudulent or fabricated transactions could place significantly strain on our risk management systems. If we fail to detect and mitigate these risks effectively, it may adversely impact our business, financial performance and results of operation.

We offer payment and related services to a large number of merchants and face risks of loss due to fraud and fictitious transactions, including fraudulent chargebacks, online scams, false transactions, unauthorized use of account information, identity theft, and other illegal or unethical activities. Additionally, fraudulent actions by employees, business partners, or third-party service providers pose further risks to us and our customers. Although we have implemented measures to detect and reduce fraud, the methods used to carry out fraudulent and fictitious transactions are becoming increasingly sophisticated. As a result, our controls require continuous enhancement and may not always be effective against emerging fraud schemes or those related to new services and solutions. If our risk management efforts fail, the incidence of fraudulent transactions could increase, potentially resulting in financial losses, regulatory penalties or operational restrictions. This could materially and adversely affect our business, financial performance and results of operations.

Our operations rely heavily on key business partners, including third-party e-wallets, banks, clearing institutions and SaaS providers. If any of these partners fails to meet its obligations, maintain service quality or sustain effective collaboration, it could adversely and materially affect our business operations and financial performance.

Our ability to deliver reliable and satisfactory services and solutions to our customers relies on our capabilities to effectively manage relationships with various partners, including third-party e-wallets, banks, clearing institutions and SaaS providers. These partnerships are essential to providing our offerings to customers. Under some circumstances, our partners may have significant discretion over certain business practices, such as customer application and qualification processes, and may require us to comply with specific legal requirements. Failure to meet these requirements could lead partners to suspend or terminate their cooperation, which would negatively impact our business and operation. If we are cannot effectively manage or retain these partners on commercially acceptable terms, our ability to attract, engage, and retain customers could be severely restricted, materially and adversely affect our business, financial performance and results of operations.

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In addition, we primarily rely on banks and clearing institutions to offer fund settlement and related services essential to our digital payment offerings. If these business partners fail to deliver these services adequately, due to system errors, human errors or other factors beyond their control, or if they refuse to provide services on terms acceptable to us or are unable to provide these services at all, and if we cannot secure suitable alternatives, our business and financial performance could be materially and adversely affected.

Our business is dependent on financial institution partners that operate in a highly regulated environment. Any operational failures, service disruptions or instances of regulatory non-compliance by these partners could materially adversely affect our operations, financial performance and corporate reputation.

Our success depends on our ability to collaborate effectively with highly regulated financial institutions. We rely on these partners to deliver key financial services to our customers, including payment processing, foreign exchange, settlement and clearing services. These institutions are subject to extensive regulatory requirements and close oversight by financial authorities. If our financial institution partners face challenges in meeting these regulatory obligations, it may affect their ability to continue working with us. Furthermore, future regulatory developments, such as stricter capital requirements, enhanced risk-weighting rules, more stringent data security and privacy standards, limitations on reliance on any single platform, and other heightened compliance measures, may increase the operational burden on these institutions. As a result, any changes in the regulatory landscape or non-compliance by our financial institution partners could result in severe operational disruptions, which could materially and adversely affect our business, financial performance and results of operations.

Failure to protect transaction information and data against evolving cybersecurity risks could harm our reputation and expose us to penalties, liabilities and legal claims.

While providing our services and solutions, we process transaction and personal information related to our merchants, their customers, business partners, employees and other individuals or entities. Some of this information may be sensitive or subject to regulatory protections. This data may include credit and debit card numbers, bank account details, names, addresses and other personal or sensitive transaction information.

We cannot guarantee that our data security policies will fully protect against all current and emerging technological threats aimed at breaching our systems to access confidential information. Handling and safeguarding large volumes of data inherently involves risks. Specifically, we face various challenges related to data security and privacy.

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Our computer systems are vulnerable to illegal intrusions, and our data protection measures may not fully prevent unauthorized access. The techniques used to gain unauthorized access, disrupt services, or sabotage systems evolve frequently and are often difficult to detect. Threats to our systems, as well as those of our third-party partners, may stem from human error, fraud or malicious actions by employees or external parties, or from accidental technological failures. Despite our defensive measures, we cannot guarantee the prevention of unauthorized access or misuse of sensitive data. We cannot assure the security of data stored on or transmitted through our systems, as it may be exposed to external attacks, data leaks, fraudulent activities, or improper use by employees or business partners.

We may be held liable for claims related to the misuse of personal information, including unauthorized use for marketing purposes or violations of data privacy laws. Failure to enforce or implement effective internal controls could lead to liability, prolonged and costly litigation, and, in cases involving misuse of personal information of our merchant clients and their customers, lost revenue and reputational damage.

Additionally, we may face challenges in fully complying with laws and regulations governing the collection, use, storage, transmission, disclosure and handling of data subject requests. Since some of our business operations extend across jurisdictions with varying legal and regulatory frameworks, the complexity of ensuring compliance is increased.

Any security breach, cyberattack or data misuse, whether as described above or otherwise, could damage our reputation, deter current and prospective clients from using our services, increase operating costs for incident response and remediation, expose us to unexpected or uninsured liabilities, disrupt our operations, divert management’s focus, raise regulatory scrutiny, result in fines or penalties, and adversely affect our relationships with financial institutions.

Poor management or loss of our channel partners could adversely and materially affect our business operations and financial performance.

We rely heavily on channel partners to develop and maintain relationships with customers and to introduce our services and solutions in compliance with our standards and applicable regulations. Expanding our client base through these partners is critical to our operations. However, our existing and future channel partners do not provide us with exclusivity in marketing or distributing our services. If we fail to maintain strong relationships with our channel partners, our financial performance may be negatively impacted. Should relationships with key partners deteriorate, we may need to find alternative partners or increase direct distribution efforts. Such actions may not achieve the desired results and could lead to higher costs, reduced revenue and slower growth.

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Additionally, some agents and distribution partners may not promote our products and services appropriately. Failure to adequately monitor and manage these partners could expose us to potential liabilities, regulatory scrutiny, and reputational harm, which could materially and adversely affect our business, financial condition and results of operations.

Our financial performance and operational results depend on our ability to maintain existing customer relationships, expand our customer base and increase revenue from current customers. Failure to achieve these objectives could adversely and materially affect our business operations and financial performance.

Our customers primarily include merchants and enterprises. Our ability to retain existing customers, attract new ones, and expand the scope of their engagement, and increase the volume of our offerings they use is critical to our revenue growth. Customer engagement may decline due to various factors, including customer satisfaction with our services and solutions, our pricing compared to competitors, global and Chinese economic conditions, and reductions in transaction levels between our customers and their end purchasers.

If we fail to encourage customers to adopt and use our services and solutions, anticipate industry trends, upgrade our infrastructure, innovate to meet evolving customer needs, or expand into new markets, we may struggle to attract and acquire new customers. Losing a significant number of customers or experiencing a slowdown in customer growth could materially and adversely affect our business, financial condition, results of operations and prospects.

The growth of our business also depends on maintaining existing customers or expanding their use of our services and solutions. However, our clients are not obligated to continue using our offerings, and there is no assurance they will do so. Despite our investments in optimizing our services and solutions, customer adoption is not guaranteed. Failure to retain customers or sustain their continued and expanded use of our products, or declines in our customers’ business performance, could slow or reverse our growth, materially and adversely impacting our business.

Our business depends on the strength and market acceptance of our brands. Failure to maintain or enhance our brand reputation could materially and adversely affect our business, financial performance, and results of operations.

We have developed strong and trusted brands, along with reputable offerings such as digital payment services and digital commercial solutions, which have been key contributors to our business success. Maintaining, protecting, and enhancing our brands is essential for expanding our customer base and business partner network, as well as increasing the use of our products and services. Negative publicity related to us, our brands, or the industries in which we operate, whether concerning the quality and reliability of our services and solutions, our risk management

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processes, changes to our offerings, our handling of customer complaints, privacy and security practices, litigation, regulatory actions, or customer experiences, could harm our reputation and reduce confidence in our services and solutions. Failure to maintain our strong and trusted brand could materially and adversely affect our business.

We may not successfully implement our future investment and acquisition plans. Even if we do, these investments or acquisitions could materially and adversely affect our business, reputation, financial performance and results of operation.

We may expand our business through organic growth as well as through investments in, or acquisitions of, companies that complement our existing operations. Investments and acquisitions form a key part of our growth strategy. We have evaluated, and expect to continue evaluating, potential strategic investments and acquisitions to broaden our service and solution offerings, enhance our technological capabilities, and strengthen our international presence. However, there is no assurance that we will be able to identify suitable targets, negotiate favorable terms, obtain required government approvals or permits, complete necessary filings or registrations, or secure funding to complete these transactions on commercially acceptable terms, or at all. While we believe such investments and acquisitions are important to our long-term success, they may increase our costs and reduce our margins and profitability, both in the short term and potentially over the longer term.

Investments and acquisitions involve numerous risks. These include potential challenges in retaining and integrating personnel, operational and cultural integration difficulties, and possible disputes or disagreements arising from the transactions. Other risks include diversion of management attention and resources, lack of relevant industry or market knowledge, limited experience with new businesses, and compliance challenges with local laws and regulatory requirements. Inadequate due diligence may also result in the failure to identify material issues in the target business.

Such transactions may stretch our capital, personnel, and management resources, potentially hindering our ability to manage growth effectively. We may also assume debt and other liabilities, face potential legal exposures, or incur impairment charges related to goodwill or other intangible assets. If acquired or newly developed businesses fail to meet performance expectations, we may need to recognize significant impairment losses, which could materially and adversely affect our business, financial condition, and results of operations.

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In addition, we may face strong competition from established players in the new sectors or markets we enter, making it difficult to gain market share. Some overseas markets may also present high entry barriers for foreign companies. As a result, there can be no assurance that our investment and acquisition plans will be successful or that they will not have a material adverse effect on our business, financial condition, and results of operations.

Failure to effectively manage the complexities of our global operations and overseas expansion could adversely and materially harm our business, financial performance and results of operation.

In addition to our business operations in Mainland China, we plan to expand our business internationally. Our primary strategy for overseas expansion involves initially cooperating with local digital payment service providers as a technical service provider, followed by applying for local licenses in the relevant jurisdictions. However, we face significant risks in managing global operations and entering markets in which we have limited or no prior experience.

If we fail to attract sufficient customers, accurately assess competitive conditions, or effectively deploy, manage, or oversee our operations in existing or new markets, our business, financial condition, and results of operations could be materially and adversely affected. Expanding our business internationally involves numerous uncertainties and difficulties, including but not limited to:

- difficulties in developing a thorough understanding of local markets and cultural practices;
- increased risks related to payment fraud, legal compliance, and regulatory enforcement;
- exposure to potential import-export controls, sanctions, trade restrictions, and more stringent regulatory requirements, which may limit our ability to utilize global payment infrastructure;
- operational and cost challenges associated with managing cross-border activities and overseeing entities across multiple jurisdictions;
- difficulties in recruiting and retaining qualified international talent, and adapting our internal policies and procedures to new environments; and
- challenges in delivering adequate technical support across regions and maintaining effective oversight of our overseas subsidiaries.

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As we continue to expand into new regions and markets, these risks may intensify. Should any of these factors materialize, our international operations may be negatively impacted, and our global expansion efforts may fail to achieve the intended results.

Changes in the rules of clearing institutions may adversely affect our business, financial performance and results of operation.

We currently collaborate, and expect to continue collaborating, with various clearing institutions to provide fund settlement services in China and internationally. These institutions generally require us to comply with their operational rules, including specific requirements applicable to us as a digital payment service provider. For certain clearing institutions such as card schemes, we must obtain principal membership in the relevant jurisdictions to directly provide services through their networks. Clearing institutions have the discretion to interpret and amend their rules as they see appropriate. If their interpretation or changes are inconsistent with our operations, we may be required to adjust our practices, which could be costly or operationally challenging. Failure to comply with such rules or to resolve related issues may result in fines or a prohibition on processing transactions. In addition, any violation of these rules or deterioration in our relationship with clearing institutions could impair our ability to deliver transaction processing services, reduce our revenue, increase costs, which will materially and adversely affect our business, financial condition and results of operations.

We depend on suppliers to manufacture, test, package and deliver hardware components of our products and solutions.

We primarily procure POS terminals and related payment devices, such as speakers, cash registers, barcode scanners and receipt printers from third-party suppliers. The suppliers are responsible for the manufacturing, testing, packaging, and delivery of the hardware components used in our products and solutions. While engaging with third-party suppliers allows us to lower operating costs and improve efficiency, it also reduces our direct control over the production and distribution processes.

We implemented a comprehensive supplier management system to select and oversee our third-party suppliers. However, we cannot assure that we will not encounter operational issues with our suppliers in the future. Such issues may include non-compliance with product specifications, inadequate quality control, failure to meet production deadlines, increased assembly costs and extended lead times. Our suppliers may also experience disruptions in their manufacturing or assembly operations due to factors such as equipment breakdowns, labor strikes or shortages, natural disasters, shortages or rising costs of components and materials, or non-compliance with environmental or other regulatory requirements. In addition, we may not be able to renew contracts with existing suppliers or secure alternative partners capable of supplying the necessary services,

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components or assembly capacity for new products we plan to launch in the future. Any failure by our suppliers to fulfill their obligations or comply with applicable laws and regulations may materially and adversely affect our costs, product supply and overall business operations.

Our business depends substantially on retaining a strong talent pool comprising experienced and senior employees who are critical to our current operations and future growth. If we are unable to attract, recruit, retain or properly train these key personnel, our business may be materially and adversely affected.

Our success depends on our ability to attract, recruit, retain and properly train a large number of qualified employees, particularly senior management and key personnel with deep expertise in our operations. The loss of any such individuals could have a material adverse effect on our business, financial condition, and results of operations.

To support our growth, we must continue to identify, hire, motivate and retain highly skilled employees, which requires significant time and resources. There is no assurance that we will be able to maintain a sufficiently qualified workforce. Furthermore, any labor disputes, regulatory or legal proceedings, or challenges in training and integrating new hires may adversely affect employee morale, reduce productivity, divert management attention, and impair our reputation and future talent acquisition. Any of these risks could materially and adversely impact our business and growth prospects.

Our technology infrastructure may experience unexpected system failures, interruptions, inadequacies, security breaches or cyber-attacks. Any service disruption or failure to effectively scale and adapt our technology and infrastructure in a timely manner could harm our reputation, business and results of operations.

Our business relies on the stable performance of our IT systems to process a large amount of information and transactions in a timely manner. While we have implemented comprehensive mechanisms to safeguard our IT systems, we cannot guarantee that these systems, security protocols, or network protection measures will be sufficient to prevent service interruptions, system failures, or data losses.

Any disruption or inadequacy in our IT systems could impair customer access to our cloud-based services, diminish customer satisfaction, and negatively impact our reputation. In addition, actual or perceived cyber-attacks or security breaches could harm our brand image, expose us to litigation and liability, and require significant resources to resolve. As a result, our reputation, business and financial condition could be adversely affected.

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If we fail to establish and maintain effective internal controls, we may be unable to accurately report our financial results, prevent fraud, or meet our reporting obligations.

We may identify weaknesses and deficiencies in our internal control over financial reporting. If we fail to maintain effective internal controls as required under evolving standards, we may experience material misstatements in our financial statements and fail to meet our reporting obligations. This could lead to a loss of investor confidence in our financial reporting, limit our access to capital markets, harm our results of operations and cause a decline in the trading price of our Shares. In addition, ineffective internal control could also increase the risk of fraud or misuse of corporate assets and may even result in potential delisting from the stock exchange.

Our internal controls rely on proper and consistent implementation by our employees. However, there can be no assurance that our policies and procedures will always be correctly followed or free from human error or misconduct. Any failure to timely implement, enforce or monitor our internal controls could materially and adversely affect our business, financial condition and results of operations, particularly by undermining investor confidence in our Shares.

We incurred net loss in 2022 and may not be able to maintain profitability in the future.

We incurred net loss in 2022 of RMB1,438.2 million. Although we generated a net profit in 2023, 2024 and six months ended June 30, 2025, we cannot guarantee that we will maintain profitability in the future. Furthermore, operating as a rapidly growing public company will entail significant ongoing costs. The extent of future losses will depend on factors such as scale and cost of our R&D initiatives, and our ability to generate revenue. There is no guarantee that we will sustain profitability. Even if we do, profitability may not be consistent in subsequent periods. Failure to maintain profitability could impair our value, hinder our ability to secure funding and limit our capacity to expand operations. As a result, investors risk losing all or a substantial portion of investment if our business is unsuccessful.

We recorded net current liabilities as of December 31, 2022, 2024 and June 30, 2025, which might expose us to certain liquidity risks and could restrain our operational flexibility.

We recorded net current liabilities of RMB512.5 million, RMB63.3 million and RMB433.0 million as of December 31, 2022, 2024 and June 30, 2025. We cannot assure you that we will not have current liabilities in the future. A net current liabilities position exposes us to liquidity risks. Our future liquidity, capital expenditure, the payment of trade and other payables and the repayment of debt financing will primarily depend on our ability to generate an adequate cash flow from our operating activities. If we have a shortage in the cash flow generated from operations,

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our liquidity position may be materially and adversely affected, which in turn may impact our ability to execute our business strategies and constrain our business operation. In such event, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to the risk of exposure of fair value change for our financial assets at fair value through profit or loss (“FVTPL”) and valuation uncertainty due to the use of unobservable inputs.

Our financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss. As of December 31, 2022, 2023 and 2024, and as of June 30, 2025, our FVTPL were RMB578.9 million, RMB440.2 million, RMB281.7 million and RMB321.4 million, respectively. The value of these equity instruments can fluctuate due to various factors, such as market volatility, changes in interest rates, shifts in our creditworthiness and other market-driven variables. The valuation of these financial assets can be highly uncertain, especially when unobservable inputs are used in valuation models. These inputs might not accurately reflect actual market conditions or could be based on assumptions that may not materialize, leading to potential discrepancies between the recorded fair value and the price we might obtain in an actual transaction. Any changes in the fair value change of financial assets at FVTPL may adversely affect our profit and loss statements, potentially impacting our overall financial condition and results of operations.

The discontinuation of any government subsidies or preferential tax treatments currently available to us could adversely affect our business, financial performance and results of operations.

As with many other Chinese companies, we benefit from government subsidies and preferential tax treatment. We recognized government grants of RMB15.7 million, RMB30.4 million, RMB5.9 million and RMB1.1 million for the year ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. During the Track Record Period, we had entities that enjoyed a preferential income tax rate of 15% under the tax law because they were qualified at high-technology enterprises. Also, some entities enjoyed other kinds of preferential income tax rate according to different preferential income tax policies. However, the timing, amount and eligibility criteria of government subsidies and preferential tax treatment are subject to the sole discretion of governmental authorities. There is no assurance that we will continue to meet the relevant conditions in the future. It is also possible that the authorities may discontinue such benefits or require us to return part or all of the subsidies or tax incentives previously received. Any reduction, termination, repayment or other negative trend in these government benefits could adversely affect our business, financial performance and results of operations.

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Our historical growth may not be indicative of our future performance.

We experienced certain growth during the Track Record Period. Our total revenue increased from RMB5,361.1 million in 2022 to RMB5,927.5 million in 2023. However, our historical growth may not be indicative of our future performance, and we cannot assure you that such growth will continue or be achieved again. Our growth prospects should be considered in light of the risks and uncertainties that we may encounter, including, risks and uncertainties regarding our ability to:

- implement and execute our future expansion plans, such as growing our cross-border digital payment services and foreign bank card services;
- retain existing customers and attract new customers to purchase our services and solutions;
- increase brand awareness through marketing and promotion;
- successfully compete with current or potential market entrants;
- attract, retain and motivate key employees;
- defend ourselves against litigation, regulatory issues, intellectual property disputes, data protection and privacy concerns;
- general market conditions and the domestic and international economic and political environment.

These efforts will require significant investment in research and development, operations and management resources. We cannot assure you that we will be able to effectively manage our growth or execute our business strategies as planned. If the markets for our services and solutions do not develop as expected, or if we fail to meet market demands, our business, results of operations and financial condition may be materially and adversely affected.

We are required to obtain and maintain various approvals, licenses, permits and certifications to operate our business. If we fail to obtain, renew or comply with any of these requirements, our business operations and financial performance could be materially and adversely affected.

In accordance with the laws and regulations in the jurisdictions where we operate, we are required to obtain and maintain various approvals, licenses, permits and certifications in order to operate our business. Under the Regulations on Supervision and Administration of Non-bank

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Payment Institutions, non-bank payment institutions must obtain payment licenses to provide payment services. Furthermore, cross-border payment service permits are critical to our cross-border payment services. We obtained the payment license issued by the PBOC in 2011 and acquired relevant payment licenses in overseas jurisdictions, such as Singapore and Hong Kong. However, we cannot assure you that we will be able to obtain or maintain all requisite approvals, licenses, permits and certifications. Regulatory authorities, who have broad discretion in interpreting and enforcing applicable laws and regulations, may not share our interpretations. In addition, the regulatory framework for our industries continues to evolve. New laws, regulations and requirements may be introduced, and existing ones may be revised or reinterpreted. As a result, we may be required to obtain additional approvals, licenses, permits or certificates for our existing operations or future business expansions. Failure to obtain or maintain such approvals, or being found non-compliant with regulatory requirements, may lead to fines, suspensions of operations of the relevant business segments, or other penalties. Such events could materially and adversely affect our business, financial condition and results of operations.

Any failure to fully understand and comply with environmental, social and governance (ESG) related policies, or to adequately address stakeholders’ concerns on these matters, may expose us to additional operational and reputational risks.

Recently, governments and regulatory authorities have placed greater emphasis on environmental, social and governance matters, with continuous introduction or amendment of related policies, laws, regulations and disclosure standards. We need to allocate resources to monitor these developments and, where necessary, adjust our internal governance and operational processes to ensure compliance. This may create uncertainty for our business operations. Adherence to such policies and regulations may require additional allocation of financial, human and time resources, thereby increasing our operating costs. Any failure to comply with or timely adapt to such regulatory and policy changes could adversely affect our business, operating performance and financial condition.

Expectations of investors, customers and the public regarding corporate ESG performance are increasing. Some investors and partners have started to include relevant standards in their business collaboration and investment decision-making processes. Failure to meet the aforementioned stakeholders’ ESG expectations, or a perception of inadequate response, could have a negative impact on our reputation. This could potentially impact our financing channels, customer relationships and market position, thereby posing a potential risk to our continued operations and long-term development.

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We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate. We may be subject to investigations and legal proceedings by governmental authorities for alleged infringements of these laws if our compliance or internal control is not properly maintained or followed. Such actions could lead to fines or other liabilities and could have a material adverse effect on our reputation, business, financial conditions and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions. These could result in penalties, fines or sanctions, which would negatively affect our reputation, business, financial performance and results of operations. Furthermore, if our business partners fail to comply with anti-corruption, anti-money laundering, anti-bribery or other applicable laws and regulations, they may become subject to investigations or penalties, which could directly or indirectly affect our business operations and have an adverse impact on our reputation and financial performance.

We may not be able to take or maintain adequate intellectual property rights protection for our services and solutions, which may adversely impact our business, financial performance and results of operation.

Our trade secrets, trademarks, copyrights, patents, and other intellectual property rights are critical to our success. We rely on, and expect to continue relying on, a combination of confidentiality agreements, invention assignment agreements, and license agreements with our employees, business partners, and third parties with whom we maintain relationships, as well as on trademark, copyright, trade secret, and patent protections to safeguard our brand and other intellectual property rights.

However, various factors beyond our control may threaten our intellectual property rights and, consequently, our services and solutions. Effectively protecting trademarks, copyrights, domain names, patent rights, and other intellectual property is costly and challenging, both in terms of application and maintenance expenses and in defending and enforcing these rights. The measures we have taken to protect our intellectual property may not be sufficient or effective. Our intellectual property rights may be infringed, misappropriated, or challenged, potentially resulting in them being narrowed in scope, declared invalid, or rendered unenforceable.

Furthermore, our reliance on unpatented proprietary information and technology, including trade secrets and confidential information, depends in part on agreements with employees and third parties that restrict the use and disclosure of such information. These agreements may prove

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insufficient or be breached, potentially leading to unauthorized use or disclosure of our trade secrets and intellectual property, including to competitors. As a result, we could lose the competitive advantage derived from our intellectual property. Any significant impairment of our intellectual property rights or limitations on our ability to enforce them against others could materially and adversely affect our business.

We may be subject to infringement of intellectual property rights or misappropriation claims by third parties.

We depend heavily on our ability to develop, protect, and maintain the intellectual property rights related to our business. However, we cannot guarantee that third parties will not assert claims that our business infringes or otherwise violates their patents, copyrights, trademarks, or other intellectual property rights. We may become involved in litigation concerning our technology-based services due to allegations of intellectual property infringement, unfair competition, invasion of privacy, defamation, or other violations of third parties’ rights.

The validity, enforceability and scope of intellectual property protections vary across the jurisdictions in which we operate and may not be uniformly established. Consequently, we may face allegations of infringing third-party intellectual property rights, including those of competitors, or accusations of engaging in unfair trade practices. With rising competition and the growing prevalence of litigation as a means to resolve commercial disputes, we face an elevated risk of being subject to intellectual property claims.

Defending against such claims can be costly and impose a substantial burden on our management and resources, and there can be no assurance of favourable outcomes. Even claims without liability can damage our reputation. Any liabilities, legal expenses or required modifications to our services to mitigate future risks could materially and adversely impact our business, results of operations and growth prospects.

Any misconduct, non-compliance or omissions by our employees, business partners or third parties could harm our business and reputation.

Omissions and other misconduct by our employees, such as unauthorized business transactions, bribery, breaches of internal policies, unauthorized access to or leakage of business partner data by third parties, may be difficult to detect or prevent. Such actions could expose us to financial losses or regulatory sanctions imposed by governmental authorities while seriously damaging our reputation. This may also impair our ability to effectively attract prospective users, maintain customer loyalty, secure financing on favorable terms and conduct other business activities.

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While our risk management, information technology systems and internal control procedures are designed to monitor operations and ensure compliance, we may not always promptly identify non-compliance or suspicious transactions, or at all. Furthermore, it is not always possible to detect and prevent omissions or other misconduct committed by our employees, business partners or other third parties, and the precautions we take to prevent and detect such activities may not be effective. Therefore, we are subject to the risk that omissions and other misconduct may have previously occurred but were undetected, or may occur in the future. This may materially and adversely affect our business, financial performance and results of operations.

We may be involved in legal proceedings and commercial disputes, which could have a material adverse effect on our business, financial performance and results of operation.

In the course of our ordinary business operations, we may become a party to litigation, legal proceedings, claims, disputes or arbitration proceedings from time to time. Any ongoing litigation, legal proceedings, claims, disputes or arbitration proceedings may distract our senior management’s attention and consume our time and other resources. Additionally, even if we ultimately succeed in such litigation, legal proceedings, claims, disputes or arbitration proceedings, there may be negative publicity attached to such litigation, legal proceedings, claims, disputes or arbitration proceedings, which may materially and adversely affect our reputation and brand names. In the case of an adverse verdict, we may be required to pay significant monetary damages, assume significant liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Failure to pay social insurance and housing provident funds for our employees in accordance with applicable laws and regulations may subject us to penalties.

Companies operating in the PRC are required to participate in various government-sponsored employee benefit plans. For example, according to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), a PRC enterprise is required to set up housing provident accounts and pay the housing provident funds in time and in full for its employees; and according to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a PRC enterprise is required to complete social insurance registration for its employees and to pay the social insurance contribution in time and in full. During the Track Record Period, we did not make full social insurance and housing dividend fund contributions for some employees. Additionally, during the Track Record Period, we utilized third-party human agencies to administer social insurance and housing provident fund payments for certain employees. While such arrangements do not strictly comply with PRC laws and regulations. According to our PRC Legal Advisor, our risk of being subject to back payments or administrative penalties by the relevant authorities is remote.

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If any of the relevant social insurance authorities determine that we have not made full social insurance contributions for our employees in accordance with applicable laws and regulations, we may be ordered to pay the outstanding amounts within a specified time frame. We may also incur a daily late charge of 0.05% on the overdue amounts from the due date. Failure to make the payment within the prescribed period could result in fines ranging from one to three times the overdue amount. Similarly, if the relevant housing reserve fund authorities believe we have not fully contributed to the housing reserve fund for our employees as required, they may order us to make the outstanding payments within a set time. Failure to comply may lead to compulsory enforcement actions by PRC courts.

Furthermore, since labor-related laws and regulations continue to evolve and the government has recently strengthened enforcement of social insurance collection, we cannot guarantee that our employment practices will always fully comply with these laws and regulations. This may expose us to labor disputes or government investigations. Any violation of relevant labor laws could result in fines and penalties, which may materially and adversely affect our business, financial condition, and results of operations.

We may face penalties for the non-registration of our lease agreements.

Pursuant to applicable laws and regulations, property lease agreements must be filed with the local housing authorities. As of the Latest Practicable Date, the lease agreements for 25 of our material leased properties have not been registered with the PRC governmental authorities as required by the PRC laws. Although the failure to do so does not in itself invalidate the leases, we may be ordered by the PRC government authorities to rectify such noncompliance and, if such noncompliance were not rectified within a given period of time, we may be subject to fines imposed by PRC government authorities ranging from RMB1,000 and RMB10,000 for each of our lease agreements that have not been registered with the relevant PRC governmental authorities. As of the date of this document, we are not aware of any regulatory or governmental actions, claims or investigations being contemplated or any challenges by third parties to our use of our leased properties the lease agreements of which have not been registered with the government authorities. However, we cannot assure you that the government authorities will not impose fines on us due to our failure to register any of our lease agreements, which may negatively impact our financial condition.

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We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial performance and results of operation may be materially and adversely affected should any such liability or losses arise.

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. Any uninsured loss or damage to property, litigation or business disruption may result in incurring substantial costs or diverting our resources, which could have an adverse effect on our results of operations. The damages and losses caused by the occurrence of certain incidents, including fire, severe weather, earthquake, war, flooding, power outages may not be adequately covered by our insurance policies, or at all. If we face significant liabilities that exceed the coverage limits of our insurance policies, or if such liabilities are not fully covered by insurance, we may incur substantial costs and losses. These could materially and adversely impact our financial condition and operating results.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases may materially and adversely affect our business, financial performance and results of operation.

Our business could be materially and adversely affected by natural disasters, health epidemics and pandemics, which could disrupt our supply chain, damage infrastructure and hinder workforce productivity.

Natural disasters, including snowstorms, earthquakes, fires and floods may damage our suppliers’ production facilities, our equipment and inventory. Such damage could lead to production delays of suppliers, inventory shortages or obsolescence, increasing impairment charges as well as repair and replacement costs. Additionally, these events may disrupt power, communications and transportation networks, further hindering business operations.

Widespread health epidemics could significantly disrupt our supply chain, affecting raw material imports of suppliers, third-party warehousing and delivery. Travel and trade restrictions during such events may delay the flow of goods, leading to inventory shortages, production bottlenecks and higher costs, either from securing alternative suppliers or paying inflated prices for scarce materials. These disruptions could materially and adversely impact our business, financial performance and results of operations.

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RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

Changes in economic, political or social conditions or government policies in the place where we operate could have a material and adverse effect on our business and results of operations.

A substantial portion of our operations are based in the PRC. Our business, financial condition, results of operations and prospects are affected by economic, political and legal developments in China. The overall economic growth is influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. Any of the foregoing may affect our business, financial condition, results of operations and prospects.

Laws, rules and regulations in relation to economic matters are promulgated from time to time, including those related to such matters as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, so as to develop a comprehensive system of commercial law. It may be difficult for us to predict all the risks and uncertainties that we may face as a result of the current economic, political, social and regulatory development. Furthermore, any significant changes in government policies, laws, or regulations in the regions in which we operate could have a material and adverse effect on our business, financial condition, results of operations, and prospects.

The interpretation and enforcement of laws, rules and regulations in the place where we operate, may affect our business, financial condition, results of operations and prospects and involve significant uncertainties.

Our operations are subject to the legal systems of the jurisdictions in which we operate, which are primarily civil law systems based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

As the legislation and legal system in our key operating region has continued to evolve rapidly over the past decades and the local government has made significant progress in promulgating laws and regulations related to economic affairs and matters. However, many of these laws and regulations are relatively new and there is a limited volume of published decisions and enactments. In particular, there exist uncertainties surrounding the evolvement, interpretation and enforcement of regulatory requirements of new areas of law such as cybersecurity, data security, privacy protection as well as anti-monopoly, and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant

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business or transactions and introducing compliance experts and talents, which may incur additional related costs and adverse impact on our business. As a result, the interpretations of many laws, regulations and rules are not always uniform and the enforcement of these laws, regulations and rules involves uncertainties, which may limit the legal protections available to us. Therefore, there are uncertainties involved in their implementation and interpretation, and it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection available to you and us. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment could materially and adversely affect our business and impede our ability to continue our operations.

Payment of dividends is subject to restrictions under applicable laws.

Under the applicable laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve and discretionary surplus reserve (as approved by our Shareholders’ meeting), each such appropriation based on the unconsolidated net profit determined under PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under Hong Kong Institute of Certified Public Accountants. As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

Governmental restrictions on currency conversion may limit our ability to utilize our revenue effectively and affect the value of your investment.

Under current foreign exchange regulations in our primary operating jurisdiction, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Prior registration and other procedures with competent government authorities are required where Renminbi is to be converted

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into foreign currency and remitted abroad to pay capital expenses. Furthermore, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the conversion and cross-border remittance of local currencies.

You may be subject to withholding tax on dividends from us and income tax on any gain realized on the transfer of our Shares.

Under the current tax law of the jurisdiction in which we operate, any dividends paid by us to non-resident enterprise shareholders may be subject to a withholding tax at a rate of 10% in the case of non-resident enterprise shareholders or 20% in the case of non-resident individual shareholders if such dividends are deemed to be sourced from within the jurisdiction. Additionally, gains realized on the sale or other disposition of our Shares may be subject to a tax at a rate of 10% in the case of non-resident enterprise shareholders or 20% in the case of non-resident individual shareholders if such gains are deemed to be sourced from within the jurisdiction. Any tax liability may be reduced under applicable tax treaties. However, it is unclear whether non-resident shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the relevant jurisdiction in the event that we are treated as a PRC resident enterprise.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of mainland China and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the [REDACTED] (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources during the compliance process. Failure to comply with accordingly regulatory requirements and [REDACTED] could result in sanctions, fines, penalties, regulatory measures and reputational damages.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange, and our H Shares will be [REDACTED] on the Stock Exchange. Under current laws and regulations of mainland China, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. The H Share and A Share markets have different trading characteristics with divergent trading volumes, liquidity, and investor bases, as well as different

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levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nevertheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on the regulatory requirements of the securities authorities, industry standards, and market practices in mainland China, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective investors in our H Shares should be reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely on the financial, operating, and other information included in this document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

There has been no previous public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.

Prior to the [REDACTED], there was no public market for our H Shares. The [REDACTED] for our H Shares was the result of negotiations among us and the [REDACTED] (for itself and on behalf of the [REDACTED]) and the [REDACTED] may differ significantly from the market price for our H Shares following the [REDACTED]. We have applied for [REDACTED] of and permission to [REDACTED] our H Shares on the Stock Exchange. There is no assurance that the [REDACTED] will result in the development of an active, liquid public trading market for our H Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the volume and price at which our H Shares will be traded.

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Furthermore, the price and trading volume of our H Shares may be volatile. The following factors, among others, may cause the market price of our H Shares after the [REDACTED] to vary significantly from the [REDACTED]:

- our financial results;
- unexpected business interruption;
- major changes in our key personnel or senior management;
- development in laws and regulations in regions where we operate;
- our inability to compete effectively with competitors;
- our inability to obtain or maintain regulatory approval for our operations, if any;
- fluctuations in stock market prices and volume;
- changes in analysts’ estimates of our financial performance;
- political, economic, financial and social developments in regions where we operate and in the global economy; and
- involvement in material litigation.

As a result, it is possible that our H Shares may be subject to changes in price not directly related to our performance and as a result, investors in our H Shares may suffer substantial losses.

Because the [REDACTED] per Share is higher than the net tangible book value per Share, purchasers of our H Shares in the [REDACTED] will experience immediate dilution.

The [REDACTED] of our H Shares is higher than the net tangible book value per Share immediately prior to the [REDACTED]. Therefore, purchasers of our H Shares in the [REDACTED] will experience an immediate dilution. Existing Shareholders will receive an increase in the [REDACTED] adjusted consolidated net tangible assets value per share of their shares.

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We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

We plan to use the [REDACTED] from the [REDACTED] to upgrade our technology development capacities, expand our sales, recruit more talent and explore the international market. For details of our intended use of [REDACTED], see “Future Plans and Use of [REDACTED]” in this document. However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [REDACTED] from this [REDACTED]. You will not have the opportunity to assess whether the [REDACTED] are being used appropriately before making your investment decision. We cannot assure you that the [REDACTED] will be used in a manner that will improve our results of operations or increase the [REDACTED], nor that these [REDACTED] will be invested in assets that generate income or appreciate in value.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We protect our Shareholders’ interests by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of mainland China, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including, but not limited to, our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to approval at the general meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of mainland China. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

A significant increase or perceived significant increase in the supply of our H Shares in public markets in the future could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of our H Shares.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may

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occur. Future sales or anticipated sales of substantial amounts of our securities, including any future [REDACTED], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, contained in this document.

Certain facts, forecasts and other statistics contained in this document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications or other third-party reports. We have taken reasonable care in the reproduction or extraction of the official government publications or other third-party reports for the purpose of disclosure in this document, however, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration to how much weight or importance they should attach to or place on such facts.

Investors should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us or the [REDACTED].

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media or otherwise publicly available, nor the fairness or appropriateness of any estimates, forecasts, views or opinions expressed by the press or other media or otherwise publicly available regarding our H Shares or the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making

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their decision whether to invest in our H Shares or in the [REDACTED]. You should rely solely upon the information contained in this document, and any formal announcements made by us in making your investment decision regarding our H Shares.

Forward-looking statements in this document are subject to risks and uncertainties.

This document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 may be waived having regard to, among other considerations, the arrangements for maintaining regular communication with the Stock Exchange.

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and all of the executive Directors ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not, and does not contemplate, in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) **Authorized representatives:** we have appointed Mr. Wang Guoqiang (王國強) and Ms. Wong Hoi Ting (黃凱婷) as the authorized representatives (the “**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. We will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives. For more information about our Authorized Representatives, see “Directors and Senior Management” in this Document;
- (b) **Directors:** each of our Authorized Representatives has means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number of him/her to the Authorized Representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;

- (c) **Compliance advisor:** we have appointed Zhongtai International Capital Limited (中泰國際融資有限公司) as our compliance advisor (the “**Compliance Advisor**”) upon Listing pursuant to Rules 3A.19 and 19A.05 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. The Compliance Advisor will have access at all times to our Authorized Representatives, the Directors and other senior management and can act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange. The contact details of the Compliance Advisor have been provided to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor; and
- (d) **Hong Kong legal advisor:** we will retain a Hong Kong legal advisor to advise us on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [REDACTED].

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual, who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he or she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Mr. Tang Hui (湯輝) (“**Mr. Tang**”) as our joint company secretary. As he has extensive experience in finance but presently does not possess any of the qualification required under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Ms. Wong Hoi Ting (黃凱婷) (“**Ms. Wong**”), to provide assistance to Mr. Tang. Ms. Wong is a member of the Hong Kong Chartered Governance Institute, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Mr. Tang and Ms. Wong will be jointly discharging the duties and responsibilities of a company secretary. Ms. Wong will be assisting Mr. Tang in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules. Also, Mr. Tang will be assisted by (1) the compliance advisor of our Company for the first full financial year starting from the [REDACTED], particularly in relation to Hong Kong corporate governance practice and compliance matters; and (2) the Hong Kong legal advisor of our Company, on matters regarding

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

our Company’s ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Mr. Tang will endeavor to attend relevant trainings and familiarize himself with the Listing Rules and duties required of a company secretary of an issuer [REDACTED] on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Tang may be appointed as a joint company secretary of our Company.

Pursuant to Chapter 3.10 of the Guide, the waiver will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (1) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (2) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years on the condition that Ms. Wong will work closely with, and provide assistance to, Mr. Tang in the discharge of his duties as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. The waiver will be revoked immediately if Ms. Wong ceases to provide assistance to Mr. Tang during the three-year period after [REDACTED].

Our Company will further ensure that Mr. Tang has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer [REDACTED] on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules. Before the end of the three-year period, our Company will demonstrate and seek the Stock Exchange’s confirmation that Mr. Tang, having had the benefits of Ms. Wong’s assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary so that a further waiver would not be necessary.

For further information regarding the qualifications of Mr. Tang and Ms. Wong, see “Directors and Senior Management” in this Document.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
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[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
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[REDACTED]

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTIONS FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Executive Directors

Name	Address	Nationality
Mr. Sun Taoran (孫陶然)	Room 4706, 47th Floor Building 11 District 4 Wangjing Dongyuan Chaoyang District Beijing, PRC	Chinese
Mr. Wang Guoqiang (王國強)	Room 1402 No. 40 Lane 172 Jianrun Road Shanghai, PRC	Chinese
Mr. Zhu Guohai (朱國海)	Room 1102 Unit 3 Building 13 Wangchen Mansion Hangzhou, PRC	Chinese

Non-executive Directors

Name	Address	Nationality
Mr. Li Peng (李蓬)	Room 104 Building 62 Lingxiu Xinguigu No. 2 Yuan Xierqi Zhonglu & Xierqi West Road Lingxiu Silicon Valley Community Committee Qinghe Subdistrict Office Haidian District Beijing, PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Mr. Sun Yudan (孫宇丹)	Room 704, 7th Floor Building 18 Yuan No. 5 Shuangqiao East Road Chaoyang District Beijing, PRC	Chinese

Independent non-executive Directors

Name	Address	Nationality
Mr. Liu Erkui (劉爾奎)	Unit 3, Room 803 Building 8 Jiaodaokou East Street Dongcheng District Beijing, PRC	Chinese
Mr. Zhang Yanlong (張閆龍)	Room 2E, Unit 5 Building 8 Chunyinyuan Landianchang Haidian District Beijing, PRC	Chinese
Ms. Cheng Leixi (程蕾熹)	Room 3-401 Building 7 Yanshangyuan Xierqi Road Haidian District Beijing, PRC	Chinese
Mr. Ye Xiang (葉翔)	Flat B, 16/F Tower 2 Marina South 8 Ap Lei Chau Drive Hong Kong	Chinese

For further details regarding our directors, please see the section headed “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

**China Securities (International) Corporate
Finance Company Limited**
18/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

[REDACTED]

Legal Advisors to the Company

As to Hong Kong and U.S. law:

Jia Yuan Law Office
Suites 3502–3503, 35/F
One Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law:

Zhong Lun Law Firm
22–24/F & 27–31/F1, South Tower of CP Center
20 Jin He East Avenue
Chaoyang District
Beijing, 100020, PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong law:

**Eric Chow & Co. in Association with
Commerce & Finance Law Offices**

3401, Alexandra House

18 Chater Road

Central

Hong Kong

As to PRC law:

T&C Law Firm

11/F, Block A

Huanglong Century Square

No. 1 Hangda Road

Hangzhou

Zhejiang, PRC

Reporting Accountants

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

Industry Consultant

Frost & Sullivan

2504, Wheelock Square

1717 West Nanjing Road

Shanghai

PRC

Property Valuer

Asia-Pacific Consulting and Appraisal Limited

Room 2201, Digital 01 Building

No. 12, Guanghua Road

Chaoyang District

Beijing

PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Internal Control Consultant

SHINEWING Risk Services Limited

17/F., Leighton Centre

Causeway Bay

Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office

Room 606, 6th Floor
Building D1,
Zhongguancun No. 1
Bei Qing Road, Haidian District
Beijing, China

Headquarters in the PRC

Room 606, 6th Floor
Building D1,
Zhongguancun No. 1
Bei Qing Road, Haidian District
Beijing, China

**Principal Place of Business in
Hong Kong**

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Company’s Website

www.lakala.com
(The information contained in this website does not
form part of this Document)

Joint Company Secretaries

Mr. Tang Hui (湯輝)
Room 606, 6th Floor
Building D1,
Zhongguancun No. 1
Bei Qing Road, Haidian District
Beijing, China

Ms. Wong Hoi Ting (ACG ACS)
31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Mr. Wang Guoqiang (王國強)
Room 1402
No. 40
Lane 172
Jianrun Road
Shanghai, PRC

Ms. Wong Hoi Ting (黃凱婷) (ACG ACS)
31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Audit Committee

Mr. Liu Erkui (劉爾奎) (*Chairperson*)
Ms. Cheng Leixi (程蕾熹)
Mr. Sun Yudan (孫宇丹)

Nomination Committee

Mr. Zhang Yanlong (張閔龍) (*Chairperson*)
Ms. Cheng Leixi (程蕾熹)
Mr. Zhu Guohai (朱國海)

Remuneration and Appraisal Committee

Ms. Cheng Leixi (程蕾熹) (*Chairperson*)
Mr. Liu Erkui (劉爾奎)
Mr. Wang Guoqiang (王國強)

Strategy Committee

Mr. Sun Taoran (孫陶然) (*Chairperson*)
Mr. Zhang Yanlong (張閔龍)
Mr. Li Peng (李蓬)

[REDACTED]

CORPORATE INFORMATION

Principal Banks

China Everbright Bank Co., Ltd.

Fucheng Road Sub-branch

No. 100, West Third Ring Road North
Haidian District
Beijing, PRC

Xiamen International Bank Co., Ltd.

Beijing Xizhimen Sub-branch

No. 140, Xizhimenwai Street
Xicheng District
Beijing, PRC

China Minsheng Bank Co., Ltd.

Beijing Chengfu Road Sub-branch

Zhongguancun Founder Building,
No. 298 Chengfu Road
Haidian District
Beijing, PRC

Huaxia Bank Co., Ltd.

Beijing Xinhua East Street Sub-branch

Room 1017, 1st Floor, Building 1
No. 11 Xinhua East Street
Tongzhou District
Beijing, PRC

Bank of Beijing Co., Ltd.

Internet Finance Center Sub-branch

No. 101, Building 1, No. 1 Danling Street
Haidian District
Beijing, PRC

INDUSTRY OVERVIEW

The information that appears in this Industry Overview contains information and statistics on the industry in which we operate. The information and statistics contained in this section has been derived partly from publicly available government and official sources. Certain information and statistics set forth in this section have been extracted from a market research report by Frost & Sullivan (the “Frost & Sullivan Report”), an Independent Third Party which we commissioned. We believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources set forth in this Industry Overview has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors, officers, employees, advisors, agents or representatives as to its accuracy and the information from official government sources should not be relied upon in making, or refraining from making, any investment decision.

In 2024, the global payments industry processed approximately 3.6 trillion transactions, representing a TPV of about RMB13,300 trillion, implying a 2.0% CAGR from 2020. As a core part of the world’s economic and financial infrastructure, payments serve the essential functions of consumer spending, trade settlement and funds clearing, underpinning both the real economy and the expansion of the digital economy. According to Frost & Sullivan, by 2029, global TPV is expected to reach RMB14,901.5 trillion, reflecting a 2.3% compound annual growth rate over the forecast period, with the sector’s scale and systemic importance continuing to expand.

The global payments landscape can be broadly categorized into two operating models:

- (i) Bank payments. This category covers account-to-account schemes such as SWIFT, ACH and national real-time or fast payment systems, as well as four-party card networks such as China UnionPay, Visa and Mastercard, where licensed deposit-taking banks act as issuers or acquirers and hold settlement accounts. These rails support high-value clearing, business-to-business settlement and public disbursements, and they process the majority of consumer card transactions in store and online.

INDUSTRY OVERVIEW

- (ii) Non-bank payments. This category covers licensed non-bank payment service providers and e-money or wallet operators that aggregate multiple rails, including bankcards, QR codes, digital wallets and domestic instant-payment systems, to deliver efficient acquiring and collection services for merchants. Providers extend into risk management, reconciliation, marketing and loyalty, and treasury or cash-management functions, creating an integrated, end-to-end operating solution for merchants. Within this category, digital payment providers are introduced as the core non-bank model and the existing wording for their role and capabilities is retained. Digital payment refers to the electronic initiation, processing and settlement of consumer and merchant transactions across domestic and cross border channels, including bank card payment, QR code payment, digital wallet payment, digital currency payment and fund payment.

In parallel with the scale expansion described above, the global payments stack is undergoing a measured upgrade driven by new technologies. Blockchain and distributed ledger solutions are fostering the development of central bank digital currencies and stablecoins, enabling payment as settlement with near real-time finality and shortening the cross-border payment chain under clear regulatory guardrails and reserve requirements. Related blockchain settlement tools are being piloted as a back-end settlement leg in permitted corridors to compress cut-off times and improve transparency. Real-time account networks and open interfaces allow providers to connect cards, QR codes, wallets and instant transfers on a single platform with consistent reporting and controls. Artificial intelligence is being applied to risk screening, authorization optimization, anomaly detection and automated reconciliation, improving approval rates and reducing operating errors. Smart contracts and programmable finance are expected to further advance cross border settlement workflows and strengthen end-to-end auditability. These developments complement bank-anchored rails and, in practice, are most often delivered to merchants through licensed digital payment providers that aggregate multiple rails and embed compliance and operating software.

DIGITAL PAYMENTS EVOLVE INTO END-TO-END MERCHANT ENABLERS

Compared with traditional bank payments, digital payment providers leverage aggregated-rail routing, lightweight cloud architectures, and flexible APIs to deliver broad coverage of bank cards, QR codes, e-wallets, and domestic real-time payment rails, while enabling more flexible settlement cycles, consistent reconciliation, a more streamlined integration experience, and lower total cost of ownership. At the point of acceptance, digital payment providers also capture transaction data in real time and natively embed risk control, reconciliation, treasury/cash-management and loyalty/marketing modules, materially improving merchants’ digital operating efficiency.

INDUSTRY OVERVIEW

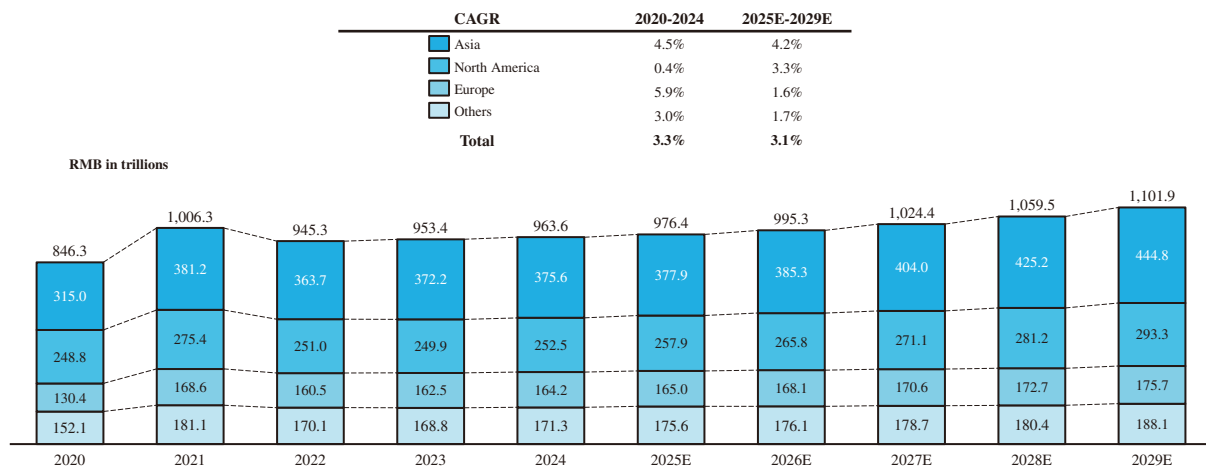
Demand-side dynamics are shifting toward greater diversity and internationalization. On one hand, high-frequency sectors such as restaurants, retail and e-commerce are accelerating digital transformation, pushing payment acceptance beyond traditional POS to mobile and aggregated payments. On the other hand, the rapid online growth of cross-border e-commerce, digital-content platforms, and travel-related consumption raises the bar for local-method acceptance, foreign-currency settlement and cross-border payments. Benefiting from technology neutrality, rapid response and strong scenario adaptability, digital payment providers have become critical infrastructure across global retail and transaction flows, and are extending from payments into SaaS, fintech, supply-chain finance and cross-border settlement to deliver end-to-end business digital solutions that enhance merchants’ operating efficiency and global fulfilment capability.

According to Frost & Sullivan, measured by TPV, the global digital payments market has grown steadily since 2020, supported by the widespread adoption of digital payment instruments and the continued convergence of online and offline commerce. From 2020 to 2024, global digital payments TPV expanded from RMB846.3 trillion to RMB963.6 trillion, representing a CAGR of 3.3%. Key growth drivers include rising e-commerce penetration, booming cross-border e-commerce, the increasing frequency of mobile payments, stronger consumer preference for contactless transactions, and the ongoing build-out of financial infrastructure and digital-payments ecosystems in emerging markets, particularly across Asia and Latin America.

Looking ahead, as consumption scenarios across online and offline channels expand and increasingly converge, including cross-border ecommerce, travel and mobility, digital content, and local services, digital payments are expected to play an even more central role as the transactional bridge for a broader universe of merchants and consumers in both physical and digital settings. By 2029, global digital payments TPV is projected to reach RMB1,101.9 trillion, implying a 3.1% CAGR over 2025 to 2029. Against the backdrop of accelerating global fulfilment, more rigorous compliant-payments requirements, and the strengthening of end-to-end merchant enablement capabilities, the sector retains substantial room for expansion and structural upgrading.

INDUSTRY OVERVIEW

TPV of Global Digital Payment Market, by Region, 2020-2029E



Source: Frost & Sullivan Report

Pain Points and Market Trends

Amid the rapid expansion of high-frequency transaction scenarios in global retail, food & beverage, and cross-border e-commerce, merchant operating chains have become increasingly complex, with multiple pain points emerging:

- **Complex payment integration; misalignment between processing efficiency and reconciliation cost.** Merchants must connect bankcards, QR codes, local e-wallets and other rails, creating heavy technical and finance-integration burdens.
- **Fragmented operating data with limited actionable insight.** Payment, loyalty, marketing and inventory systems remain siloed, making unified analytics and decision-support difficult.
- **Cumbersome cross-border workflows, long settlement cycles and high compliance thresholds.** Differing national payment rules and clearing requirements, coupled with limited local resources and financial-services access, constrain merchants’ global operations.
- **Weak customer-relationship management and digital operating capability.** Without robust loyalty and data-driven marketing, it is difficult to lift repeat purchases and user stickiness.

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- ***Inefficient store-and-supply-chain coordination, creating expansion and management bottlenecks.*** This is especially acute for chain operators, where disparate store systems and non-standardized inventory/fulfilment hinder brand consistency and overall efficiency.

Against this backdrop, digital payment service providers are leveraging their natural touchpoints along the payment journey and their system-integration strengths to extend across the full merchant value chain, providing digital solutions that cover payments and the full merchant operating chain from front end to back office, thereby improving operating efficiency and strengthening global fulfilment capability.

Compared with single-point tools, end-to-end business digital solutions serve as an integrated platform that fully empowers merchant operations, delivering higher operating efficiency, deeper insight and more durable growth support. They are increasingly the mainstream path for merchants’ digital upgrades. Key advantages include:

- ***Process integration that lifts operating efficiency.*** By unifying customer acquisition, ordering, payments, settlement, membership systems, marketing management, supply chain management, and business analytics, end-to-end solutions significantly reduce manual work, increase the frequency and efficiency of information exchange, eliminate data silos, and streamline business processes, while standardizing store operations and improving overall operational efficiency.
- ***Data foundations that enable intelligent decision-making.*** Transaction and operating data are collected, linked and analyzed on a single stack, providing cohort insights, product-affinity analysis and campaign effectiveness measurement to optimize pricing, promotion and assortment.
- ***Service extension that enhances global fulfilment.*** Especially in cross-border e-commerce and outward-facing retail, integrating local payment methods, FX/clearing/settlement, cross-border risk and compliance enables unified multi-country operations, improving order fulfilment efficiency and accelerating cash conversion.

For example, in the chain restaurant sector, as brands scale and roll out new stores, rising complexity across labor, acceptance, marketing and finance makes fragmented tools and manual workflows increasingly untenable. End-to-end solutions therefore become the critical path to efficiency and precision operations: they connect front-of-house POS with online ordering, loyalty/CRM, mid-office management and head-office finance, digitizing the entire flow, from tender acceptance and order processing, through kitchen operations management, to membership

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operations, supply chain coordination, and financial close. Payment-derived operating data then feeds back into decision-making, enabling dynamic menu engineering, pricing optimization and higher repeat conversion, thereby strengthening operating resilience and profitability.

ASIA’S ECONOMIC BOOM IS DRIVING THE RISE OF DIGITAL PAYMENTS AND MERCHANT-CENTRIC TECHNOLOGY SOLUTIONS

Asia is the core region of the global digital payments market. On a TPV basis, Asia accounted for nearly 50% of global share in 2024, ranking first worldwide. This leadership reflects a combination of large population scale, well-developed digital infrastructure, high digital payments penetration, and the rapid expansion of high-frequency consumption scenarios such as e-commerce and local services.

Within Asia, China, ASEAN, Japan and South Korea form the three priority sub-markets, each with distinct growth drivers and characteristics. China leads globally on the back of a mature digital payments system and an extensive merchant network. ASEAN markets exhibit strong upside potential, propelled by cross-border e-commerce and supportive digital-finance policies. Japan and South Korea, as advanced economies, continue to upgrade their payments stacks through high value-add use cases and regulatory optimization. As these three markets deepen and scale, APAC is expected to remain the primary engine of global payments growth, offering sustained, structural opportunities for end-to-end business digital solution providers.

Beyond these structural drivers, mature Asian markets display a distinct preference for SaaS in merchant operations. Japan, South Korea, Singapore and Hong Kong show high awareness of paid software, with merchants valuing reliability, uptime commitments, data security and assured local support. Subscription and usage based models are well accepted when they deliver measurable outcomes such as higher authorisation rates, faster reconciliation, compliant e invoicing and tax reporting, and tighter integration with point of sale, inventory, loyalty and accounting systems. Elevated labour costs and stringent regulatory requirements encourage merchants to adopt standardised workflows and auditable controls, while banks and large platforms favour providers that can demonstrate country specific compliance and on shore data options. For digital payment providers, these conditions support deeper bundling of payments with software modules and create a stable base of recurring revenue, lower churn and longer customer lifecycles across mature Asian markets.

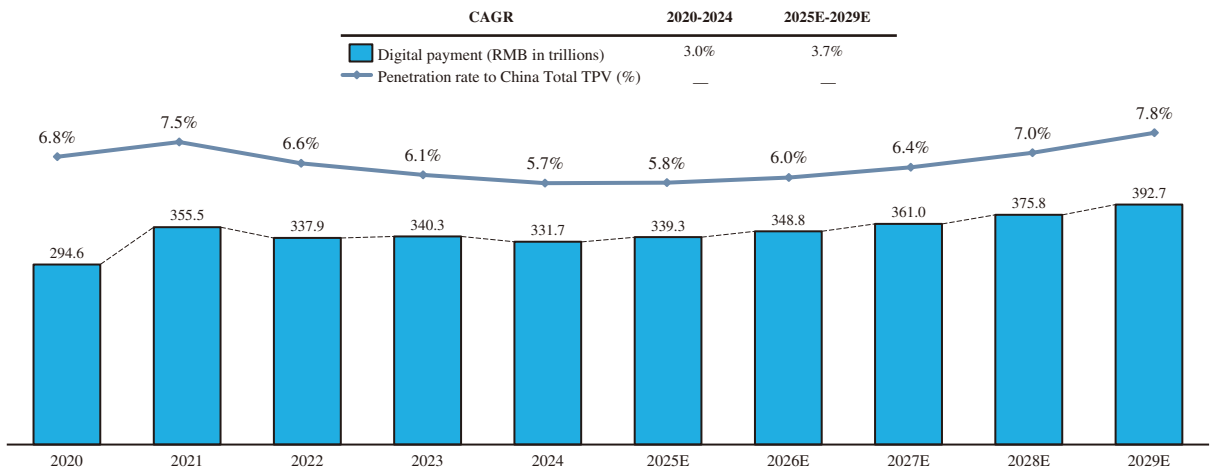
INDUSTRY OVERVIEW

Overview of China Market

China, one of the world’s largest retail markets, supports a vast merchant ecosystem. In 2024, total retail sales of consumer goods exceeded RMB48 trillion, accounting for over 50% of Asia’s overall market size. The number of registered enterprises and sole proprietors exceeds 150 million, spanning restaurants, retail, e-commerce, travel and local services, which collectively demand deeper digital integration across payments, marketing, orders, inventory and membership.

This large and increasingly digital merchant base continues to generate high-frequency, high-intensity demand for payment infrastructure, especially in high-volume, low-ticket, high-frequency verticals such as retail and food & beverage, where payments have become a core component of the operating stack. Digital payments providers, with flexible product form factors and strong integration capabilities, are therefore the key providers meeting multi-rail acceptance needs. According to Frost & Sullivan, on a TPV basis China’s digital payment market has grown steadily in recent years, expanding from RMB294.6 trillion in 2020 to RMB331.7 trillion in 2024, representing a 3.0% CAGR. Looking ahead, as QR payments, aggregated acceptance and e-CNY continue to converge, and as platform-type merchants increasingly require unified acquiring and operating solutions, China’s digital payment TPV is projected to reach RMB392.7 trillion by 2029, implying a 3.7% CAGR over 2025 to 2029.

TPV of China’s Digital Payment Market, 2020-2029E



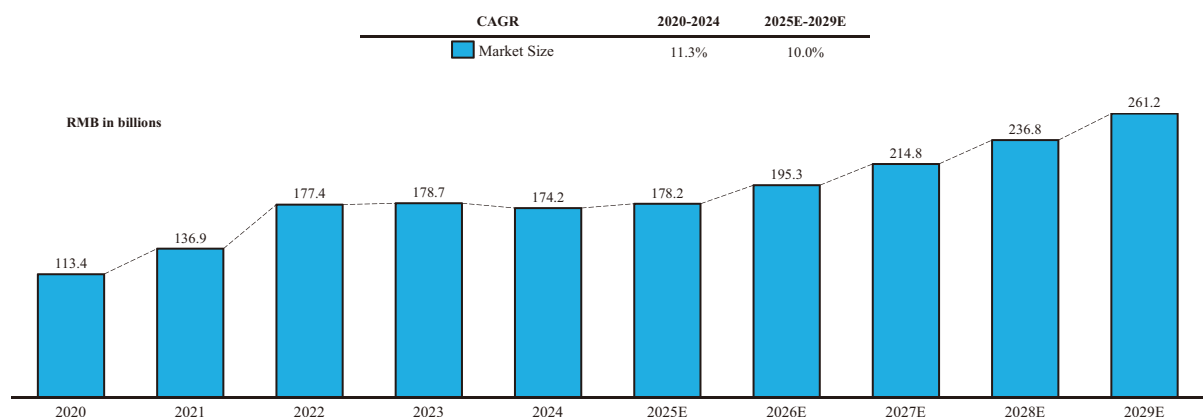
Source: PCAC, Frost & Sullivan Report

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Building on this foundation, several structural trends are reshaping demand. First, QR code payments, the primary carrier of digital payments in China, now achieve near-universal coverage across restaurant, retail, transport, public services and healthcare scenarios, and continue to expand under the combined tailwinds of aggregated acquiring, NFC and the ongoing rollout of e-CNY. Second, as retail and catering chain penetration rates rise, brand-led and platform-type merchants are prioritizing standardized, unified acquiring together with integrated operating solutions, accelerating the shift of payment service providers from pure acquiring to broader technology enablement. The chain penetration rate of China’s retail industry increased from 9.6% in 2020 to 10.2% in 2024, while that of the catering industry rose from 15% in 2020 to 23% in 2024. Third, foreign-card acceptance is scaling rapidly as inbound travel and international activity recover, positioning China as a key deployment market for global card schemes and creating structural upside for providers with multi-rail, multi-currency capabilities. As of the end of September 2024, the acceptance coverage of foreign bank cards among key merchants in China reached 99%. In September of 2024 alone, more than 2.5 million inbound visitors used services such as linking foreign cards to domestic wallets and using foreign cards through domestic channels, with the number of transactions and TPV increasing by 145% and 165%, respectively, compared with February of 2024. Collectively, these forces are catalyzing demand for end-to-end business digital solutions with payments as the entry point, which is becoming a critical value-added direction for digital payment service providers.

The market size of China’s end-to-end business digital solutions market, measured by revenue, expanded from RMB113.4 billion in 2020 to RMB174.2 billion in 2024, representing a CAGR of 11.3%. The market size is projected to reach RMB261.2 billion by 2029, with a CAGR of 10.0% over the period from 2025 to 2029.

Market Size of China’s End-to-end Business Digital Solutions Market, by Revenue, 2020–2029E



Source: Frost & Sullivan Report

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Growth Drivers

Underpinning China’s sustained demand for digital payments and end-to-end business digital solutions are several structural drivers that are both scale-led and technology-led. Together they expand the addressable market, lower adoption frictions and create a stronger foundation for value-added services.

- ***Highly digital retail ecosystem and extensive merchant base.*** China has built the world’s largest and most digitised consumer and merchant landscape, which provides natural soil for service expansion and makes payments the default on-ramp to merchant digitalisation across restaurants, retail, marketplaces and local services.
- ***Digital payments deeply embedded across everyday scenarios.*** China counts more than one billion digital payment users. The coordinated evolution of aggregated QR, NFC and facial-recognition acceptance together with the digital renminbi continues to strengthen the reach and stability of the payment entry point and lays the groundwork for subsequent operating services.
- ***Rising chain ratios in restaurant and retail, driving standardised operating needs.*** The rapid growth of chain and platform merchants is elevating demand for unified solutions that integrate payments with orders, inventory, marketing and reconciliation. By combining SaaS with business-management modules, payment providers can deliver efficient, repeatable and standardized digital toolsets that raise operating efficiency and financial transparency for brand customers.
- ***Foreign-card acceptance scaling as a structural source of growth.*** With inbound travel recovering and entry policies easing, foreign-card transactions are rising quickly. Digital payment providers are expanding acceptance networks, strengthening compliant processing and widening coverage. As global card schemes accelerate merchant enablement in China, acceptance capability in priority cities and travel hubs has become a key competitive differentiator.

Development Trends

The industry is entering a new phase in which payments serve as the gateway to broader merchant enablement. Structural trends are reshaping product scope, technology architecture and compliance requirements, accelerating the shift from transaction processing to platform-based operating solutions.

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- ***Extension from payment services to merchant operating enablement.*** Digital payment providers are moving beyond pure transaction routing to unlock end-to-end value. By linking payments with orders, inventory, finance and loyalty marketing, platforms deliver integrated operating support, upgrading from single-point tools to full solutions that raise customer stickiness and service monetization.
- ***Omnichannel integration drives stronger demand for standardized services.*** As shopping journeys blend online and offline, merchants seek a single acceptance entry point, a unified account layer and consistent data operations. Leading providers are building architectures that support cross-channel management from store POS and apps to mini programs and marketplaces, strengthening full-chain fulfilment capability.
- ***Technology-driven resilience and risk management.*** Continuous advances in artificial intelligence, data modelling and cloud-native engineering are automating risk strategies, customer support and financial close. Enhanced in-house R&D and system adaptability improve platform reliability and flexibility across industries.
- ***Regulation-led compliance favoring licensed providers.*** China’s payments market is progressing toward tighter licensing and transparent settlement. Stronger scrutiny of cross-border flows, anti-money-laundering controls and data security is widening the moat for licensed platforms with proven compliance, fund-safeguarding and risk-control capabilities, increasing their preference among large enterprises and cross-border clients.

Overview of ASEAN Market

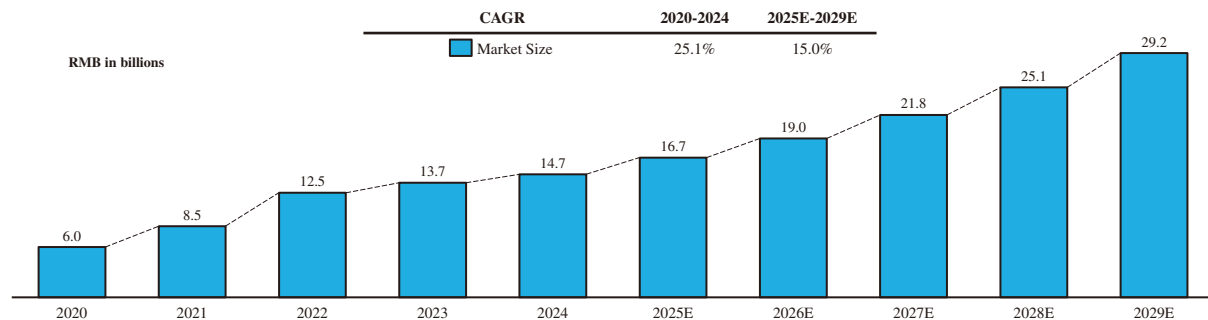
ASEAN is emerging as one of the most dynamic growth clusters among emerging markets. With a large population base, a rapidly expanding middle class and accelerating investment in digital infrastructure, the bloc is becoming a key engine of regional retail and payments expansion. As of 2024, the ten ASEAN economies together account for more than 670 million people, with a young demographic profile and steadily rising internet penetration, creating a solid user foundation for offline retail, e-commerce, travel and mobility, and local services. Core markets such as Indonesia, Vietnam, the Philippines and Malaysia have seen rapid growth in retail spending and mobile payments in recent years, translating into tangible demand for end-to-end business digital solutions.

As retail chain ratios rise, e-commerce platforms penetrate more broadly, and mobile-payment infrastructure continues to mature, ASEAN merchants are releasing sustained demand for integrated solutions that combine payments, marketing, order and inventory management, and finance on a single stack. This is prompting digital payment providers to accelerate localization

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and extend product capabilities across the region. According to Frost & Sullivan, the ASEAN end-to-end business digital solutions market was valued at RMB6.0 billion in 2020 and is expected to reach RMB29.2 billion by 2029, implying a CAGR of 15.0% over the forecast period of 2025 to 2029.

Market Size of ASEAN’s End-to-end Business Digital Solutions Market, by Revenue, 2020–2029E



Source: Frost & Sullivan Report

At the same time, an increasing number of Chinese brands are accelerating their expansion into Southeast Asia, with a pronounced wave in restaurant and retail formats. Leading retail and foodservice players have established stores or operating networks in Indonesia, Thailand and Malaysia, creating direct demand for China-origin payment and merchant-technology solutions. Compared with traditional Western SaaS vendors, Chinese providers typically offer stronger payment-rail integration, faster localization and more flexible terminal deployment across QR wallets, local card schemes and real-time payment systems, while supporting end-to-end POS, ordering, inventory and membership functions. As a result, they are increasingly becoming the preferred technology partners for China outbound brands in ASEAN, enabling unified acquiring, multi-wallet acceptance and integrated store operations on a single platform, and thereby improving time-to-market, operating efficiency and financial visibility.

ASEAN’s demand for digital payments and end-to-end business digital solutions is being propelled by structural forces that expand transaction volumes, lower acceptance frictions and accelerate merchants’ willingness to digitize operations. These forces are mutually reinforcing, creating a durable runway for platforms that can combine multi-rail acceptance with SaaS and data-driven services.

- **Rapid growth in retail and e-commerce.** Consumers are embracing omnichannel shopping, moving fluidly between physical stores and digital marketplaces such as Shopee, Lazada and TikTok Shop. This shift lifts transaction frequency and compels

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merchants to unify payments with orders, inventory, marketing and reconciliation on a single stack. As basket sizes diversify and fulfilment becomes more complex, demand rises for standardized, easily deployable solutions that stabilize operations across multiple stores and channels.

- ***Accelerating build-out of digital payment infrastructure.*** Governments are rolling out national instant-payment schemes and interoperable QR standards, for example [PayNow in Singapore, PromptPay in Thailand, DuitNow in Malaysia and QRIS in Indonesia], while opening licensing frameworks to non-bank payment institutions. These rails reduce acceptance costs, shorten settlement cycles and increase reach from micro merchants to national chains. For digital payment providers, this creates a favorable environment to aggregate cards, e-wallets and account-to-account payments under unified acquiring and to embed operating services at the point of acceptance.
- ***Rise of the middle class and digitally native youth.*** A young population with high smartphone penetration is becoming the main consumption engine, showing clear preferences for mobile wallets, contactless payments and app-based services. This cohort expects seamless checkout, loyalty integration and fast refunds, pushing merchants to adopt modern POS, CRM and analytics. As discretionary spending grows, the need for targeted marketing, embedded credit and subscription tools increases, reinforcing demand for end-to-end business digital solutions.

ASEAN’s payments and merchant-tech landscape is evolving from basic acceptance to integrated, cross-border and platform-based services. Policy support for interoperability, the rise of regional platforms and stronger enterprise requirements are shaping a market in which digital payment providers that combine compliance, multi-rail connectivity and SaaS depth will gain share.

- ***Rising demand for cross-border payment scenarios.*** As trade and tourism links tighten between Chinese enterprises and local consumers, merchants require solutions that combine local-method acceptance with compliant, low-cost and timely settlement across currencies. Providers that can unify cards, local wallets and instant-payment rails with foreign-exchange, reconciliation and tax reporting will become the preferred partners for cross-border sellers and destination merchants, improving cash conversion and reducing operational friction.
- ***Stronger digital awareness among local merchants.*** Beyond traditional retailers, a new generation of entrepreneurs is adopting cloud POS, online ordering, inventory control and CRM at an accelerating pace. This shift raises expectations for subscription-based

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SaaS that is modular, mobile-first and easy to deploy, and it favours platforms that can bundle payments with loyalty, analytics and marketing automation to lift retention and lifetime value.

- ***Open, collaborative technology ecosystems.*** Banks, payment companies, e-commerce marketplaces and digital-infrastructure players are increasingly collaborating on interoperable QR standards, shared onboarding, and data-exchange frameworks. This creates entry points for digital payment providers to aggregate multiple rails under a single acquiring layer, embed operating services at the point of acceptance, and co-innovate with local partners on industry-specific solutions in retail, food and beverage, travel and mobility.

Overview of Japan and South Korea Markets

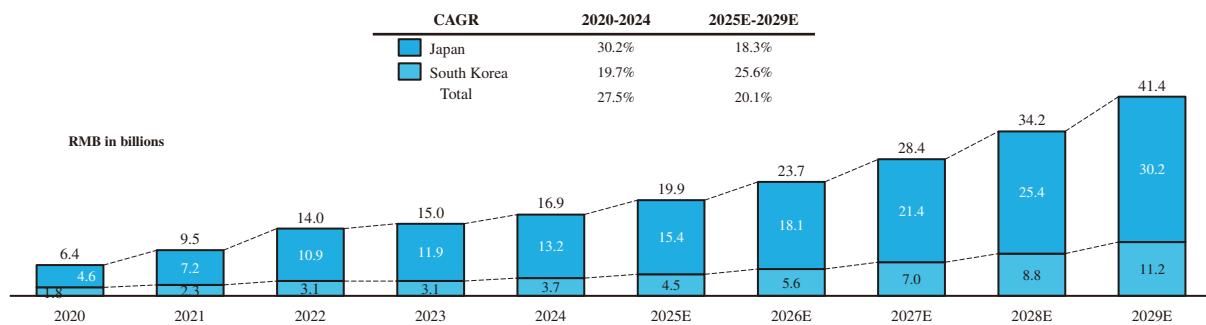
Japan and South Korea are among Asia’s most mature consumer markets, with highly developed payments infrastructure and a large base of high-quality merchants. Together they account for roughly 170 million residents with high urbanization and advanced digital adoption, and are among the first economies in Asia — Pacific to transition meaningfully away from cash. The merchant landscape features leading chain restaurants, convenience stores, shopping centres, mobility and local-service platforms, where the need to integrate payments with loyalty, inventory and marketing systems is well established; digital operating tools have effectively become standard equipment for local enterprises.

Building on a card- and POS-centric foundation, both markets have been broadening the acceptance mix in recent years. Digital wallets, QR payments and domestic real-time schemes are scaling, raising the digital participation of small and mid-sized merchants. In the post-pandemic period, government programs encouraging electronic acceptance among micro-merchants have supported a more open network environment, creating entry points for aggregated digital payment providers and SaaS solution vendors to deliver unified acquiring and integrated store-operations tools.

Economic ties among China, Japan and South Korea are deep, and cross-border payments and fulfilment scenarios are frequent, particularly in e-commerce, travel, education and healthcare, where requirements for efficient, secure payments and robust back-office systems are stringent. Providers that combine payment integration, risk services, cross-border reconciliation and local fulfilment capability are increasingly becoming preferred partners to leading Japanese and South Korean brands as well as to China outbound enterprises operating in these markets.

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Market Size of Japan and South Korea’s End-to-end business Digital Solutions Market, by Revenue, 2020–2029E



Source: Frost & Sullivan Report

The market size of Japan and South Korea’s end-to-end business digital solutions market expanded from RMB6.4 billion in 2020 to RMB16.9 billion in 2024, representing a CAGR of 27.5%. It is expected to reach RMB41.4 billion by 2029, with a CAGR of 20.1% over the period from 2025 to 2029.

South Korea and Japan continue to present a structurally attractive backdrop for digital payments and merchant-tech platforms. Demand is being shaped by diversification of payment methods, the depth of modern retail formats, and the steady recovery of cross-border consumption, while supply is moving toward standardized, compliance-ready, platform solutions.

Growth drivers

- **Open and diversified payment channels.** Traditional card acceptance now coexists with QR payments, digital wallets and domestic instant-payment rails, encouraging providers to deliver multi-rail acquiring and to embed operating services at the point of acceptance.
- **Developed chain retail and convenience ecosystems.** Dense networks of chain restaurants, supermarkets and convenience stores require high availability, stability and feature-rich end-to-end systems, sustaining long-cycle demand for integrated payments, loyalty, inventory, marketing and reconciliation on a single stack.
- **More frequent cross-border consumption.** With the return of Chinese visitors and outbound brand expansion, merchants increasingly need compliant, low-cost and timely cross-border solutions that combine local-method acceptance with foreign-currency settlement, unified reconciliation and tax reporting.

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Development trends

- ***Accelerating standardization of merchant operating systems.*** High penetration of modern POS, enterprise resource planning and customer relationship management systems creates a favorable entry point for SaaS integrators to unify online and offline workflows and to deliver industry-specific modules.
- ***Stronger compliance requirements in payments.*** Local licensing, data-security and anti-money-laundering standards are tightening, making localization of compliance a critical barrier to entry and a durable competitive advantage for qualified providers.
- ***Deeper trilateral cooperation among China, Japan and South Korea.*** Growing collaboration in cross-border payments, data connectivity and brand partnerships is opening opportunities for joint solutions that combine interoperable rails, shared onboarding and co-developed SaaS capabilities across retail, food and beverage, travel and other service verticals.

OTHER DIVERSIFIED MONETIZATION OPPORTUNITIES

Personal remittances refer to cross-border fund transfers initiated by individuals to other individuals for household consumption, savings, education, healthcare, gifts and similar purposes. Typical originators and beneficiaries include migrant workers, international students, expatriates and cross-border families. The market is channel-agnostic: transfers may be cash-to-cash, account-to-account, card-to-account, wallet-to-wallet or mixed (e.g., digital initiation with cash payout), and are executed through banks, money transfer operators, mobile-money ecosystems and licensed fintech platforms.

Global remittances operate across three converging models. The traditional bank/MTO agent model uses correspondent banking and dense cash-out networks to deliver funds to cash pickup, bank accounts or wallets, but tends to be slower and costlier with manual KYC and limited transparency. Digital-first platforms enable app initiation, e-KYC, real-time quotes and payouts to accounts, wallets or cards, offering faster, cheaper, 24/7 transfers, though last-mile cash coverage and corridor licensing can constrain reach. A hybrid model is now prevalent: banks and MTOs digitize origination and add instant rails, while fintechs aggregate agent networks for cash payout. Orchestration layers route by corridor, cost, speed and compliance, improving price and delivery times while preserving coverage, an operating blueprint increasingly adopted in competitive corridors.

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In principal-value terms, the global personal remittances market reached RMB14.3 trillion in 2024, up from RMB4.8 trillion in 2020, representing a 31.3% CAGR over 2020 to 2024. Growth was supported by the post-pandemic recovery in cross-border labor mobility, the rapid shift to digital origination and payout channels, the expansion of mobile-money and instant-payment corridors in emerging markets, and continued fee compression driven by competition and policy initiatives to lower remittance costs. Looking ahead, underpinned by sustained migrant flows, greater formalization and e-KYC/AML adoption across corridors, wider wallet-to-wallet interoperability, and deeper integration of FX and compliance into platform APIs, the market is projected to reach RMB21.8 trillion by 2029, implying a 8.7% CAGR over 2025 to 2029.

Growth Drivers

Sustained growth in global personal remittances is underpinned by structural forces that expand the sender base, reduce delivery frictions, and formalize flows into regulated digital channels. These forces reinforce one another across major corridors, improving speed, price transparency and reliability while broadening last-mile reach.

- ***Greater international labor mobility.*** Continued expansion of cross-border employment, education and migration increases the number of active senders and the frequency of household transfers, lifting principal volumes in both established and emerging corridors.
- ***Digital channels displacing legacy routes.*** Rising smartphone penetration and fintech adoption enable app-based onboarding, real-time pricing and instant payout to bank accounts, wallets and cards, lowering total transfer costs and shortening settlement times compared with cash-agent and correspondent chains.
- ***Regulatory opening coupled with stronger compliance.*** Many jurisdictions are introducing licensing regimes for non-bank providers and clarifying AML/KYC standards, allowing digital platforms to operate at scale while improving consumer protection and corridor integrity, which in turn attracts volume from informal channels.
- ***Spillover from cross-border commerce and platform ecosystems.*** The growth of marketplace sellers, gig platforms and payroll disbursements across borders generates adjacent person-to-person needs — such as family support and tuition — channeling incremental flows through the same payment rails and payout networks.

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New opportunities for Chinese providers

For Chinese end-to-end business digital solution providers, the rapid expansion of global personal remittances is not only a new revenue pool but also a natural adjacency to existing merchant businesses. Years of serving merchants have created deep reserves of payment-behavior data and risk models that strengthen user identification, intent verification and transaction monitoring, raising compliance and risk-control efficiency in cross-border remittance flows. Building on this foundation, providers can extend from the merchant side to the consumer side and connect the merchant — employee — household chain, covering a wider spectrum of payment and remittance needs and enabling fuller lifecycle management of users.

In Southeast Asia and in Japan and South Korea, where many Chinese brands have already expanded, local acquiring and settlement footprints are in place, allowing providers to operate inbound and outbound corridors and to form a two-way commercial and funds-flow loop. In addition, national policy support for regional financial cooperation, the international use of the renminbi and pilots related to the digital RMB under the Belt and Road and RCEP frameworks improves the likelihood of regulatory authorization and operational readiness, providing a stronger basis for compliant, scalable expansion of global remittance services.

COMPETITIVE LANDSCAPE

Sustained entry and scale in the digital payments and end-to-end business digital solutions market require far more than a checkout front end. Providers must win permissions, operate mission-critical infrastructure, embed themselves in industry workflows and compound data advantages, all while maintaining competitive unit economics and trusted brands. The following factors create high and durable barriers to entry.

- ***Licensing breadth and regulatory discipline.*** Participants need payments and acquiring permissions, cross-border approvals, safeguarding and settlement controls, and robust AML and data-protection regimes across multiple jurisdictions. Ongoing audits, scheme compliance and local wallet certifications raise fixed costs and elongate time-to-market, favoring incumbents with established compliance operations.
- ***Mission-critical technology and settlement resilience.*** Processing at scale demands high availability, low latency and peak-hour concurrency, with real-time reconciliation, exception handling and dispute management. Security and reliability standards such as PCI DSS, tokenization, strong authentication and tested disaster recovery are prerequisites. Multi-rail and multi-region capability, such as cards, QR, wallets, instant payments and foreign-card acceptance, together with treasury, FX and liquidity management further elevate the technical bar.

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- ***Merchant network density and vertical know-how.*** Winning and retaining chains in restaurant, retail and service verticals requires deep integration into POS, ERP, CRM and inventory systems, certified hardware estates, and repeatable rollout and support playbooks. Process re-engineering, store-level training and head-office governance embed providers into daily operations and create meaningful switching costs.
- ***Data assets and AI-driven operating advantages.*** Large, longitudinal transaction graphs and identity data enable superior risk models, smart routing, dynamic pricing, marketing attribution and working-capital underwriting. Building privacy-safe data pipelines, model-governance frameworks and analytics toolkits takes time and scale, reinforcing the advantage of established platforms.
- ***Economies of scale, channels and brand trust.*** Competitive unit economics depend on scale discounts with schemes and wallets, efficient cloud and terminal operations, and cost-effective merchant acquisition through banks, ISVs and platform partnerships. Nationwide service coverage, dependable SLAs and recognized consumer and merchant brands are hard to replicate quickly, and they are decisive in enterprise and cross-border wins.

COMPETITIVE LANDSCAPE

Leveraging multi-rail compliant settlement, vertical SaaS capabilities, foreign-card and cross-border networks, and data-driven risk and operations, we have rapidly become a leading digital payments and end-to-end business digital solutions provider in Asia. There are two types of service providers in digital payment market, namely independent and non-independent digital payment service providers. Independent digital payment service providers are those that are not owned or controlled by financial institutions, nor are they highly dependent on the businesses contributed by connected parties, such as large e-commerce platforms or social media platforms. In 2024, we ranked No. 1 in Asia among independent digital payment and end-to-end business solutions providers by TPV, with market share of 1.1%. By way of comparison, leading digital payment providers in other Asian markets recorded 2024 TPV of approximately RMB1.0 to 1.5 trillion each, which would not place them among the top five in Asia by TPV. This underscores the scale advantage and regional competitiveness of China-based providers.

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Ranking of Digital Payment Providers in Asia, 2024, by TPV

Ranking	Company	TPV (RMB in trillions)	Market Share	Nature
1	Company A	110.8	29.5%	Non-independent
2	Company B	69.0	18.4%	Non-independent
3	Company C	23.5	6.3%	Non-independent
4	The Company	4.3	1.1%	Independent
5	Company D	3.3	0.9%	Independent

Source: Frost & Sullivan Report

Notes:

- (1) Company A is a private company founded in 2004 and is headquartered in Hangzhou. It is a leading open internet platform that primarily provides digital payment services and digital financial services to domestic customers in China.
- (2) Company B is a private company founded in 2005 and is headquartered in Shenzhen. It is a subsidiary of a leading technology company as a payment platform that primarily provides payment services to internet users and companies.
- (3) Company C is a state-owned enterprise founded in 2002 and is headquartered in Shanghai. It primarily provides integrated payment services especially bank card acquiring and network payments to merchants and enterprises.
- (4) Company D is a public company founded in 2003 and is headquartered in Hangzhou. It provides comprehensive digital payment solutions and services, with a focus on cross-border payment processing for global businesses and e-commerce platforms.

The TPV of digital payment market contributed by independent digital payment service providers in China was RMB45.7 trillion in 2024. Measured by TPV, we were the largest independent digital payment service provider in China in 2024, with a market share of 9.4%. The independent segment remains fragmented, and our lead reflects broad rail connectivity, compliant settlement, vertical SaaS capabilities and a nationwide merchant network.

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Ranking of China’s Independent Digital Payment Service Providers, 2024, by TPV

Ranking	Company	TPV	Market Share
		<i>(RMB in trillions)</i>	
1	The Company	4.3	9.4%
2	Company D.	3.3	7.2%
3	Company E.	2.4	5.3%
4	Company F.	2.3	5.1%
5	Company G.	2.1	4.5%
6	Company H.	2.0	4.3%
7	Company I	1.5	3.2%
8	Company J	1.1	2.5%
9	Company K.	1.1	2.4%
10	Company L.	1.0	2.1%

Notes:

- (1) Company E is a private company founded in 2010 and is headquartered in Fuzhou. It is a one-stop service platform, providing integrated payment services and various SaaS products to online and offline merchants.
- (2) Company F is a private company founded in 2013 and is headquartered in Shenzhen. It is a subsidiary of a public company founded in 2011 and listed on Hong Kong Stock Exchange. It is a payment-based technology platform in China providing payment and business services to merchants and consumers.
- (3) Company G is a private company founded in 2013 and is headquartered in Shanghai. It provides comprehensive services including merchant payment processing, cross-border transactions, and fintech SaaS for businesses.
- (4) Company H is a private company founded in 2013 and is headquartered in Guangzhou. It primarily provides payment services to customers in China in various industries such as retail, education and fintech.
- (5) Company I is a private company founded in 2009 and is headquartered in Shenzhen. It primarily provides acquiring services to corporate users and personal payment services to individual users.
- (6) Company J is a private company founded in 2001 and is headquartered in Beijing. It primarily provides payment solutions and integrated financial services for medium-size, small and micro-size merchants in industries.
- (7) Company K is a private company founded in 2011 and is headquartered in Beijing. It is an intelligent payment platform for offline scenarios, empowering small and micro-size merchants through “Payment + Technology” strategy.
- (8) Company L is a private company founded in 2006 and is headquartered in Shanghai. It primarily provides payment services such as acquiring, funds management and data integration to customers in China in various industries.

Measured by TPV, we were also the largest independent digital payment service provider in China’s aggregated acquiring market in 2024, with a market share of 11.7%, and the largest independent digital payment service provider in aggregated acquiring by QR code, with a market share of 9.3%, respectively.

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Industry consolidation is set to accelerate as regulatory and operating thresholds rise and large merchants concentrate spend with fewer strategic providers. Licensing, safeguarding of client funds, settlement controls, capital and audit obligations lift fixed costs, while scheme and wallet certifications, data protection and local storage rules, and real time uptime expectations further raise entry barriers. On the demand side, national and regional chains prefer partners with broad rail connectivity, foreign card and cross border capability, proven governance, and the ability to bundle payments with software for reconciliation, invoicing, loyalty and analytics. Sub scale providers are likely to exit, merge or retreat to niches, while leading platforms expand through organic growth, partnerships and selective acquisitions. A higher concentration should support better unit economics, faster product iteration in risk and artificial intelligence, and more predictable service levels for enterprise and public sector clients.

Threats and Challenges

The sector continues to scale on the back of digital adoption, yet providers face a set of structural risks that can affect growth visibility, unit economics and brand trust. Effective mitigation requires disciplined governance, product differentiation and sustained investment in compliance and technology.

- ***Regulatory and policy uncertainty.*** Payments and data rules evolve by jurisdiction, covering licensing, safeguarding of customer funds, cross-border approvals, data localization, sanctions screening and consumer protection. Changes in any of these areas can delay product launches, raise fixed compliance costs or restrict corridor coverage. Providers need forward-looking compliance roadmaps, local regulatory engagement and flexible product architectures to adapt at speed.
- ***Evolving standards and interoperability.*** Payment schemes, local wallets, instant payment systems and data security frameworks are updated on a regular cadence. Providers need to align with messaging formats, network rules, tokenization requirements and domestic reporting templates, and to maintain certified integrations through regression testing and coordinated release windows. For mature platforms with established engineering processes and vendor certification calendars, these updates are predictable and routine. They do not materially alter the competitive landscape, but they require disciplined execution to keep service quality and reporting consistency stable across regions.

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- ***Heightened technology and data-security risks.*** Always-on transaction processing exposes platforms to cyber intrusion, fraud, outage and data-leakage risks that carry financial, legal and reputational consequences. Rising use of AI and real-time decisioning adds model-risk and governance challenges, including bias, drift and explainability. Robust controls across infrastructure security, encryption, key management, zero-trust access, PCI DSS compliance, incident response and independent audits are required to maintain reliability and stakeholder confidence.

SOURCE OF INFORMATION

This section contains information extracted from the Frost & Sullivan report prepared by Frost & Sullivan independently, which is commissioned by us in connection with the [REDACTED]. We expect to pay Frost & Sullivan a total fee of RMB500,000 for the Frost & Sullivan report and our use of the report. Frost & Sullivan is a consulting company that provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan report. We have extracted certain information from the Frost & Sullivan report in this section, as well as in the sections headed “Summary”, “Risk Factors”, “Business”, “Financial Information” and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industry in which we operate.

REGULATORY OVERVIEW

Our business is subject to relevant PRC laws, regulations and rules and is regulated by various PRC government agencies such as the People’s Bank of China (the “**PBOC**”), the State Administration of Foreign Exchange of the PRC (the “**SAFE**”), the China Securities Regulatory Commission (the “**CSRC**”), the Ministry of Industry and Information Technology of the PRC (the “**MIIT**”), the Cyberspace Administration of China (the “**CAC**”) and the National Development and Reform Commission of the PRC (the “**NDRC**”). This section contains a summary of the material laws and regulations applicable to our current business activities in China.

REGULATIONS RELATING TO PAYMENT SERVICES OF NON-BANK PAYMENT INSTITUTIONS

Regulations on Non-bank Payment Institutions

Pursuant to the Regulations on Supervision and Administration of Non-bank Payment Institutions (“**Non-bank Payment Institutions Regulations**”) (《非銀行支付機構監督管理條例》) issued by the State Council of the People’s Republic of China (the “**State Council**”) on December 9, 2023, which became effective on May 1, 2024, a non-bank payment institution refers to a limited liability company or a joint-stock limited company, which is established in accordance with the law within the territory of the PRC, other than banking financial institutions, that has obtained the payment license and engaged in the transfer of currency funds and other payment businesses based on electronic payment instructions submitted by payees or payers. The PBOC shall oversee and regulate the non-bank payment institutions in accordance with the law. The payment services provided by non-bank payment institutions are divided into two types based on whether they can receive prepaid funds from payees: stored value account operations and payment transaction processing, provided that single-purpose pre-paid card services do not fall into payment businesses under the Non-bank Payment Institutions Regulations. Non-bank payment institutions shall engage in payment business in accordance with the type of business and within the geographical area of operation specified in the Payment License, and shall not, without authorization, engage in other businesses that are subject to approval under the law. Where a non-bank payment institution provides payment services for domestic transactions, its transaction processing, fund settlement and data storage shall be conducted within the PRC. Non-bank payment institutions providing payment services for cross-border transactions shall comply with the relevant regulations on cross-border payments, cross-border RMB business, foreign exchange management and cross-border data transmission. Non-bank payment institutions engaged in stored value account operations shall comply with the laws, administrative regulations and the provisions of the PBOC on the management of payment accounts when they open payment accounts for users. The payment account shall be set up according to users’ real intention and in users’ real name, and shall be used for initiating payment instructions, reflecting transaction details and recording fund balance. Non-bank payment institutions shall process payment business conducted in cooperation with banking and financial institutions and other non-bank payment institutions through the clearing

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institutions identified by the PBOC, comply with the clearing administration rules, and shall not engage in clearing business directly or in any disguised form. The same shareholder must not directly or indirectly hold 10% or more of the shareholding or voting rights in two or more non-bank payment institutions of the same business type. The same de facto controller must not control two or more non-bank payment institutions of the same business type, unless otherwise provided by the State. Non-bank payment institutions intending to provide payment services for offline merchants in provinces, autonomous regions and municipalities other than their place of domicile shall set up branches as stipulated and file with the PBOC.

The PBOC issued the Implementing Rules for the Regulations on Supervision and Administration of Non-Bank Payment Institutions on July 9, 2024 (“**Implementing Rules for Non-bank Payment Institutions Regulations**”) (《非銀行支付機構監督管理條例實施細則》), which came into force on the same day. The Implementing Rules for Non-bank Payment Institutions Regulations further clarify the important concepts and connotations of the regulations on non-bank payment institutions, refine the administrative licensing requirements; provide that stored-value account operation and payment transaction processing business are subdivided into Type I and Type II, respectively, and clarify the correspondence between old and new classification methods, as well as the connection methods, etc. The Implementing Rules for Non-bank Payment Institutions Regulations stipulate that payment institutions shall meet the requirements of the Non-bank Payment Institutions Regulations and the Implementing Rules for Non-bank Payment Institutions Regulations on the establishment conditions of non-bank payment institutions and the ratio of net assets to the average daily balance of the reserve before the end of the transition period, and other requirements shall be implemented from the effective date of the Implementing Rules for Non-bank Payment Institutions Regulations. The transitional period shall be from the entry into force of the Implementing Rules for Non-bank Payment Institutions Regulations to the expiry date of the validity period of its payment business license. If the transitional period is less than 12 months, it shall be counted as 12 months.

Based on (1) the Company’s current compliance with and commitment to continual compliance with the requirements under the Non-bank Payment Institutions Regulations and the Implementing Rules for the Regulations on Supervision and Administration of Non- Bank Payment Institutions, and (2) the fact that compliance with relevant requirements is not expected to have a material adverse effect on our business operations, the Company believes that the entry into force of the Non-bank Payment Institutions Regulations and the Implementing Rules for the Regulations on Supervision and Administration of Non-Bank Payment Institutions will not have a material adverse effect on our business operations.

Pursuant to the Administrative Measures for the Reporting of Material Matters by Non-bank Payment Institutions (《非銀行支付機構重大事項報告管理辦法》) issued by the PBOC on July 20, 2021 and came into force on September 1, 2021, if a payment institution proposes to make an

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initial public offering or to issue additional shares, or if a major contributor or the de facto controller of the payment institution proposes to make an initial public offering, including but not limited to the circumstance where it directly serves as a subject of the initial public offering or makes an overseas listing through variable interest entities or otherwise, the payment institution shall report the events to the local branch office of the PBOC in advance. The Company has fulfilled the foregoing reporting obligations to the Beijing Branch of the People’s Bank of China on September, 2025. As of the Latest Practicable Date, we have not received any further request or objection in respect to the report.

Pursuant to the Anti-Telecom and Online Fraud Law of the People’s Republic of China (《中華人民共和國反電信網絡詐騙法》) issued by the Standing Committee of the National People’s Congress (“NPCSC”) on September 2, 2022, and became effective on December 1, non-bank payment institutions shall, in accordance with the relevant provisions of the State, transmit the transaction information such as the names of the businesses which directly provide goods or services, and the names and account numbers of the paying and receiving customers in a complete and accurate manner, and ensure the authenticity and completeness of the transaction information and the consistency in the whole process of payment.

Pursuant to the Non-bank Payment Institutions Regulations, non-bank institutions outside of the PRC shall establish non-bank payment institutions in the PRC for providing cross-border payment services to domestic users, unless otherwise provided by the State. According to the People’s Bank of China Announcement [2018] No. 7 – Announcement on Matters Relating to Foreign Investment in Payment Institutions (《中國人民銀行公告[2018]第7號－關於外商投資支付機構有關事宜公告》) ([PBOC Announcement [2018] No. 7]) issued by the PBOC on March 19, 2018 and became effective on the same date, an overseas institution proposing to provide electronic payment services for domestic transactions and cross-border transactions of domestic entities in the PRC shall establish a foreign investment enterprise in the PRC, and obtain a payment business permit in accordance with the criteria and procedures stipulated in relevant regulations. A foreign-invested payment institution shall possess a secured and standardized business system and a disaster recovery system in the PRC, which can complete payment transactions independently. The storage, processing and analysis of personal information and financial information collected and generated in the PRC shall be carried out in China. Where it is necessary to transmit such information overseas for the purpose of processing cross-border transactions, the transmission shall comply with the provisions of laws, administrative regulations and the relevant regulatory authorities. The payment institution shall require the overseas entities to perform the corresponding information confidentiality obligations. The consent of the data subject is required. The corporate governance, daily operation, risk management, fund processing, deposit of provisions, and contingency arrangements of foreign-invested payment institutions shall comply with the regulatory requirements of the PBOC for non-bank payment institutions. PBOC Announcement [2018] No. 7 only contains the general requirements for new applications for

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Payment License by foreign institutions but does not announce any specific requirements and implementation measures regarding the change of domestic institutions that have obtained the Payment License to become foreign-invested payment institutions.

Regulations on Network Payments

Pursuant to the Administrative Measures on Network Payments by Non-bank Payment Institutions (《非銀行支付機構網絡支付業務管理辦法》) (the [PBOC Announcement [2015] No. 43]) issued by the PBOC on December 28, 2015 and became effective on July 1, 2016, network payment services refer to the monetary funds transfer services provided by the payment institution when the payee or payer, through computers and mobile terminals, etc., remotely initiates payment instructions relying on public network information system, with no interaction between the payer’s electronic devices and the payee’s specific personal devices.

With regard to risk management and protection of clients’ rights and interests, payment institutions shall, according to the customers’ risk rating, transaction validation mode, transaction channel, transaction terminal or type of interface, transaction type, transaction amount, transaction time and merchant category, etc., establish the transaction risk management system and the transaction monitoring system and take timely measures, such as investigation and verification, delay of settlement and termination of services, to crack down on transactions suspected to be fraud, cashing out, money laundering, illegal financing, and terrorist financing, etc. The PBOC Announcement [2015] No. 43 further stipulates that payment institutions shall establish a sound risk reserve system and transaction compensation system, and shall protect the legitimate rights and interests of the client by making timely, full advance compensation for any and all capital losses which cannot be effectively proved being caused by the client; moreover, in accordance with the provisions of the PBOC on client information protection, effective client information protection measures and risk control mechanisms shall be established to protect client information.

Pursuant to the Notice on the Transfer of the Network Payment Business of Non-bank Payment Institutions from the Direct-Connection Mode to the NetsUnion Platform (《關於將非銀行支付機構網絡支付業務由直連模式遷移至網聯平台處理的通知》) issued by the Payment and Settlement Department of the PBOC on August 4, 2017, starting from June 30, 2018, the network payment business of non-bank payment institutions involving bank accounts shall be processed through the “network payment and clearing platform for non-bank payment institutions” constructed by the Payment and Clearing Association of China under the guidance of the PBOC.

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Non-bank financial institutions differ from banks in the following aspects:

- (i) Regulatory authorities: Non-bank financial institutions are regulated by the PBOC, whereas banks are regulated by the PBOC and the National Administration of Financial Regulation (“NAFR”).
- (ii) Qualification requirements: Non-bank financial institutions undertake the business of digital payment and are required to obtain payment business permits issued by the PBOC. Banks, on the other hand, are obligated to obtain certain permissions and licenses from the PBOC and the NAFR before engaging in the acquiring business.
- (iii) Scope of services: Non-bank financial institutions offer fund-transferring services using public or private networks, including currency transfer and internet payment. Banks, on the other hand, provide not only digital payment services, but also traditional Point of Sale (“POS”) transactions, online banking payment, etc.
- (iv) Outsourcing: Non-bank financial institutions are not allowed to outsource their digital payment business.

Regulations on Prepaid Card Business

On September 27, 2012, the PBOC issued the Administrative Measures for Prepaid Card Business of Payment Institutions (《支付機構預付卡業務管理辦法》) (the PBOC Announcement [2012] No. 12), which became effective on November 1, 2012. Prepaid cards referred to in PBOC Announcement [2012] No. 12 refer to the prepaid value issued by the card issuing institutions in a specific vehicle and form, which can be used to purchase goods or services outside the issuing institutions; Payment institutions refer to card issuing institutions which have obtained the Payment License and has been approved to conduct business of prepaid card issuance and acceptance and the acceptance institutions approved to handle the prepaid card acceptance business. According to these Measures, payment institutions shall engage in prepaid card business in strict accordance with the business types and coverage approved in their Payment License and are not allowed to engage in prepaid card business in provinces (autonomous regions, municipalities directly under the Central Government, and municipalities with independent planning status) where provincial branches have not been established. Card issuing institutions shall operate an independent and secure prepaid card core business processing system within the territory of the PRC, establish an emergency response mechanism for unexpected events, and ensure the timeliness, accuracy, and security of prepaid card business processing. The prepaid card core business processing system includes, but is not limited to, the card issuing system, accounting host system, card management system, and customer information management system. Card issuing institutions shall provide acceptance services for the prepaid cards they issue, and the

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number of merchants they independently expand, contract with, and manage shall account for at least 70% of the number of merchants that accept the prepaid card. Card issuing institutions and acceptance institutions shall have and operate an independent and secure prepaid card acceptance system within the territory of the PRC, establish an emergency response mechanism for unexpected events, and ensure the timeliness, accuracy, and security of prepaid card business processing. Card issuing institutions and acceptance institutions shall establish merchant information management systems and business risk prevention and control systems, respectively. Acceptance institutions are not allowed to store any prepaid card information unrelated to acceptance business in any form.

On September 23, 2020, the Payment and Clearing Association of China issued the Guidelines on Risk Prevention for Prepaid Card Business of Non-Bank Payment Institutions (《非銀行支付機構預付卡業務風險防範指引》), which came into effect on November 1, 2020, according to which, prepaid card organizations carrying out prepaid card QR payment business shall be in strict compliance with the type of business and geographical area as approved by the PBOC. Technical means are required to confirm that customers are within the approved geographical area, and prepaid card organizations shall not engage in prepaid card business beyond such area with the help of QR code technology. Prepaid card organizations that are not authorized to handle network payment businesses shall not engage in network payment businesses in disguise through QR code technology.

Regulations on Bankcard Acquiring Business

According to the Administrative Measures on Bankcard Acquiring Services (“**Measures on Bankcard Acquiring**”) (《銀行卡收單業務管理辦法》) (PBOC Announcement [2013] No. 9) issued by the PBOC on July 5, 2013, which took effect on the same day, acquirers shall conduct real-name management of the merchants. Local business and management shall be carried out for acquiring business of entity merchants, acquiring services shall be provided through bankcard acquirers or their branches in the provincial (district or city) domain where the merchant and its branches are located. No business shall be carried out on a cross-provincial (district or city) domain. The acceptance terminal (network payment interface) provided by the bankcard acquirers to its franchised merchants shall comply with the technical standards promulgated by the State and the financial industry, as well as the relevant requirements on information security management. The non-bank payment institutions shall conduct the fund settlement for merchants according to the agreed time limit and shall not intercept or misappropriate the funds to be settled by a merchant or cardholder. The non-bank payment institutions shall coordinate with the issuing bank and assist with the risk warning investigation issued by the bankcard clearing institutions. The bankcard acquirers shall strictly manage outsourcing business and perform the obligation to keep the account information confidential.

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The Measures on Bankcard Acquiring require the bankcard acquirers to conduct real-name management of the merchants and to follow the principle of “know your client”. Local business and management activities related to acquiring merchant business shall be conducted within the province (district or city) where the merchant and its branches are located. Acquiring services must be provided through bankcard acquirers or their branches operating in that same local jurisdiction. No business shall be carried out on a cross-provincial (district or city) domain. Meanwhile, the Measures on Bankcard Acquiring requires the bankcard acquirers shall safeguard the legitimate rights and interests of the parties concerned according to law, and ensure information security and transaction security and the acceptance terminal (network payment interface) provided by the bankcard acquirers to its franchised merchants shall comply with the technical standards promulgated by the State and the financial industry as well as the relevant requirements on information security management.

Measures on Bankcard Acquiring provide relevant business compliance requirements for non-bank payment institutions to engage in bankcard acquiring business, including setting up and sending acquiring transaction information according to the regulations. The non-bank payment institutions shall conduct the fund settlement for merchants according to the agreed time limit and shall not intercept or misappropriate the funds to be settled by a merchant or cardholder. The non-bank payment institutions shall coordinate with the bankcard-issuing bank and shall assist with the risk warning investigation issued by the bankcard clearing institutions.

Regulations on Outsourcing of Bankcard Acquiring Business

According to the Administrative Measures on Bankcard Acquiring Services (《銀行卡收單業務管理辦法》) (PBOC Announcement [2013] No. 9) issued by the PBOC on July 5, 2013, which took effect on the same day, acquirers shall conduct real-name management of the merchants. Local business and management shall be carried out for acquiring business of entity merchants, acquiring services shall be provided through bankcard acquirers or their branches in the provincial (district or city) domain where the merchant and its branches are located. No business shall be carried out on a cross-provincial (district or city) domain. The non-bank payment institutions shall conduct the fund settlement for merchants according to the agreed time limit and shall not intercept or misappropriate the funds to be settled of a merchant or cardholder. The non-bank payment institutions shall coordinate with the issuing bank and shall assist with the risk warning investigation issued by the bankcard clearing institutions. The bankcard acquirers shall strictly manage outsourcing business, and perform the obligation to keep the account information confidential.

The PBOC issued the Notice on the Management of Bankcard Acquiring Outsourcing (《關於加強銀行卡收單業務外包管理的通知》) (Yin Fa [2015] No. 199) on June 28, 2015, which took effect on the same date. The notice defines the outsourcing limit of acquiring business, stipulating

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that the verification of merchant qualification, execution of acceptance agreement, transaction processing of acquiring services, fund settlement, risk monitoring, the acceptance of generation and management of terminal secret keys, and error and disputes settlement shall not be outsourced.

According to the Administrative Rules for the Filing of Acquiring Outsourced Service Providers (《收單外包服務機構備案管理規範》) issued by the Payment & Clearing Association of China and effective on May 26, 2025, service providers that plan to carry out acquiring outsourcing services should apply for filing with the Payment and Clearing Association of China.

Regulations on Agency Collection Service

According to the Notice by the People’s Bank of China of Regulating Agency Collection Services(《中國人民銀行關於規範代收業務的通知》) issued by the PBOC on October 26, 2020, and came into force on April 26, 2021, “agency collection services” means the payment services that a payee entrusts a collection agency with deduction of funds from the payer’s account at the payer’s bank of deposit to the payee based on the agreed frequency, amount and other conditions with consent of the payer, for which the payer’s bank of deposit no longer confirms on transaction basis with the payer. Payment institutions that have obtained a network payment business license can provide agency collection services for network merchants, and payment institutions that have obtained a bankcard acquiring business license can provide agency collection services for entities merchants. If the payer and payee, payer and payer’s bank of deposit, and payee and collection agency sign separate agency collection service agreements, the payer’s bank of deposit can support the payer (the collection agency may do so based on the payee’s authorization) in handling fee payment, credit card repayments, and other businesses through agency collection services. Where the collection agency handles fund collection, credit card and loan repayments, and other businesses for the payee through agency collection services, and it involves in fund transfer between payment accounts and bank accounts, such collection agency shall comply with the relevant provisions of the PBOC Announcement [2015] No. 43 that the bank accounts and payment accounts shall be owned by the same client.

Regulations on the Management of Client Reserve Funds

Client reserve funds are amounts received on behalf of our clients from processing payments and are payable to clients. The General Office of the PBOC issued Notice on Adjustment of Centralized Deposit Proportion of Client Reserve Funds by Payment Institutions (《關於調整支付機構客戶備付金集中交存比例的通知》) (“**Notice on Adjustment of Centralized Deposit Proportion**”) on December 29, 2017, which took effect on the same day. According to the Notice on Adjustment of Centralized Deposit Proportion, the original centralized deposit proportion shall

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still be executed in January 2018, and the centralized deposit proportion shall be increased by 10% monthly from February to April 2018. Starting from the second quarter of 2018, the adjustment will take place quarterly.

The General Office of the PBOC issued Notice on Matters concerning Complete Centralized Deposit of the Funds of Pending Payments of Clients of Payment Institutions (《關於支付機構客戶備付金全部集中交存有關事宜的通知》) (“**Notice on Complete Centralized Deposit**”) on June 29, 2018, which took effect on the same day. According to the Notice on Complete Centralized Deposit, from July 9, 2018, centralized deposit percentage of the funds of pending payments of clients of payment institutions shall be gradually increased on a monthly basis, and 100% of the centralized deposit will be realized by January 14, 2019.

According to the Non-bank Payment Institutions Regulations, reserve funds refer to the prepaid monetary funds that non-bank payment institutions receive from users for the purpose of payment businesses. Non-bank payment institutions shall transfer the reserve fund based on the payment instructions initiated by users, except in any cases where the users’ reserve funds have been legally frozen or seized and deducted. Non-bank payment institutions shall not, in any form, embezzle, appropriate or borrow reserve fund, or use reserve funds to provide guarantees for themselves or others. The ratio of its net assets to the average daily balance of its reserve fund shall comply with the requirements of the PBOC. Nonbank payment institutions shall deposit the reserve funds to the PBOC or a commercial bank that meets the requirements of the PBOC. No entity or individual shall apply for the reserved funds accounts of the non-bank payment institutions to be frozen or to be subject to enforcement, unless otherwise prescribed by law. The Implementing Rules for Non-bank Payment Institutions Regulations stipulate that the minimum net asset requirement for non-bank payment institutions is determined using excess regressive method based on the average daily balance of reserve funds. The Depository Measures for Clients’ Provisions of Non-bank Payment Institutions (《非銀行支付機構客戶備付金存管辦法》) (“**Measures on Client Reserve Funds Depository**”) was promulgated by the PBOC on January 19, 2021 and came into force on March 1, 2021. The Measures on Client Reserve Funds Depository stipulates that non-bank payment institutions shall deposit the full monetary capital (client reserve funds) received in advance to handle the payment business on behalf of the client to the central deposit and management reserve account with the PBOC or the special deposit account opened by non-bank payment institutions with the depository banks. The Measures on Client Reserve Funds Depository also strictly regulate the storage, accumulation, use, transfer and other depository activities of client reserve funds.

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Regulations on Anti-Money Laundering and Anti-Terrorism Financing

Pursuant to the Anti-Money Laundering Law of the People’s Republic of China (《中華人民共和國反洗錢法》) issued by the NPCSC on October 31, 2006, amended on November 8, 2024, and become effective on January 1, 2025, specific non-financial institutions that are required to fulfill their anti-money laundering obligations shall, in accordance with the law, take preventive and control measures, establish and improve the internal control system of anti-money laundering, and perform their anti-money laundering obligations such as customer due diligence, retention of customer identification information and transaction records, the reporting of large-value transactions and suspicious transactions, and special preventive measures for anti-money laundering. According to the Non-bank Payment Institutions Regulations, non-bank payment institutions shall comply with regulations on anti-money laundering and counter-terrorism financing, anti-telecommunications and internet fraud, prevention and handling of illegal fund-raising, and curbing gambling. They must take necessary measures to prevent illegal and criminal activities.

Pursuant to the Measures for Anti-Money Laundering and Anti-Terrorism Financing of Payment Institutions (《支付機構反洗錢和反恐怖融資管理辦法》) (Yin Fa [2012] No. 54) issued by the PBOC on March 5, 2012 and became effective on the same date, payment institutions that have obtained a Payment License shall fulfill their obligations in respect of anti-money laundering and anti-terrorism financing in accordance with the law, mainly including client identification, client identification information and transaction record-keeping, suspicious transaction report, anti-money laundering and anti-terrorism financing surveys, etc.

Pursuant to the Management Measure on Large and Suspicious Transactions Reporting for Financial Institutions (《金融機構大額交易和可疑交易報告管理辦法》) (PBOC Decree [2016] No. 3) issued by the PBOC on December 28, 2016, latest amended on July 26, 2018 and became effective on the same date, payment institutions shall fulfill their obligations to report large-value and suspicious transactions, and formulate an internal management system and operating procedures for large-value and suspicious transaction reporting in order to establish and improve large-value transaction and suspicious transaction monitoring systems.

Regulations on Detection and Authentication Management of Payment Business Systems

Pursuant to the Regulations on Inspection and Verification of Non-financial Institutions Payment Service Business System (《非金融機構支付服務業務系統檢測認證管理規定》) (PBOC Announcement [2011] No. 14) issued by the PBOC on June 16, 2011, which became effective on the same date, payment institutions shall, based on the requirements of their payment business development and security management, conduct technical standard compliance and security testing

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and certification of their payment processing systems, network communication systems, and dedicated machine rooms accommodating these systems at least once every three years. The PBOC is responsible for the approval and management of inspection and qualification verification.

Regulations on QR Payment Business Standards

According to the Rules for the QR Payment Business Standard (Trial) (《條碼支付業務規範(試行)》) (Yin Fa [2017] No. 296) issued by the PBOC on December 25, 2017, and became effective on April 1, 2018, the QR payment business refers to business activities where banking financial institutions or non-bank payment institutions apply QR technologies to realize the transfer of monetary funds between the payers and payees, including payment code scanning and receipt code scanning. These rules provide that a non-bank payment institution which conducts QR payment business shall obtain the relevant license as required and conduct the business in a standard manner in accordance with the corresponding administrative measures.

Regulations on Payment Settlement Business of Fund Sales

Pursuant to the Securities Investment Fund Law of the PRC (2015 Revision) (《中華人民共和國證券投資基金法(2015修正)》) issued by the NPCSC on April 24, 2015 and came into effect on the same day, organizations engaged in fund services such as sales payment business of public equity funds shall register or file in accordance with the provisions of the securities regulatory authorities under the State Council.

Pursuant to the Measures for the Supervision and Administration of Sales Institutions of Publicly Offered Securities Investment Funds (《公開募集證券投資基金銷售機構監督管理辦法》) issued by the CSRC on August 28, 2020 and implemented on October 1, 2020, fund sales payment institutions are entrusted by fund sales institutions to provide settlement and transfer services for fund sales. For payment business for fund sales, fund sales institutions shall engage commercial banks or payment institutions that (i) have effective risk control systems and safe and efficient information systems in place for handling payment business; (ii) obtained the qualification of fund sales business and the Payment License, respectively; (iii) had not subject to criminal punishment or major administrative punishment in the last three years; major administrative supervision measures in the last year; and are not in rectification period due to major violations or being investigated by authorities for suspected major violations; (iv) meet other conditions prescribed by the CSRC. Payment institutions engaged in fund sales payment business shall file with the CSRC.

According to the Regulations on the Implementation of the Measures for the Supervision and Administration of Sales Institutions of Publicly Offered Securities Funds (《關於實施〈公開募集證券投資基金銷售機構監督管理辦法〉的規定》) issued by the CSRC on August 28, 2020 and implemented on October 1, 2020, payment institutions engaging in the fund sales payment

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business shall file with the CSRC and submit relevant materials within 10 working days from the date of the first signing of the service agreement. Payment institutions shall file with the CSRC within 10 working days where it subsequently changes its company name, registered capital, form of organization, place of business, undergoes a merger or demerger, adjusts its business type or scope, or is subject to criminal investigation or detection or criminal penalties, administrative penalties, administrative regulatory measures, self-disciplinary supervisory measures for its business practice, or any other significant event. The payment institution shall submit annual filing materials to the CSRC before April 30 each year, which shall include the basic profile and operation status of said payment institution, the implementation and changes of the internal management system, and other matters as stipulated by the CSRC.

REGULATIONS RELATING TO INFORMATION SECURITY AND DATA PRIVACY

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), which was issued by the National People’s Congress on May 28, 2020 and came into effect on January 1, 2021, the personal information of natural persons shall be protected by law. Any organization or individual that needs to obtain personal information of others shall obtain it in accordance with the law and ensure the security of the information, and shall not unlawfully collect, use, process or transmit the personal information of others, or unlawfully trade in, make available or disclose the personal information of others.

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was issued by the NPCSC on June 10, 2021 and came into effect on September 1, 2021, any organization or individual that conducts data processing activities shall comply with laws and regulations, respect social morality and ethics, uphold business ethics and professional ethics, be honest and trustworthy, fulfill data security protection obligations, and assume social responsibilities, and shall not endanger national security or public interests, or harm the legitimate rights and interests of individuals or organizations. Any organization or individual collecting data shall do so in a lawful and legitimate manner and shall not steal or obtain data in other illegal means.

Pursuant to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) issued by the NPCSC on November 7, 2016 and came into effect on June 1, 2017, personal information and important data collected and generated by operators of critical information infrastructures in their operations within the territory of China shall be stored within China. Network operators shall follow the principles of legality, legitimacy and necessity in the collection and use of personal information, disclose the rules for collection and use, make clear the purpose, manner and scope of collection and use of information, and obtain the consent of the person from whom the information is collected. Network operators shall not collect personal information that is unrelated to the services they provide, shall not collect or use personal information in violation of the provisions of

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laws and administrative regulations and the agreements between the two parties, and shall handle personal information kept by them in accordance with the provisions of laws and administrative regulations and the agreements with users. Network operators shall not disclose, distort or damage personal information they collected, and shall not provide personal information to others without the consent of the person whose information is collected. Except where it has been processed in such a manner that it is impossible to distinguish a particular individual, and it cannot be retraced. Where an individual discovers that a network operator has collected or used his/her personal information in violation of the provisions of laws or administrative regulations or the agreement between the two parties; and where he/she discovers that his/her personal information has been collected or stored incorrectly, he/she shall have the right to request the network operator to delete or rectify it. The network operator shall take measures to delete or correct related information. No individual or organization may steal or obtain personal information by other illegal means or illegally sell or provide personal information to others.

Pursuant to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) issued by the NPCSC on August 20, 2021 and came into effect on November 1, 2021, the handling of personal information shall be for a definite and reasonable purpose, be directly related to the purpose of handling and shall be conducted in a way that minimizes the impact on personal rights and interests.

The collection of personal information shall be limited to the minimum scope for achieving the purpose of handling and it is not allowed to excessively collect personal information. A personal information processor shall be responsible for its handling of personal information and take necessary measures to ensure the security of the personal information handled. No organization or individual may illegally collect, use, process or transmit the personal information of others, illegally buy or sell, provide or make public the personal information of others, or engage in the handling of personal information that endangers national security or public interests.

According to Regulations of the People’s Republic of China on Protecting the Safety of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》) issued by the State Council on February 18, 1994, and amended on January 8, 2011, the protection of the safety of computer information systems shall safeguard the safety of the computer and its related and complementary sets of equipment and facilities (including network), the safety of operating environment, the safety of information, and the normal performance of computer functions so as to maintain the safe operation of computer information systems. The safety grading protection shall be enforced in respect of computer information systems. The standards for safety grades and specific measures for safety grading protection shall be formulated by the Ministry of Public Security in conjunction with other relevant departments.

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Pursuant to the Non-bank Payment Institutions Regulations, where the related network facilities and information systems of non-bank payment institutions are determined to be critical information infrastructure according to law or the amount of personal information processed reaches the thresholds stipulated by the national cyberspace administration, the processing of personal information collected and generated in the PRC shall be carried out in China. Where it is necessary to transmit such information overseas, the transmission shall comply with the provisions of laws, administrative regulations and relevant national rules and obtain the separate consent of users. The outbound security management of important data collected and generated by non-bank payment institutions in the PRC shall be implemented in accordance with laws, administrative regulations and relevant national rules.

On September 24, 2024, the CAC announced the Cyber Data Security Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025, stipulates that cyber data processors who carry out cyber data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the data processing activities conducted by data processors in the view of personal data protection, important data safety, data cross-border safety management and obligations of network platform service provider. Cyber data processors shall identify and declare important data in accordance with relevant state regulations. For data confirmed as important data, relevant regions and departments shall promptly inform cyber data processors or make public announcements. Cyber data processors shall fulfill their responsibilities for cyber data security protection. Processors of important data shall designate people in charge of cyber data security and establish cyber data security management institutions. Cyber data security management institutions shall fulfill their responsibilities for cyber data security protection. Processors of important data shall conduct risk assessments of their cyber data processing activities on an annual basis and submit risk assessment reports to relevant competent departments at or above the provincial level. Relevant competent departments shall promptly notify the cyberspace affairs departments and public security organs at the same level. Network platform service providers shall clarify the cyber data security protection obligations of third-party products and service providers accessing their platforms through platform rules or contracts and urge third-party products and service providers to strengthen cyber data security management. When network platform service providers push information to individuals through automated decision-making methods, they shall set up easy-to-understand, accessible and operable personalized recommendation closing options, and provide users with functions such as refusing to receive pushed information and deleting user tags for their personal characteristics.

Pursuant to the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Measures**”), which was jointly issued by the CAC, the NDRC, the MIIT, and ten other PRC regulatory authorities on December 28, 2021 and came into effect on February 15, 2022, any

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procurement of network products and services by critical information infrastructure operators or any data processing activities by network platform operators, that affect or may affect national security, shall be subject to cybersecurity review. Any network platforms operators in possession of the personal information of more than one million users that is going to be listed abroad shall file for cybersecurity review with the Cybersecurity Review Office. According to our communication and consultation with the person in charge of the cybersecurity review of the China Cybersecurity Review, Certification and Market Regulation Big Data Center, (i) the listing in Hong Kong is not considered as overseas listing. Therefore, the issuer’s listing in Hong Kong is not subject to the requirement for proactive declaration for cybersecurity review stipulated in Article 7 of the Measures for Cybersecurity Review, which applies to network platform operators in possession of personal information of more than one million users that is going to be listed abroad; (ii) if the issuer is not identified as a critical information infrastructure operator, the issuer is not required to declare the cybersecurity review according to Article 2 of the Measures for Cybersecurity Review; and (iii) The Cyber Data Security Regulations (《網絡數據安全管理條例》) provides a general rule that “cyber data processors conducting network data processing activities that may affect or potentially affect national security shall conduct national security reviews in accordance with national regulations”, which does not explicitly mandate cybersecurity review declaration for data processors whose listing in Hong Kong affects or may affect national security. Based on (i) the Company has not been identified as a critical information infrastructure operator, and (ii) the Company is not an network platform operator in possession of personal information of more than one million users that is going to be listed abroad, we are of the opinion that we are not subject to the proactive declaration of cybersecurity review according to Article 7 of the Measures for Cybersecurity Review. According to Article 16, Paragraph 1 of the Measures for Cybersecurity Review, if the members of the cybersecurity review mechanism believe that online products and services as well as data processing activities affect or may affect national security, the Cybersecurity Review Office shall conduct a review in accordance with the provisions of the Measures for Cybersecurity Review after approval by the Central Cyberspace Affairs Commission.

Pursuant to the Measures for Security Assessment Measures for Cross-border Data Transfers (《數據出境安全評估辦法》) issued by CAC on July 7, 2022 and came into effect as of September 1, 2022, to provide data abroad under any of the following circumstances, a data processor shall declare security assessment for cross-border data transfers to the Cyberspace Administration of China through the local cyberspace administration at the provincial level: (i) where a data processor provides critical data abroad; (ii) where a key information infrastructure operator or a data processor processing the personal information of more than one million people provides personal information abroad; (iii) where a data processor has provided personal information of

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100,000 people or sensitive personal information of 10,000 people in total abroad since January 1 of the previous year; (iv) other circumstances prescribed by the Cyberspace Administration of China for which declaration for security assessment for cross-border data transfers are required.

The CAC issued the Measures on the Standard Contract for Cross-border Transfer of Personal Information (《个人信息出境标准合同办法》) on February 22, 2023, which became effective on June 1, 2023 and applies to the provision of personal information by personal information processors to overseas recipients by concluding a standard contract for outbound transfer of personal information (hereinafter referred to as “**Standard Contracts**”). Personal information processors shall file with the local counterpart of the CAC within ten business days from the effective date of the Standard Contracts. The filing materials shall include: (1) the Standard Contracts; and (2) the personal information protection impact assessment report.

According to the Regulations on Promoting and Regulating Cross-Border Data Transfer (《促进和规范数据跨境流动规定》) (Decree No. 16 of the Cyberspace Administration of China) issued by the CAC and effective on March 22, 2024, data processors other than operators of critical information infrastructure who provide important data overseas or to who have provided personal information (excluding sensitive personal information) of more than one million people or sensitive personal information of more than 10,000 people cumulatively since January 1 of that year should declare security assessment for cross-border data transfers, except for those specified in Articles 3, 4, 5, and 6 of the regulations. According to the relevant provisions of Articles 2 and 3 of the regulations, data collected and generated in activities such as international trade and provided overseas, excluding personal information or important data, are exempt from the requirement of declaring security assessment for cross-border data transfers, establishing the standard contract for cross-border transfer of personal information, and obtaining personal information protection certification. Additionally, if such data has not been notified or publicly disclosed by relevant departments or regions as important data, data processors do not need to declare a security assessment for cross-border data transfers. According to Articles 4, 5, and 6 of the regulations, the following are the main exemptions from the requirement to declare security assessment for cross-border data transfers, establish the standard contract for cross-border transfer of personal information, and obtain personal information protection certification: (i) providing personal information collected and generated overseas by data processors overseas after being processed in China without involving domestic personal information or important data; (ii) providing personal information overseas is necessary for entering into or performing contracts in which individuals are parties, such as cross-border shopping, mailing, remittances, payments, account opening, air ticket and hotel reservations, visa processing, exam services, etc.; (iii) providing employee personal information overseas is necessary for implementation of cross-border human resources management in accordance with legally formulated labor rules and regulations and legally signed collective contracts; (iv) providing personal information overseas is necessary to protect the life, health, and property safety of natural persons in emergency situations; (v) data

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processors other than operators of critical information infrastructure have provided personal information (excluding sensitive personal information) overseas of less than 100,000 people cumulatively since January 1 of the that year; (vi) data processors in pilot-free trade zones provide data overseas outside the Negative List formulated, approved, and filed by the pilot free trade zone in accordance with the law. In case of any inconsistency between the Regulations and other regulations such as the Security Assessment Measures for Cross-border Data Transfers (《數據出境安全評估辦法》) (Decree No. 11 of the Cyberspace Administration of China) issued on July 7, 2022 and the Measures on the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》) (Decree No. 13 of the Cyberspace Administration of China) issued on February 22, 2023, the Regulations shall prevail.

The Supreme People’s Court and the Supreme People’s Procuratorate released the Interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information (《關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the “**Interpretations**”) on May 8, 2017, effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including “citizens’ personal information”, “violation of relevant national provisions”, “provision of citizens’ personal information” and “illegally obtaining any citizen’s personal information by other methods”. In addition, the Interpretations specify the sentencing standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

According to the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》) issued by the Ministry of Public Security, the State Secrecy Bureau, the State Cipher Code Administration and the Information Office of the State Council on June 22, 2007 and took effect on the same day, entities operating and/or using information systems shall protect information systems pursuant to these Measures and the relevant technical norms, and the state departments in charge of the supervision and administration of information security shall supervise and administer the graded protection work conducted by these entities.

In addition to the above-mentioned laws and regulations, the PRC government authorities have issued other laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure, and which includes but not limited to the Decision on Maintaining Internet Security (《關於維護互聯網安全的決定》), the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》), the Several Provisions on Regulating the Order of the Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), the Provisions on the Administration of Information Services for Mobile Applications (《移動互聯網應用程序信息服務管理規定》),

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Announcement of Launching Special Crackdown Against Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), and the Method for Identifying the Illegal Collection and Use of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》).

REGULATIONS RELATING TO OVERSEAS INVESTMENTS

According to the Administrative Measures of Overseas Investments 2014 (《境外投資管理辦法(2014)》), which was promulgated by MOFCOM on September 6, 2014 and came into effect on October 6, 2014, where an enterprise’s overseas investment involves sensitive countries and regions or sensitive industries, it shall be subject to approval. Overseas investment of enterprises under other circumstances shall be subject to record. The MOFCOM and the provincial commerce authorities shall regulate the overseas investment of enterprises through the Overseas Investment Management System and issue a Certificate of Overseas Investment by Enterprises (《企業境外投資證書》) (the “**Certificate**”) to the enterprises that have obtained the record or approval. As the certification of record or approval of an enterprise’s overseas investment, the Certificate shall be issued according to the final destination of the overseas investment.

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which was issued by NDRC on December 26, 2017 and came into effect on March 1, 2018, approval procedures shall apply to sensitive projects carried out by the investor directly or through its controlled overseas enterprise; record-filing procedure shall apply to any non-sensitive projects carried out by the investor directly, namely, non-sensitive projects involving investors’ direct contribution of assets or equity or provision of financing or security. For the purposes of these Measures, a non-sensitive project refers to a project involving neither any sensitive country or region nor any sensitive industry. An investor may consult the approval or record authority on whether a project to be conducted is subject to approval or record, and the latter shall inform the investor in a timely manner.

According to the List of Sensitive Sectors for Overseas Investment (2018 Version) (《境外投資敏感行業目錄(2018年版)》), which was promulgated by NDRC on January 31, 2018 and came into effect on March 1, 2018, the sensitive sectors for overseas investment include development, manufacturing and maintenance of arms, cross-border water resources development and utilization, news and media, real estate, hotels, cinemas, entertainment, sports clubs, and equity funds or investment vehicles that are established overseas and have no specific industrial projects.

According to the Code of Conduct for the Operation of Overseas Investments by Private Enterprises (《民營企業境外投資經營行為規範》), which was jointly promulgated by NDRC, MOFCOM and other authorities on December 6, 2017, private enterprises carrying out investment and operation activities shall comply with the laws and regulations of China and the host countries

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(regions), comply with the relevant treaty and other international practices, conduct operations according to law and grow in compliance with the rules, and strengthen the prevention and control of overseas risks.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

Pursuant to the Regulations on Telecommunications of the PRC (《中華人民共和國電信條例》), which was issued by the State Council on September 25, 2000, most recently amended on February 6, 2016 and came into force on the same date, telecommunication service providers are required to obtain an operating license before commencing operations. The Regulations categorize telecommunications services into telecommunications services and value-added telecommunications services. Pursuant to the Catalog of Telecommunications Services (《電信業務分類目錄》), which was issued by the Ministry of Information Industry of the PRC (the predecessor of MIIT) on February 21, 2003 and last amended by MIIT on June 6, 2019, information services provided via fixed network, mobile network and the Internet fall within value-added telecommunications services.

The Measures for the Administration of Telecommunication Business Permit (《電信業務經營許可管理辦法》) (“**Measures for Telecommunication Permit**”) was issued by MIIT on July 3, 2017 and came into effect on September 1, 2017, according to which, there are two types of telecommunications business licenses available to Chinese operators, namely the telecommunications business license and the value-added telecommunications business license. The operative scope of the license will detail the permitted activities of the enterprise to which it was granted. Approved telecommunications service operators are required to operate their business in accordance with the specific scope as set out in the value-added telecommunications business license. In addition, value-added telecommunications business licensees are required to obtain approval from the original licensing authority for any changes in shareholders.

Pursuant to the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》), which was issued by the State Council on September 25, 2000, last amended on December 6, 2024 and became effective on January 20, 2025, operators of operational Internet information services are required to apply for a value-added telecommunication service license (ICP license) with a business scope of Internet information services from the telecommunication administrative authorities or the competent department of information industry under the State Council to engage in any operational Internet information service business in China. The provision of information services through mobile applications shall comply with the laws and regulations on the management of Internet information services in China. Producing, copying, publishing or disseminating Internet content prohibited by laws or administrative regulations will result in the Chinese government shutting down the ICP licensee’s website or even revoking its ICP license.

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Operational Internet information service operators are also required to supervise their websites not to post or publish any prohibited content, and to immediately remove such content from their websites, keep relevant records, and report to the relevant government authorities.

REGULATIONS ON THE ESTABLISHMENT, OPERATION AND MANAGEMENT OF OUR GROUP COMPANIES IN THE PRC

PRC Company Law

On December 29, 1993, the Standing Committee of the National People’s Congress (“SCNPC”) issued the PRC Company Law (《中華人民共和國公司法》) (the “**Company Law**”), which was last amended on December 29, 2023. The Company Law regulates the establishment, operation and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares.

A joint stock limited company refers to an enterprise legal person incorporated in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company for its own debts is limited to all the properties it owns, and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

The shareholders’ meeting is the authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders’ meeting shall exercise the following functions and powers:

- (1) electing and replacing directors and supervisors, and deciding on their remuneration;
- (2) reviewing and approving the reports of the board of directors;
- (3) reviewing and approving the reports of the board of supervisors;
- (4) reviewing and approving the plans for profit distribution and making up losses of the company;
- (5) making resolutions on the increase or decrease of the registered capital of the company;
- (6) making resolutions on the issuance of corporate bonds;
- (7) making resolutions on the merger, split-up, dissolution, liquidation or change of corporate form of the company;

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- (8) amending the articles of association; and
- (9) other functions and powers as prescribed in the articles of association.

The shareholders' meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

An annual shareholders' meeting shall be held every year. If any of the following circumstances occur, an interim shareholders' meeting shall be held within two months:

- (1) where the number of directors is less than two-thirds of the number as provided for by PRC Company Law or the articles of association;
- (2) where the outstanding losses of the company amounted to one-third of the company's total capital stock;
- (3) where shareholders individually or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary meeting;
- (4) where the board of directors deems it necessary;
- (5) where the board of supervisors proposes; or
- (6) any other circumstances as provided for in the articles of association.

The shares held by a shareholder may be transferred to other shareholders or to persons other than the shareholders of the company. Where the articles of association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the articles of association. The share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council.

The shares shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

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Foreign investment

A foreign-invested company is also subject to PRC Company Law unless otherwise provided by the foreign investment laws. Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) was promulgated by the National People’s Congress (the “NPC”) on March 15, 2019 and became effective on January 1, 2020. On December 26, 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020. On December 30, 2019, the Ministry of Commerce of the People’s Republic of China (the “MOFCOM”) issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

Investment activities in the PRC by foreign investors and foreign-invested enterprises shall comply with the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List 2024**”) which was promulgated by the National Development and Reform Commission (the “NDRC”) and MOFCOM on September 6, 2024 and became effective on November 1, 2024, and the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the “**Encouraging Catalog 2022**”) which was promulgated by the NDRC and the MOFCOM on October 26, 2022 and became effective on January 1, 2023. Pursuant to the Encouraging Catalog 2022 and the Negative List 2024, foreign-invested projects are categorized as encouraged, restricted and prohibited. Foreign-invested projects that are not listed in the Negative List 2024 are permitted foreign-invested projects.

Pursuant to the Regulations on the Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which was issued by the State Council on December 11, 2001, became effective on January 1, 2002, last amended on March 29, 2022, the proportion of foreign investment in a foreign-invested telecommunications enterprise engaged in value-added telecommunication services shall not ultimately exceed 50%, unless otherwise provided by the State.

Pursuant to the Circular of the Ministry of Industry and Information Technology on Launching the Pilot Program to Expand the Opening-Up of the Value-Added Telecommunications Services (《工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告》), which was issued by the Ministry of Industry and Information Technology on April 8, 2024 and became effective on the same date. In the pilot areas approved for implementation, foreign equity restrictions shall be removed for the following businesses: Internet Data Centers (IDC), Content

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Delivery Networks (CDN), Internet Access Services (ISP), Online Data Processing and Transaction Processing, as well as Information Release Platform and Delivery Services (excluding internet news information, network publishing, network audiovisual, and internet cultural operating services) and Information Protection and Processing Services within the scope of information services.

Pursuant to the Circular of the Ministry of Information Industry on Strengthening the Management of Foreign Investors in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), which was issued by the Ministry of Information Industry of the PRC (dissolved) on July 13, 2006 and became effective on the same date, domestic telecommunication companies are not allowed to lease, transfer or resell in disguise telecommunication business operation licenses to foreign investors in any form, nor are they allowed to provide foreign investors with resources, sites, facilities and other conditions in any form for foreign investors that illegally operate telecommunications business in China.

REGULATIONS RELATING TO OVERSEAS INVESTMENTS

According to the Administrative Measures of Overseas Investments 2014 (《境外投資管理辦法(2014)》), which was promulgated by MOFCOM on September 6, 2014 and came into effect on October 6, 2014, where an enterprise’s overseas investment involves sensitive countries and regions or sensitive industries, it shall be subject to approval. Overseas investment of enterprises under other circumstances shall be subject to record. The MOFCOM and the provincial commerce authorities shall regulate the overseas investment of enterprises through the Overseas Investment Management System and issue a Certificate of Overseas Investment by Enterprises (《企業境外投資證書》) (the “**Certificate**”) to the enterprises that have obtained the record or approval. As the certification of record or approval of an enterprise’s overseas investment, the Certificate shall be issued according to the final destination of the overseas investment.

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), which was issued by NDRC on December 26, 2017 and came into effect on March 1, 2018, approval procedures shall apply to sensitive projects carried out by the investor directly or through its controlled overseas enterprise; record-filing procedure shall apply to any non-sensitive projects carried out by the investor directly, namely, non-sensitive projects involving investors’ direct contribution of assets or equity or provision of financing or security. For the purposes of these Measures, a non-sensitive project refers to a project involving neither any sensitive country or region nor any sensitive industry. An investor may consult the approval or record authority on whether a project to be conducted is subject to approval or record, and the latter shall inform the investor in a timely manner.

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According to the List of Sensitive Sectors for Overseas Investment (2018 Version) (《境外投資敏感行業目錄(2018年版)》), which was promulgated by NDRC on January 31, 2018 and came into effect on March 1, 2018, the sensitive sectors for overseas investment include development, manufacturing and maintenance of arms, cross-border water resources development and utilization, news and media, real estate, hotels, cinemas, entertainment, sports clubs, and equity funds or investment vehicles that are established overseas and have no specific industrial projects.

According to the Code of Conduct for the Operation of Overseas Investments by Private Enterprises(《民營企業境外投資經營行為規範》), which was jointly promulgated by NDRC, MOFCOM and other authorities on December 6, 2017, private enterprises carrying out investment and operation activities shall comply with the PRC laws and regulations and the host countries (regions), comply with the relevant treaty and other international practices, conduct operations according to law and grow in compliance with the rules, and strengthen the prevention and control of overseas risks.

REGULATIONS IN RELATION TO PRODUCT LIABILITY AND CONSUMER PROTECTION

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on February 22, 1993 and amended on December 29, 2018, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product’s manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as the confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes physical injury to a person or damage to another person’s property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and the manufacturer should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

The Implementation Measures of the PBOC for Protecting Rights and Interests of Financial Consumers (《中國人民銀行金融消費者權益保護實施辦法》) was promulgated by the PBOC on September 15, 2020 and became effective from November 1, 2020. The measures provided that non-bank payment institutions shall adopt a series of internal management measures to protect the rights and interests of financial consumers, including optimizing rules and policies, as well as establishing a sound working mechanism and formulating an effective internal control system for protecting the rights and interests of financial consumers. The regulations also require non-bank

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payment institutions to protect the personal financial information of consumers, including personal identification information, property information, account information, credit information, financial transaction information and other information that reflects the conditions of a particular individual.

REGULATIONS ON OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

The Securities Law of the People’s Republic of China (《中華人民共和國證券法》, the “**PRC Securities Law**”) took effect on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The PRC Securities Law is divided into 14 chapters and 226 articles, regulating, among other things, the issue and trading of securities, the listing of securities, and takeovers of listed companies. Article 224 of the PRC Securities Law provides that domestic enterprises which, directly or indirectly, issue securities or list and trade their securities outside the PRC shall comply with the relevant regulations of the State Council. Currently, the issue and trading of foreign-issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

According to the details of the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》) which was promulgated by the State Council on February 14, 2023 and became effective from March 31, 2023, the Special Regulations of the State Council concerning Floating and Listing of Shares Overseas by Companies Limited by Shares (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Notice of the State Council on Further Strengthening the Administration of Share Issues and Listings Overseas (《國務院關於進一步加強在境外發行股票和上市管理的通知》) were abolished from March 31, 2023. The CSRC promulgated the Trial Administrative Measures on the Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and five relevant guidelines on February 17, 2023, which became effective from March 31, 2023. The Trial Measures comprehensively reform the regulatory regime for overseas offering and listing of PRC domestic companies’ securities, either directly or indirectly, into a filing-based system. Following the Decision of the State Council to Repeal Certain Administrative Regulations and Documents and the effectiveness of the Trial Measures, we are no longer required to obtain a notice of acceptance of the listing application issued by the CSRC when submitting the listing application to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange does not need to obtain approval from the CSRC before arranging the listing hearing. As the Essential Clauses in Articles of Association of Companies Listed Overseas (《到境外上市公司章程必備條款》) is abolished by the Trial Measures, the PRC domestic companies that seek to directly offer and list securities in overseas markets shall only abide by applicable laws, including the PRC Company Law, the Accounting Law of the People’s Republic of China (《中華人民共和國會計法》), Guidelines for

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Articles of Association of Listed Companies (《上市公司章程指引》) and the relevant laws and regulations to formulate articles of association, improve internal control system, enhance corporate governance, and promote compliance in corporate finance and accounting practices.

According to the Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either through direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Trial Measures provide that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be listed or offer securities in overseas markets, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which became effective from March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned, such as securities companies, securities service institutions and overseas regulatory authorities, shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

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REGULATIONS ON FOREIGN EXCHANGE

Foreign exchange in the PRC is mainly regulated by the Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996, and last amended on August 5, 2008. Renminbi is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of the PRC, unless prior approval is obtained from the SAFE and/or prior registration with the SAFE is made.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) announced by the SAFE on December 26, 2014, the SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas listing. Domestic companies shall, within 15 working days upon the end of their public offering overseas, handle registration formalities for overseas listing with the foreign exchange authority at their place of registration with the required materials.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》, the “**SAFE Circular 13**”), which took effect on June 1, 2015 and was amended on December 30, 2019. In accordance with the SAFE Circular 13, the banks will review and carry out foreign exchange registration under domestic direct investment as well as foreign exchange registration under overseas direct investment directly, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

On March 30, 2015, SAFE issued the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》, the “**SAFE Circular 19**”), which took effect on June 1, 2015. SAFE further issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局

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關於改革和規範資本項目結匯管理政策的通知》，the “SAFE Circular 16”) and the Notice on Annuling five Foreign Exchange Management Normative Documents and clauses of seven Foreign Exchange Management Normative Documents (《國家外匯管理局關於廢止和失效5件外匯管理規範性文件及7件外匯管理規範性文件條款的通知》), which, among other things, amend certain provisions of SAFE Circular 19. According to SAFE Circular 19, the flow and use of the Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

On January 26, 2017, Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) was issued by SAFE to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner’s equity in the audited financial statements of the preceding year.

The Notice on Further Facilitating Cross-Board Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which was announced by SAFE on October 23, 2019 and amended on December 4, 2023. It cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed, and restrictions on the use and foreign exchange settlement of foreign investors’ security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in

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advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The bank concerned shall conduct spot checking in accordance with the relevant requirements.

REGULATIONS ON LABOR PROTECTION IN THE PRC

Labor Law and Labor Contract Law

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》, effective on January 1, 2008 and last amended on December 28, 2012 with effect from July 1, 2013) and the Regulations on Implementation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), effective on September 18, 2008 provide for the establishment of labor relationship between employing entities and employees, as well as the concluding, performance, dissolution and revision of the labor contracts. To establish a labor relationship, a written labor contract shall be signed. Employers are also required to pay wages no lower than the local minimum wage standards to their employees.

Social Insurance and Housing Provident Funds

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018, governs the PRC social insurance system. It requires employers and/or employees (as the case may be) to register social insurance with competent authorities and contribute the required amount of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance. Employers who failed to complete social security registration shall be ordered by the social security administrative authorities to make corrections within a stipulated period; where correction is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, and last amended on March 24, 2019, an employer shall make contribution registration with the housing provident fund

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management and complete the formalities of opening housing provident fund accounts for its employees. Where an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. Where an employer is overdue in the payment of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment within a prescribed time limit; where the payment has not been made after the expiration of the time limit, an application may be made to a people’s court for compulsory enforcement.

REGULATIONS ON INTELLECTUAL PROPERTY

Patent

The SCNPC enacted the Patent Law of the PRC (《中華人民共和國專利法》) on March 12, 1984 and last amended on October 17, 2020. A patentable invention or utility model must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal, plant breeds or nuclear transformation method and substances obtained by means of nuclear transformation and a design which has major marking effect on the patterns or colors of graphic print products or a combination of both patterns and colors. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for a twenty-year term for an invention, a fifteen-year term for a design and a ten-year term for a utility model, starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

Trademark

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) which was enacted on August 23, 1982 and last amended on April 23, 2019, as well as the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office handles trademark registrations and grants a term of ten years to registered trademarks, and the renewal of registration shall take place every ten years. Trademark license agreements must be filed with the Trademark Office for record. The Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been

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registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Copyright and Software Registration

The SCNPC promulgated the Copyright Law of the PRC (《中華人民共和國著作權法》) (the “**Copyright Law**”) in 1990 and amended it in 2001, 2010 and 2020, respectively. The Copyright Law of the PRC provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, including computer software. The purpose of the Copyright Law is to encourage the creation and dissemination of works which contribute to the construction of socialist spiritual and material civilization, and to promote the development and prosperity of socialist cultural and scientific pursuits.

The Regulation on Computers Software Protection (《計算機軟件保護條例》), which was promulgated by the State Council on June 4, 1991 and amended in 2001, 2011 and 2013, respectively, was formulated for the purposes of protecting the rights and interests of copyright owners of computer software, regulating the relationship of interests generated in the development, dissemination and use of computer software, encouraging the development and application of computer software, and promoting the development of software industry and the informatization of national economy. According to the Regulation on Computer Software Protection, Chinese citizens, legal entities or other organizations are entitled to the copyright in the software which they have developed, whether published or not. A software copyright owner may register with the software registration institution recognized by the copyright administration department of the State Council. A registration certificate issued by the software registration institution is a preliminary proof of the registered items. The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002 and amended on June 18, 2004, regulates registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The National Copyright Administration shall be the competent authority for the nationwide administration of software copyright registration, and the Copyright Protection Center of China (the “**CPCC**”) is designated as the software registration authority. The CPCC shall grant registration certificates to the computer software copyright applicants which conform to the provisions of both the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

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Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and became effective on November 1, 2017, domain names are registered on a “first-come, first-served” basis. The domain names registered or used by an organization or individual shall not contain any content prohibited by laws and administrative regulations. A domain name registration applicant shall provide the domain name registration service agency with truthful, accurate and complete identity information on the domain name holder.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法》), which was promulgated by the NPC on March 16, 2007, implemented on January 1, 2008, and subsequently revised on February 24, 2017 and December 29, 2018 respectively, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) enacted on December 6, 2007 by the State Council and became effective on January 1, 2008, and amended on April 23, 2019 and December 6, 2024 respectively, a resident enterprise shall pay EIT on its income originating from both inside and outside PRC at an EIT rate of 25%. Foreign invested enterprises in the PRC fall into the category of resident enterprises, which shall pay EIT for the income originated from domestic and overseas sources at an EIT rate of 25%. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%. A non-resident enterprise having no office or establishment inside China, or for a non-resident enterprise whose incomes have no actual connection to its office or establishment inside China, must pay enterprise income tax on the income derived from China at a rate of 10%.

Value-added Tax

According to the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and

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replacement services, sales of services, intangible assets and real estate, and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 17%, except when specified otherwise.

According to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated on March 23, 2016 and came into effect on May 1, 2016, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner as of May 1, 2016, and all taxpayer of business tax engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax.

According to the Circular of the Ministry of Finance and the State Administration of Taxation of the PRC on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which was promulgated on April 4, 2018 and became effective on May 1, 2018, where a taxpayer engages in value-added tax taxable sales activities or import of goods, the previous applicable value-added tax rates of 17% and 11% are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and became effective on April 1, 2019, with respect to value-added taxable sales or imported goods of a value-added tax general taxpayer, where the value-added tax rate of 16% applies currently, it shall be adjusted to 13%; the currently applicable value-added tax rate of 10% shall be adjusted to 9%.

Taxation on Dividends

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the “**IIT Law**”), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by a relevant tax treaty.

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Pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《關於個人所得稅若干政策問題的通知》), which was issued by the MOF and the SAT on May 13, 1994 and came into effect on the same date, the incomes gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempt from individual income tax for the time being.

In accordance with the Enterprise Income Tax Law of the PRC and the Implementation Rules for the Enterprise Income Tax Law of the PRC, the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC, but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Circular of the SAT on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (hereinafter referred to as the “**the Arrangement**”), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including resident individuals and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the PRC-resident enterprise. The Fifth Protocol of the Arrangement between

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the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on December 6, 2019, adds a criterion for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criterion shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Taxation on Share Transfer

According to the Interim Regulations of the PRC on Value-Added Tax and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise.

According to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax, entities and individuals engaged in the services sale in the PRC are subject to value-added tax and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. It also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to value-added tax at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign value-added tax taxpayer. However, individuals who transfer financial products are exempt from value-added tax, which is also provided in the third appendix of the Notice of the MOF and the SAT on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner, namely Provisions on the Transitional Policies for the Pilot Collection of Value-added Tax in Lieu of Business Tax (《營業稅改徵增值稅試點過渡政策的規定》). According to these regulations, if the holder is a non-resident individual, the PRC value-added tax, is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC value-added

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tax, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC value-added tax. However, it is still uncertain whether non-Chinese resident enterprises are required to pay the PRC value-added tax for the disposal of H shares in practice.

Under the IIT Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the SAT and became effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in a listed company.

In accordance with the Enterprise Income Tax Law of PRC, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) promulgated by the SCNPC on June 10, 2021 and became effective on July 1, 2022, the PRC stamp duty applies to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the purchase and disposal of H shares by non-PRC investors outside of the PRC does not apply to the relevant provisions of the Stamp Duty Law of the PRC.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to January 2005, when our executive Director and chairman of our Board, Mr. Sun, founded Beijing Qiankun Shidai Information Consulting Co., Ltd (北京乾坤時代信息諮詢有限公司) (“**Qiankun Shidai**”), the predecessor of our Company. With the support from Mr. Lei Jun (雷軍), an angel investor and an independent third party and Beijing Junlian Venture Capital Center (Limited Partnership) (“**Junlian VC**”) (北京君聯創業投資中心(有限合夥)) (formerly known as 北京有道創業投資中心(有限合夥)), a fund affiliated with our Single Largest Shareholder, Legend Holdings Corporation, we gradually expanded and became a leading digital payment services and digital commercial solutions provider in Asia.

In August 2012, we were renamed “Lakala Payment Co., Ltd.”, and was converted into a joint stock company with limited liability in December 2015. Since April 2019, our A Shares have been listed on the ChiNext Market on the Shenzhen Stock Exchange (stock code: 300773). See “— Major Shareholding Changes of Our Company — Conversion into Joint Stock Limited Company in December 2015” and “— Major Shareholding Changes of Our Company-Listing on the ChiNext Market of the Shenzhen Stock Exchange in 2019” for more details.

As of the Latest Practicable Date, Legend Holdings Corporation, a company with its shares listed on HKEX (stock code: 3396), held approximately 23.54% of our Shares and is our Single Largest Shareholder.

KEY DEVELOPMENT MILESTONES

The following table sets out a summary of our Group’s key development milestones:

Year	Development Milestones
2005	Our Company’s predecessor, Qiankun Shidai, was established in January, launching an electronic billing service platform.
2011	We were among the first group of service providers to obtain the “Payment Business Permit” (支付業務許可證) issued by the PBOC in May which enabled us to provide bank card payment services, and to subsequently obtain permits for providing online payment, mobile phone payment, digital TV payment and prepaid card acceptance services.
2012	We launched the cell phone card swiper in May, which transformed credit card repayments from solely counter-based to a remote process, solving the repayment difficulties of credit card users.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Development Milestones
2014	We launched our mobile card reader “手機收款寶” in March, enabling small and micro merchants to enjoy more convenient payment services.
2015	- We were converted into a joint stock company with limited liability in December. - We launched Lakala cloud platform plus Internet-enabled smart POS terminal (雲平台和互聯網POS+) in December, driving the intelligentization of POS systems.
2018	We became a global strategic partner of VISA.
2019	Our A Shares were listed on ChiNext Market of the Shenzhen Stock Exchange (stock code: 300773) in April.
2020	- We established a strategic partnership with the Digital Currency Research Institute of the PBOC* (中國人民銀行數字貨幣研究所) in October and was one of the first digital payment institutions to launch digital RMB acceptance services. - Our annual transaction volume exceeded RMB4 trillion, ranking first among independent digital payment institutions in China.
2021	- We strategically acquired 34.62% of shareholding in Guangzhou Gaofu Information Technology Co., Ltd.* (廣州市高富信息科技有限公司) (“Guangzhou Gaofu”) to jointly built a one-stop comprehensive service platform for cross-border e-commerce exporters. - We obtained JCB membership status in September, and became one of the few digital payment institutions in China authorized to process transactions for all five major international card networks: VISA, MasterCard, Discover, American Express, and JCB. - We obtained a Money Service Operator license issued by the Hong Kong Customs and Excise Department in October, which facilitated the expansion of our overseas business operations.
2022	We partnered with VISA to pioneer a pilot program in China in February that meets “Visa Tap to Phone” payment solution specifications, which enabled us to provide VISA card payment acceptance services to taxi drivers.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Development Milestones
2023	In May, we unveiled our new digital strategy centered on “promoting digital payments, sharing digital technology, and unlocking data value” (推廣數字支付、共享數字科技、兌現數據價值).
2025	In May, we strategically acquired approximately 35.71% of equity interests in and obtained control over Tiancai Shanglong. The acquisition enabled us to provide comprehensive “payment + SaaS” (支付+SaaS) digital solutions for food and beverage businesses.

OUR MAJOR SUBSIDIARIES

The following table sets forth the principal activities, the date and place of incorporation/establishment, and the equity interest attributable to our Group in respect of each of our major subsidiaries that made a material contribution to our results of operations or were of strategic importance to us during the Track Record Period and as of the Latest Practicable Date:

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
Lakala Cloud Business Network Co., Ltd.* (拉卡拉雲商網絡有限公司) (“ Lakala Cloud ”)	July 25, 2016	PRC	100%	Provision of integrated technology solutions and ancillary business support services
Beijing Lakala Yunshan Technology Co., Ltd.* (北京拉卡拉雲閃科技有限 公司) (“ Beijing Lakala Yunshan ”)	April 20, 2016	PRC	100%	Engaged in engineering design, provision of a full suite of technical services, and ancillary activities in real estate
Guangzhou Runxin Commercial Factoring Co., Ltd.* (廣州潤信商業保 理有限責任公司) (“ Guangzhou Runxin ”) ^{Note}	January 5, 2021	PRC	100%	Engaged in commercial factoring services
Tianjin Tiancai Shanglong Technology Development Co., Ltd.* (天津市天財 商龍科技發展有限公司) (“ Tiancai Shanglong ”)	March 7, 2025	PRC	35.71%	Engaged in software development, IT services, and computer hardware sales and support
Lakala Yunchao Technology Co., Ltd.* (拉卡拉雲超科技有限公司) (“ Lakala Yunchao ”)	July 13, 2021	PRC	100%	Engaged in software development, technical services and technical development
Lakala Digital Technology Co., Ltd.* (拉卡拉數字科技有限公司) (“ Lakala Digital ”)	July 20, 2023	PRC	100%	Engaged in technical service, technical development and technical consultation

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
Hainan Yunshang Internet Technology Co., Ltd.* (海南雲商互聯科技有限公司) (“Hainan Yunshang”)	August 28, 2016	PRC	100%	Engaged in technical service, technical development and technical consultation
Guangzhou Yingda Information Consulting Co., Ltd.* (廣州贏達信息諮詢有限公司) (“Guangzhou Yingda”)	January 15, 2019	PRC	100%	Engaged in business consulting, asset leasing, corporate management, real estate advisory and leasing of vehicles and office equipment
Guangzhou Lakala Information Technology Co., Ltd.* (廣州拉卡拉信息技術有限公司) (“Guangzhou Lakala Information”)	November 13, 2019	PRC	100%	Engaged in software development, system integration, data services, and blockchain R&D

Note:

On August 11, 2025, the Company entered into an equity transfer agreement, pursuant to which the Company has agreed to dispose the entire equity interests it held in Guangzhou Runxin. For details, see “— Major Acquisitions and Disposals” in this section.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Our Early History

On January 6, 2005, the predecessor of our Company, Qiankun Shidai was incorporated under the laws of the PRC as a limited liability company with an initial registered capital of RMB1,000,000. At the time of Qiankun Shidai’s incorporation, our registered capital was held as follows:

No.	Name of Shareholder	Shareholding as to total registered capital
		(%)
1	Mr. Sun Taoran (孫陶然) ⁽¹⁾	25%
2	Mr. Lei Jun (雷軍) ⁽²⁾	25%
3	Junlian VC ⁽³⁾	50%

Notes:

(1) Mr. Sun is our founder, our executive Director and the chairman of our Board.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (2) Mr. Lei Jun (雷軍) is an angel investor and an independent third party.
- (3) A fund managed by an indirect wholly owned subsidiary of Legend Capital Management Co., Ltd (君聯資本管理股份有限公司), an associate of our Single Largest Shareholder, Legend Holdings Corporation.

In October 2009, our Company adopted the brand name “Lakala (拉卡拉)” and was renamed as Beijing Lakala Network Technology Limited* (北京拉卡拉網絡技術有限公司). In August 2012, we were further renamed as “Lakala Payment Co., Ltd (拉卡拉支付有限公司)”.

Historical Capital Increases

As our brand gained prominence and recognition, we attracted strong interests from financial investors who had confidence in our Group’s business prospects and future growth. Since 2010, we have completed several rounds of capital increases, which strengthened our financial capacity to support our business expansion.

On December 12, 2010, pursuant to a capital increase agreement (the “**2010 Capital Increase**”) entered into among our then existing Shareholders and our financial investors, including our Single Largest Shareholder, Legend Holdings Corporation, we secured an aggregate of approximately RMB250.17 million from our financial investors and increased our registered capital by approximately RMB69.44 million. The following table set out the shareholding of our Company immediately after the completion of the 2010 Capital Increase.

No.	Name of Shareholder	Shareholding as to total registered capital
		(%)
1.	Legend Holdings Corporation	38.88%
2.	Sun Taoran (孫陶然)	9.90%
3.	Beijing Qinling Ruicai Technology Center (LP)* (北京秦嶺瑞才科技中心(有限合夥))	9.89%
4.	Legend Capital (Beijing Junlian Venture Investment Center (LP))* (君聯資本(北京君聯創業投資中心(有限合夥)))	9.72%
5.	Beijing Qingcheng Yongchuang Technology Center (LP)* (北京青城永創科技中心(有限合夥))	9.13%
6.	Tianjin Zhongyingqiao Investment Management Enterprise (LP)* (天津中贏橋投資管理企業(有限合夥))	6.19%
7.	Xinping Runzheng Enterprise Management Co., Ltd.* (新平潤正企業管理有限公司)	5.06%
8.	Dai Qijun (戴啟軍)	3.10%
9.	Lei Jun (雷軍)	2.92%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Name of Shareholder	Shareholding as to total registered capital
		(%)
10.	Suzhou Trust Co., Ltd. (蘇州信託有限公司)	2.50%
11.	Deng Baojun (鄧保軍).	1.62%
12.	Qian Shimu (錢實穆)	1.09%

The consideration was determined based on arm’s length negotiations between the parties which was fully settled on December 15, 2010. Upon completion of the 2010 Capital Increase, Legend Holdings Corporation became our controlling shareholder.

With our rapid business development, over the years, we attracted additional financial investors who had confidence in our Group’s prospects and performance. Since the initial capital increase on December 17, 2010, we completed three further rounds of capital increases on December 24, 2010, August 2014, and June 2015, respectively.

Conversion into Joint Stock Limited Company in December 2015

In preparation for the A Share Listing, on December 2, 2015, pursuant to a resolution passed at the Shareholders’ meeting of our Company held on August 28, 2015, our Company was converted into a joint stock company with limited liability with a registered capital of RMB360 million. The shareholding structure of our Company remained unchanged immediately prior to and after the conversion. The below table illustrates the number of Shares held and the respective shareholding of our then top 10 largest Shareholders immediately prior to and after the conversion:

No.	Name of Shareholder	Immediately prior to the conversion		Immediately after the conversion	
		Registered capital	Shareholding as to total registered	Number of Shares	Shareholding as to number of Shares
		subscribed	capital		held
		(RMB)	(%)		(%)
1	Legend Holdings Corporation	112,978,800	31.38	112,978,800	31.38
2	Mr. Sun Taoran (孫陶然) ⁽¹⁾	27,626,400	7.67	27,626,400	7.67
3	Tianjin Heming Yongchuang Management Consulting Center (Limited Partnership)* (天津鶴鳴永創管理諮詢中心(有限合夥))	20,073,600	5.58	20,073,600	5.58
4	Mr. Sun Haoran (孫浩然) ⁽²⁾	19,418,400	5.39	19,418,400	5.39
5	Mr. Chen Jiangtao (陳江濤)	18,036,000	5.01	18,036,000	5.01

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Name of Shareholder	Immediately prior to the conversion		Immediately after the conversion	
		Registered capital	Shareholding as to	Number of Shares	Shareholding as to
		subscribed	total registered capital		number of Shares held
		(RMB)	(%)		(%)
6	The Lhasa Economic and Technological Development Zone A Treasure of Nanshan Venture Investment Management Center (L.P.)* (天津台寶南山管理諮詢中心(有限合夥))	14,749,200	4.10	14,749,200	4.10
7	Tianjin Zhongyingqiao Management Consulting Center (Limited Partnership)* (天津眾英橋管理諮詢中心(有限合夥)).	13,212,000	3.67	13,212,000	3.67
8	Mr. Dai Qijun (戴啟軍) ⁽³⁾	11,660,400	3.24	11,660,400	3.24
9	Tianjin Kunlun Xinzheng Management Consulting Center (Limited Partnership)* (天津昆侖新正管理諮詢中心(有限合夥))	10,400,400	2.89	10,400,400	2.89
10	China Continent Property & Casualty Insurance Co., Ltd (中國大地財產保險股份有限公司) . . .	10,335,600	2.87	10,335,600	2.87

Notes:

- (1) Mr. Sun Taoran is our founder, our executive Director and the chairman of our Board.
- (2) Mr. Sun Haoran is Mr. Sun Taoran’s brother.
- (3) Mr. Dai Qijun is a former director and the former deputy general manager of our Company.

Listing on the ChiNext Market of the Shenzhen Stock Exchange in 2019

Since April 25, 2019, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange under the stock code 300773. In connection with the A Share Listing, we issued an aggregate of 40,010,000 A Shares, accounting for 10.00% of our Company’s then share capital immediately following completion of our A Shares Listing. Following completion of our A Shares Listing, the shareholding of our then top 10 largest Shareholders immediately after the completion of the A Share Listing was as follows:

No.	Name of Shareholder	Number of A Shares	Shareholding as to total number
			of A Shares
			(%)
1	Legend Holdings Corporation	112,978,800	28.24

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Name of Shareholder	Number of A Shares	Shareholding as to total number of A Shares (%)
2	Mr. Sun Taoran (孫陶然)	27,626,400	6.91
3	Dazi Heming Yongchuang Investment Management Center Limited Partnership* (達孜鶴鳴永創投資管理中心(有限合夥))	20,073,600	5.02
4	Mr. Sun Haoran (孫浩然)	19,418,400	4.85
5	Mr. Chen Jiangtao (陳江濤)	18,036,000	4.51
6	Lhasa Economic and Technological Development Zone Taibao Nanshan Venture Capital Management Center Limited Partnership* (拉薩經濟技術開發區台寶南山創業投資管理中心(有限合夥)).	14,749,200	3.69
7	Dazi Kunlun Xinzheng Venture Capital Center Limited Partnership* (達孜昆侖新正創業投資中心(有限合夥)).	14,425,100	3.61
8	Tianjin Zhongyingqiao Investment Management Enterprise Limited Partnership* (天津眾英橋投資管理企業(有限合夥))	13,212,000	3.30
9	Mr. Dai Qijun (戴啟軍)	11,660,400	2.92
10	China Continent Property & Casualty Insurance Co., Ltd (中國大地財產保險股份有限公司).	10,335,600	2.58

Restricted Share Incentive Plans

During the Track Record Period and as at the Latest Practicable Date, certain employees of our Group had held interests of our Shares through the Restricted Share Incentive Plans. See “Appendix V — Statutory and General Information — Further Information About Our Directors, Senior Management and Substantial Shareholders — Restricted Share Incentive Plans” for further details.

MAJOR ACQUISITIONS AND DISPOSALS

Acquisition of Tiancai Shanglong in 2025

On April 30, 2025, we entered into an asset restructuring agreement (the “**Tiancai Shanglong Asset Restructuring Agreement**”), pursuant to which our Company agreed to subscribe for registered share capital of approximately RMB3,571,428, representing 35.71% of the equity interests, in Tiancai Shanglong, at a consideration of RMB250 million. As at the Latest Practicable Date, the subscription had been completed, with RMB150 million having been paid-up. Tiancai

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Shanglong principally operates as a catering digital solutions provider. The acquisition enabled us to provide comprehensive “payment+SaaS” (支付+SaaS) digital solutions for food and beverage businesses.

Pursuant to the Tiancai Shanglong Asset Restructuring Agreement, our Company was entitled to exercise certain specific and substantive governance rights over Tiancai Shanglong. In addition, two other shareholders of Tiancai Shanglong, namely Tian Wenkai (田文凱) and Ding Hui (丁輝), each of whom holds approximately 8.06% and 7.66% of equity interests in Tiancai Shanglong, respectively, entered into with a concert party agreements (the “**Tiancai Shanglong Concert Party Agreements**”) with us on April 30, 2025. Pursuant to the Tiancai Shanglong Concert Party Agreements, it was confirmed that, among other things, from the date on which our Company settled the first instalment of the consideration (i.e. May 31, 2025), Tian Wenkai and Ding Hui shall vote in accordance with to the directions of our Company at the meetings of the shareholders of Tiancai Shanglong, until (a) all parties agreed to terminate the Tiancai Shanglong Concert Party Agreements, (b) Tiancai Shanglong is liquidated or deregistered or (c) our Company decides to terminate Tiancai Shanglong Concert Party Agreements according to the terms therein. By virtue of the Tiancai Shanglong Concert Party Agreements, our Company is therefore deemed to be interested in approximately 51.44% of voting rights in Tiancai Shanglong. Ding Hui is an independent third party but for his directorship in Tiancai Shanglong. Tian Wenkai is an independent third party.

None of the applicable percentage ratios as defined under the Listing Rules in respect of the acquisition of the shareholding interest in Tiancai Shanglong by our Company exceed 25%. Accordingly, the relevant pre-acquisition financial information of Tiancai Shanglong is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

Proposed acquisition of Zhengqi International

In March 2025, Jianlian Technology (Guangdong) Co., Ltd. (簡鏈科技(廣東)有限公司), a wholly-owned subsidiary of our Company, entered into a conditionally binding agreement to acquire the 100% shares in Zhengqi International Asset Management Limited (the “**Zhengqi International**”), a company incorporated in Hong Kong licensed to carry on Type 1, 4 and 9 regulated activities under the SFO, from Zhengqi Capital (Hong Kong) Limited. Based on the unaudited management accounts provided by Zhengqi International, the revenue and profit of Zhengqi International for the year ended December 31, 2024 were approximately HK\$0.13 million and HK\$0.11 million, respectively, and the total assets of Zhengqi International as at December 31, 2024 was approximately HK\$4.83 million. The total consideration for such proposed acquisition is HK\$5.05 million and the completion is subject to the applicable regulatory approvals and filings. The Proposed Acquisition is currently expected to be completed during the Track Record Period by [November 30, 2025]. None of the applicable percentage ratios as defined under

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

the Listing Rules in respect of the aforesaid acquisition exceeds 25%, the relevant pre-acquisition financial information of Zhengqi International is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

Disposals of other subsidiaries in 2025

In line with the Company’s strategic plans and streamline its business portfolio, on August 11, 2025, the Company entered into an equity transfer agreement with Guangzhou Zhongying Weirong Intelligent Technology Co., Ltd.* (廣州眾贏維融智能科技有限公司) (“**Guangzhou Zhongying**”), pursuant to which the Company agreed to transfer the entire equity interests it held in Guangzhou Lakala Puhui Financing Guarantee Co., Ltd.* (廣州拉卡拉普惠融資擔保有限責任公司) (“**Lakala Puhui**”) and Guangzhou Runxin, respectively, to Guangzhou Zhongying (the “**Guangzhou Business Disposals**”). On August 8, 2025, our Board has resolved to transfer the entire equity interests it held in Tibet Hongcheng Technology Development Co., Ltd.* (西藏弘誠科技發展有限公司) (“**Tibet Hongcheng**”) to Tibet Kaola Jinke Network Technology Service Co., Ltd.* (西藏考拉金科網絡科技服務有限公司) (“**Tibet Kaola Jinke**”) (the “**Tibet Business Disposals**”, together with the Guangzhou Transfers, the “**Proposed Disposals**”). The Tibet Business Disposals are subject to the signing of definitive agreements and both Proposed Disposals are subject to applicable regulatory approvals and subsequent approval by our Shareholders. Each of Guangzhou Zhongying and Tibet Kaola Jinke is a company indirectly held as to 33% by Mr. Sun Taoran, our executive Director and chairman of the Board. Hence, upon completion of the Proposed Disposals, each of Lakala Puhui, Guangzhou Runxin and Tibet Hongcheng will become a connected person of the Company. The Proposed Disposals are expected to be completed by the end of 2025. To the best of our Directors’ knowledge, upon completion of the Proposed Disposals, our transactions with Guangzhou Zhongying, Lakala Puhui and Guangzhou Runxin, if any, are expected to be minimal and fully exempt from reporting, announcement and independents shareholders approval under Chapter 14A of the Listing Rules. Our Company will monitor such transactions continuously to ensure compliance with the the applicable requirements under Chapter 14A of the Listing Rules.

Save for the abovementioned, we did not conduct any other major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since April 2019, our Company has been listed on the ChiNext Market of the Shenzhen Stock Exchange, and as of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations in any material respects. To the best knowledge of our

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Directors having made all reasonable enquiries, there was no other matter that should be brought to the investor’s attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable.

Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of our Company on the Shenzhen Stock Exchange.

We seek to be [REDACTED] on the Stock Exchange to establish an additional overseas financing platform to raise further capital to fund the continued development and expansion of our business should the need arises, and to further reinforce our brand profile and market position outside the PRC market. See “Business — Our Strategies” and “Future Plans and [REDACTED]” for more details.

PUBLIC FLOAT

Pursuant to Rule 19A.13A(2) of the Listing Rules, a new applicant which is a PRC issuer with other listed shares at the time of listing must have a portion of its H shares for which listing is sought that are held by the public at the time of listing that (a) represents at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000.

On the basis that no H Shares will be [REDACTED] under the [REDACTED] to any core connected person of our Company or person which is not regarded as a member of the public under Rule 8.24 of the Listing Rules, it is expected that immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), all the H Shares, representing approximately [REDACTED] of the total number of issued Shares (excluding treasury shares) will be counted towards the public float for the purpose of Rule 19A.13A(2) of the Listing Rules. Accordingly, we will maintain a sufficient public float at the time of the Listing as required under Rule 19A.13A(2) of the Listing Rules.

[REDACTED]

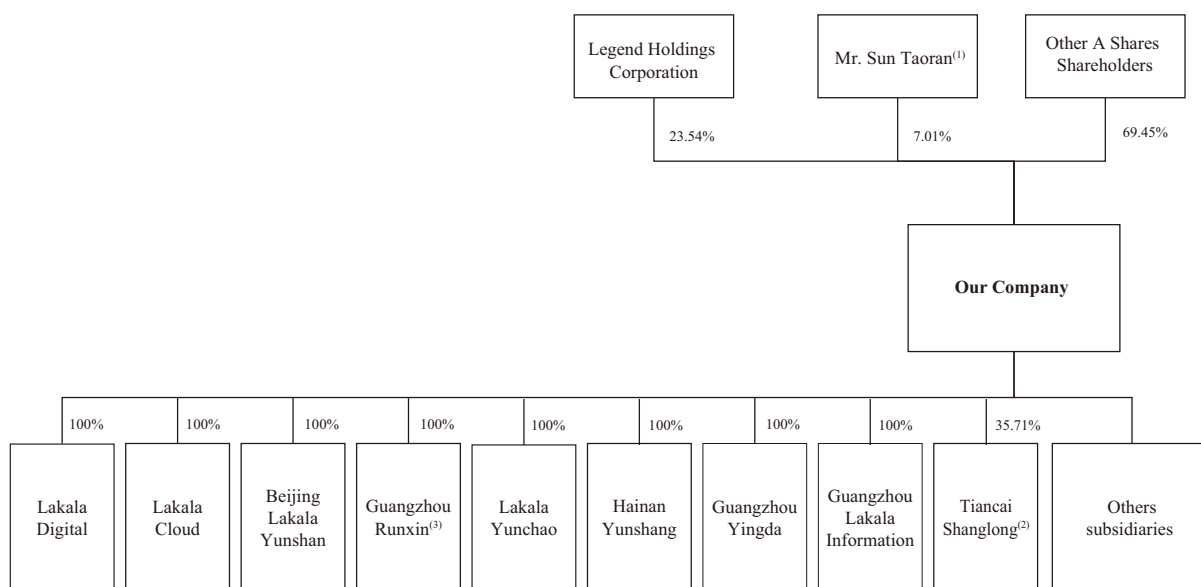
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED]

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure as of the Latest Practicable Date and immediately prior to the [REDACTED]:



Notes

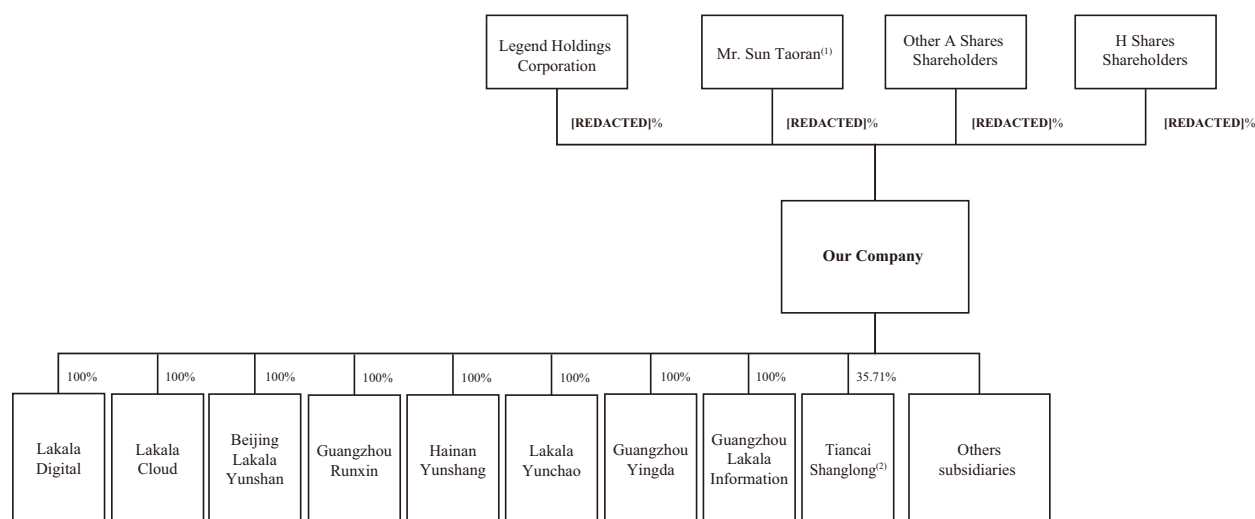
(1) Mr. Sun Taoran is our executive Director and chairman of the Board.

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- (2) As of the Latest Practicable Date, the remaining approximately 64.29% of equity interests in Tiancai Shanglong was held by 16 other shareholders, save for Ding Hui who is a director of Tiancai Shanglong, each of which is an independent third party. Pursuant to the terms under the Tiancai Shanglong Asset Restructuring Agreement, we will be regarded as the controlling shareholder of Tiancai Shanglong, and the financial statements of Tiancai Shanglong had been consolidated into our Group’s financial statements. Moreover, by virtue of the Tiancai Shanglong Concert Party Agreements, our Company is deemed to be interested in approximately 51.44% of equity interest in Tiancai Shanglong. For details, see “— Major Acquisitions and Disposals” in this section.
- (3) On August 11, 2025, our Company entered into an equity transfer agreement, pursuant to which our Company has agreed to dispose the entire equity interests it held in Guangzhou Runxin. For details, see “— Major Acquisitions and Disposals” in this section.

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised:



Note:

For notes (1) to (2), see notes (1) to (2) of “— Our Shareholding and Corporate Structure — Shareholding and Corporate Structure Immediately before the [REDACTED]”.

BUSINESS

OVERVIEW

We are a leading digital payment services and digital commercial solutions provider in Asia. Starting from our digital payment services, we leverage big data, blockchain and artificial intelligence technologies, together with our years of industry experience and insights, to become an important partner for small and medium-sized merchants and industry clients in expanding their business globally, and to build a comprehensive digital operation system that helps our customers achieve business success.

We have a strong market position and well-established brand recognition in China’s digital payment market. According to Frost & Sullivan, the TPV of China’s digital payment market reached approximately RMB331.7 trillion in 2024, of which independent digital payment service providers accounted for RMB45.7 trillion. In 2024, our TPV amounted to more than RMB4.0 trillion, representing a market share of 9.4% among independent digital payment service providers, ranking first in this segment.

Small and medium-sized merchants and industry clients are our primary customers. We provide them with one-stop payment solutions covering online, offline, domestic and cross-border transactions through our self-developed payment technology system. Our solutions enable customers to process payments securely, efficiently and seamlessly across different business scenarios, payment methods and currencies. We are also actively promoting the innovative application of digital currencies and empowering customers to achieve full-chain digital operations through our comprehensive digital commercial solutions. As our customers continue to expand globally in recent years, we have consistently broadened our service offerings and established a global operating system to support merchants in their international business expansion.

Market-leading Position	Digital Payment Services	Digital Commercial Solutions
 Ranked first⁽¹⁾ Domestic independent digital payment service provider	 More than RMB4.0 trillion⁽⁴⁾ of TPV	 65⁽⁵⁾ Industries covered by end-to-end business digital solutions
 Among the first batch⁽²⁾ One of the two payment institutions that entered into a strategic cooperation agreement with the Digital Currency Research Institute of the People's Bank of China	 Over 10 million⁽⁵⁾ Annual active merchants	 300+⁽⁵⁾ Third-party SaaS partners
 One of the industry's few qualification holders⁽³⁾ Independent digital payment institution qualified to provide payment services for all major international card brands	 129⁽⁵⁾ Cross-border payment capabilities covering 129 countries and regions	 130,000+⁽⁵⁾ Active merchants in the catering and retail SaaS sector

BUSINESS

Notes:

- (1) Based on the TPV in 2024, according to the Frost & Sullivan report.
- (2) According to the Frost & Sullivan report.
- (3) According to the Frost & Sullivan report.
- (4) In 2024.
- (5) As of June 30, 2025.

Comprehensive and Innovative One-Stop Payment Capabilities

We were among the first batch of institutions to obtain the Payment Business License issued by the PBOC in 2011, and we hold a comprehensive portfolio of payment licenses. With the rapid advancement of technology, China’s payment landscape has experienced cash payment stages, bank card payment stages, mobile payment stages and digital payment stages in sequence. We have consistently remained at the forefront of industry innovation, committed to leveraging advanced technologies to provide secure, convenient and efficient payment services to small and medium-sized merchants and industry clients in China and worldwide. Over the years, we have pioneered a series of industry-first products, including self-service payment terminals, mobile payment master, smart POS terminals and SoftPOS terminals. We are also among the first institutions to participate in the e-CNY payment pilot program.

We have continuously expanded and enhanced our global payment service network to support Chinese enterprises in going global and overseas customers in coming to China, thereby promoting the openness of China’s consumption environment and facilitating cross-border trade. We are one of the few independent digital payment institutions in China qualified to provide payment services for all major international card brands, including VISA, Mastercard, American Express, Diners Club & Discover and JCB. Through our strategic investment in Skyee and our collaborations with domestic banks, overseas local banks and overseas payment institutions, we are capable of offering cross-border payment services covering 129 countries and regions worldwide, supporting settlement in over 30 currencies. Our solutions provide customers with secure, efficient and convenient one-stop cross-border payment services.

We remain committed to a customer-centric approach and to driving innovation through technology. Guided by our vision of enabling more convenient payments, more user-oriented payments, and more value-creating payments, we continue to enrich our portfolio of software and hardware products and expand our integrated online and offline service network. Our online platform supports multi-end access, while our offline network offers one-stop services. We continuously enhance the usability of our products and the convenience of our services, aiming to

BUSINESS

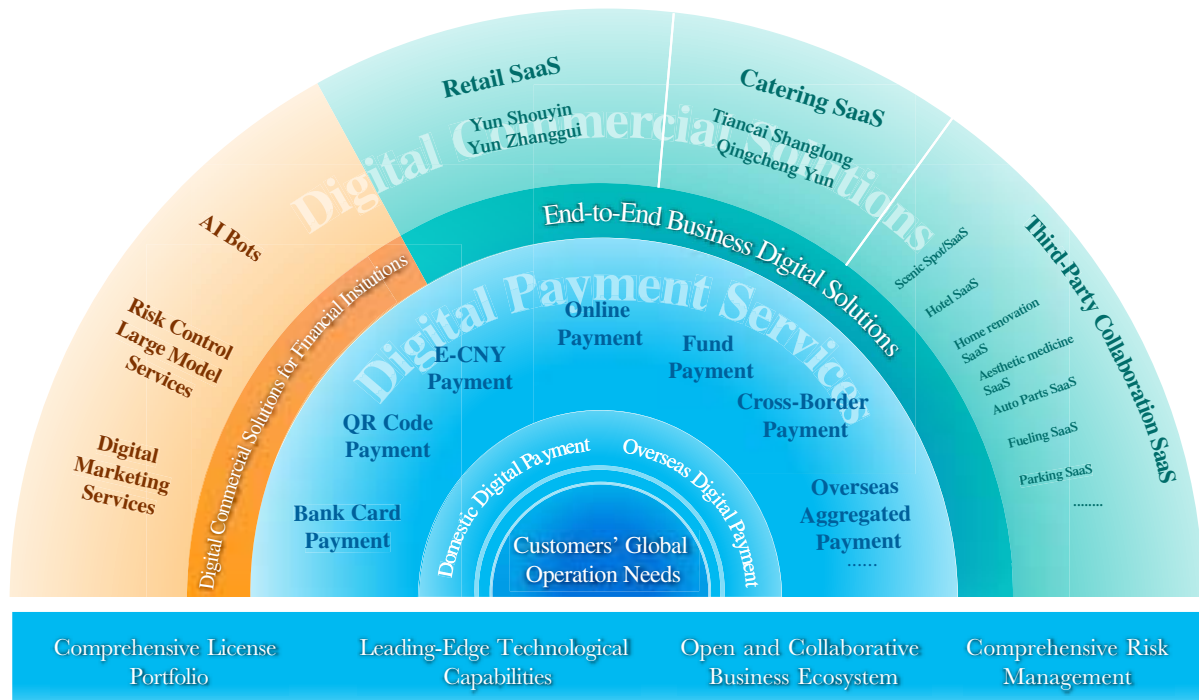
ensure that our products evolve in response to customer needs and our services are delivered whenever and wherever they are required. Our comprehensive payment services have been widely recognized and trusted by customers and business partners.

Open, Win-Win and Fast-Growing Digital Commercial Solutions

Payment serves as the fundamental infrastructure of the economy and an essential component of commercial activities. It also provides us with valuable opportunities to understand our customers and to innovate our products and services. Building on our fundamental digital payment capabilities and leveraging the extensive data accumulation and industry insights gained from years of operations, we identify the needs of various industry scenarios and integrate our underlying technological capabilities to develop a distinctive portfolio of digital commercial solutions. These solutions enable us to offer value-added services to upstream and downstream participants across the industry chain.

- ***End-to-End Business Digital Solutions.*** We provide customized end-to-end business digital commercial solutions for different industries, enhancing operational efficiency. As of the Latest Practicable Date, we served 65 industries with digital commercial solutions covering digital payments, business operations, accounting management and value-added services. In particular, we have strategically focused on the catering and retail sectors and achieved significant progress. As of the Latest Practicable Date, we were serving over 130,000 active merchants through our catering and retail SaaS solutions.
- ***Digital Commercial Solutions for Financial Institutions.*** We focus on technological research and innovation. Leveraging advanced technologies such as AI and big data, we have developed a series of cutting-edge solutions for our long-term business partners, including commercial banks and credit agencies. These solutions include (i) marketing services; and (ii) others, such as decision-making bots, report bots and voice bots. Designed for diverse business scenarios, our high-tech solutions effectively support processes such as credit evaluation, intelligent risk analysis and customer management. Through technological empowerment, we significantly enhance our customers’ operational efficiency and help them optimize costs.

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Solid Financial Performance

In 2024, we processed a TPV of more than RMB4.0 trillion, with an average of over 40 million transactions per day, and served more than 10 million merchants nationwide.

We actively support Chinese enterprises in expanding overseas. As of the Latest Practicable Date, we were able to provide payment services covering 129 countries and regions worldwide. In the six months ended June 30, 2025, our cross-border payment business served more than 160,000 customers, representing a year-on-year increase of 70.4%, with a total TPV of RMB37.1 billion, up 73.5% year-on-year.

During the Track Record Period, we maintained our industry leadership. Our revenues were RMB5,361.1 million, RMB5,927.5 million, RMB5,754.2 million and RMB2,647.1 million in each respective period, with gross profit margins of 22.8%, 28.1%, 29.9% and 24.8%, respectively, during the Track Record Period. With the sound development of our digital payment business and the rapid expansion of our digital commercial solutions, we expect to capture broad market opportunities pursue high-quality development and continuously strengthen our market competitiveness.

BUSINESS

Promising Market Opportunities

Extending From Payment Services To Digital Commercial Solutions To Expand And Upgrade The Value Chain. Digital payment service providers, including us, are gradually transforming from playing the role of transaction facilitators to operation enablers. By integrating payment–orders–inventory–finance and taxation–membership marketing, we deliver end-to-end digital commercial solutions to merchants, positioning ourselves as their long-term business partner. This transformation from standalone tools to integrated platform-based solutions has substantially enhanced customer loyalty and the overall value of our services. Leveraging our core customer base of over ten million merchants, we have significant potential to capture the substantial commercial value embedded in full-chain digital services.

Expanding From Local Payment Services To Global Payment Services To Offer More Comprehensive Payment Products. Chinese enterprises are accelerating their international expansion, and developing overseas markets has become a key strategic priority. To effectively address the operational challenges faced by Chinese enterprises going global, we are upgrading our payment services from local to global coverage. By building a compliant global payment network, we provide seamless, secure and efficient one-stop cross-border payment solutions to Chinese enterprises. Our services help clients reduce cross-border transaction costs and improve capital flow efficiency. According to Frost & Sullivan, the market size of cross-border payment services reached approximately RMB7.5 trillion in 2024, and is expected to grow at a compound annual growth rate of 20.8% over the next five years. By establishing a global service network for Chinese enterprises worldwide, we are well positioned to capture the strong growth potential of this expanding market.

Undergoing Supply-side Optimization of China’s Payment Market, with Leading Service Providers Further Strengthening Their Competitive Advantages. China’s payment industry has entered a stage that emphasizes both development and regulatory compliance. Regulators have continued to tighten scrutiny standards on merchant compliance, anti-money laundering and data security. As a result, many small and medium-sized digital payment service providers are gradually exiting the market. The number of licensed non-bank payment institutions in China has decreased from a history peak of 271 to 169, as of the Latest Practicable Date, a trend that has accelerated since the implementation of the Regulation on the Supervision and Administration of Non-bank Payment Institutions on May 1, 2024. Leading licensed payment service providers, leveraging their strengths in compliance, fund security and risk control, are expected to further enhance their market competitiveness and increase their market share, such as us.

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OUR STRENGTHS

Strong Brand Recognition and Market Leadership in Asia’s Payment Industry

We have been deeply engaged in the digital payment industry for over 20 years, with presence across major Asian markets including China, Japan and Southeast Asia. Our extensive license portfolio and proven business capabilities have earned us strong recognition from regulators, customers and industry participants. According to Frost & Sullivan, we hold a leading market position and enjoy strong brand influence in the digital payment sector:

- We are among the few digital payment institutions in China that can provide fully integrated services across online and offline, as well as domestic and cross-border payment scenarios.
- Based on TPV in 2024, we ranked as the largest independent digital payment service provider in Asia.
- Leveraging our extensive professional expertise and industry experience, we have established a strong reputation in the payment industry. Over the years, we have received numerous honors and awards from organizations such as China UnionPay and Visa in recognition of our outstanding performance and service quality including the Outstanding Innovation and Breakthrough Award in Acquiring Business 2024 from Visa, the Best Acquirer Contribution Award 2024 from Mastercard, the Foreign Card Acceptance Contribution Award 2024 and the Outstanding Innovation Award for Optimized Payment Services 2024 from American Express and 2024 Splendid Action Outstanding Contribution Award from UnionPay.

Our strong brand recognition and industry leadership form a solid foundation for our long-term sustainable growth.

Leading Technology System and Evolving Innovation Capabilities

We are one of the leaders in technological innovation in China’s payment industry. We adhere to a technology-driven approach to ensure our products stay at the forefront of the market. Throughout the development of the payment industry, we have pioneered a number of products and services that meet market needs and drive industry transformation, including self-service payment terminals, mobile payment master, smart POS terminals and SoftPOS terminals. We are also among the first independent digital payment institutions in China qualified to participate in the e-CNY pilot program with full implementation capabilities.

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In the digital economy era, we have capitalized on the opportunities brought by digitalization and intelligence to develop a rich portfolio of technology solutions, such as the LAKALA Smart Wallet, end-to-end business digital solutions and intelligent service bots. These innovations further strengthen our leading position in the industry and support the digital transformation of customers and their upstream and downstream partners in the industry chain.

We have consistently prioritized investment in technology R&D and built a strong and dynamic R&D team. As of June 30, 2025, we had 829 R&D personnel (including those from Tiancai Shanglong), representing 28.1% of our total employees. Our research and development costs increased from RMB229.1 million in 2022 to RMB249.9 million in 2023, and further increased to RMB260.6 million in 2024. As a result of our strong commitment to technology R&D, as of June 30, 2025, we owned 87 patents, 467 software copyrights and 1,475 trademarks.

Leveraging advanced technologies such as AI, big data and cloud computing, we have independently developed our proprietary technology system, which provides stable, efficient and flexible system support for payment processing, fund settlement, account management, merchant operations, risk control and customer acquisition. Our system is capable of processing up to 100 million transactions per day, with system reliability of 99.99%. Built on a structured and modular architecture, our technology system can flexibly assemble tailored solutions for different types of customers. For example, group customers benefit from integrated online and offline payment management, complex reconciliation processing and various value-added services while small and micro customers benefit from rapid onboarding, plug-and-play capabilities and one-stop service access.

With open access to underlying technological capabilities, our system can seamlessly integrate both in-house and third-party SaaS solutions. Our system currently supports over 800 open APIs, enabling us to integrate vertical industry solutions with greater efficiency and at lower cost, thus empowering digital transformation across a wide range of industries.

AI First

AI First is our current technological proposition. We have embedded global leading large language models into our technology system, leveraging semantic analysis, graph processing, intent recognition and intelligent routing technologies, and combining these with enterprise knowledges and years of accumulated data resources. Through our self-developed AI middleware platform, we have built multiple intelligent agents that are widely applied in both external services and internal operations.

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On the external service side, we have upgraded the Lakala App into a LAKALA Smart Wallet, a continuously learning and dynamically evolving super brain for merchants’ store operations.

On the internal operation side, our self-developed merchant onboarding intelligent agent enables automated review in only several seconds, achieving a threefold improvement in operational efficiency and a fraud detection rate of 99%.

Blockchain Innovation

Blockchain is another key strategic technology focus for us. Our self-developed platform supports visualized management of blockchain nodes and networks, flexibly adapting to public and consortium chains while significantly reducing deployment complexity for enterprises. As one of the first authorized digital payment institutions to participate in the e-CNY pilot program, we have developed blockchain-based merchant service and risk control technologies at the application layer of the e-CNY payment service.

This technology supports the creation of multiple sub-wallets under a single digital wallet and enables digital wallets to operate independently without being linked to a bank card. It facilitates services such as sub-ledger management, reconciliation, payout and escrow under privacy protection constraints, while also enhancing risk control for e-CNY transactions. The research and application of this technology were selected for inclusion in the Beijing Technology and Finance Innovation Support Program 2022.

We have also innovatively developed a smart contract security and data protection technology based on an embedded intrusion detection engine. The research results have been published, with us as the first author, in the *IEEE Transactions on Services Computing*, a top-tier international academic journal. Our deep expertise in blockchain technology and extensive experience in e-CNY applications have laid a solid foundation for us to gain a leading edge in future digital currency cross-border payment pilots and digital payment transformation.

Extensive Customer Base and Self-reinforcing Ecosystem

Over the years, our business has expanded across various industries, including retail, food and beverage, entertainment, transportation, hospitality, tourism, education, healthcare and logistics. We have one of the largest customer bases among digital payment service providers in China. As of the Latest Practicable Date, our active merchants reached 10 million. Our cross-border payment customers also grew strongly, from 33,623 in 2022 to 126,007 in 2024, representing a CAGR of 93.6% over the past three years. As of June 30, 2025, our cross-border payment customers grew to 165,181.

BUSINESS

Building on our extensive digital payment customer base, an increasing number of customers have adopted our digital commercial solutions. As of June 30, 2025, the number of our active customers of catering and retail SaaS was more than 130,000.

Our large and high-quality customer base provides a solid foundation for the stability of our digital payment business, as well as strong support for the continued development of our digital commercial solutions. Our massive user base and over 40 million daily transactions generate multi-dimensional customer data and form extensive data assets, enabling us to gain deep insights into customer needs. This allows us to deliver more timely, precise and high-value products and services, meeting diverse customer needs in business operations, fund management and precision marketing, and driving the sustained growth of our digital commercial solutions.

Customers’ adoption of our digital commercial solutions represents a deepening of their trust in us and engagement with us, positioning us as a more integrated business partner in their operations and further strengthening our ecosystem.

Extensive Marketing Network and Strong Merchant Service Capabilities

In China, we have established a marketing and promotion system that integrates direct sales with channel partners collaboration. As of June 30, 2025, we had built a strong channel partner network covering 31 provinces, municipalities and most counties across urban and rural areas in China. As of the same date, our network comprises over 1,000 direct sales personnel, and over 6,000 channel partners. Through these channel partners, hundreds of thousands of professionally trained sales representatives promote our products and services annually, which has not only contributed to our business growth but also created employment opportunities for a large number of young people in urban and rural areas.

Meanwhile, we continue to expand our international presence. We have established subsidiaries in Hong Kong, the United States, the United Kingdom, Japan and Singapore, accelerating the development of our global business promotion network.

Our strong marketing network enables us to reach customers more effectively, gain deeper insights into their actual needs, and provide the most suitable products while responding promptly to their daily requests. This ensures that our service experience remain at the forefront of the industry.

Maintaining an extensive and stable offline service network, through which merchants can always feel our presence and receive timely support, is a key part of our business strategy and one of our core strengths. From the perspective of most merchants, one-stop service can only be achieved through the seamless integration of online and offline offerings.

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Dynamic Corporate Culture and Visionary, Experienced Leadership Team

The founding team led by Mr. Sun Taoran has established a unique corporate culture known as the Five Elements Culture, which consists of our mission and vision, core values, twelve guiding principles, management methodology, and business methodology. These five components permeate our entire business process from values to methodologies and tools, equipping us with strong strategic execution capabilities.

Our founder and management team have over 20 years of industry experience in digital payment services and digital commercial solutions, with extensive professional knowledge and expertise. Guided by our goal of becoming a leading, sustainably growing, and well-respected enterprise, we have built a grassroots, self-driven organizational structure. We believe that as we continue to strengthen our talent development system, our talent pool will play a critical role in achieving our long-term strategic objectives.

OUR STRATEGIES

Creating values for businesses is our mission. We are committed to meeting customers’ comprehensive needs at different stages and levels of development by continuously upgrading our products and services to enhance applicability of our products and financial security, both serving our large existing customer base and elevating the values of our customers. We closely monitor industry trends and actively integrate advanced technologies, continuously innovating and developing industry-specific solutions to serve a broader customer base, to make business management simpler and more efficient for our customers. We intend to drive our future growth through the following strategies.

Further Expand Our Global Commercial Network

We will continue to increase our investment to further develop a comprehensive global business network, providing customers with payment and business operation services that span across multiple markets. This expansion strategy recognizes the growing demand for seamless cross-border payment solutions and the need for localized service delivery in diverse regulatory environments.

Our commitment to obtaining necessary qualifications and licenses in additional regions reflects our understanding that regulatory compliance is fundamental to sustainable international growth. We will systematically pursue licensing opportunities in key markets while strengthening relationships with global partners to deepen collaboration and enhance the service quality of our

BUSINESS

digital payment services and digital commercial solutions. These partnerships will enable us to leverage local expertise and established networks, accelerating our market entry and reducing operational risks in new territories.

Specifically, we will intensify our business operations primarily in Hong Kong, Japan, and Singapore, recognizing these markets as strategic gateways to broader regional expansion. We plan to provide localized digital payment-related products and services to merchants in these regions, supporting their digital transformation journeys through tailored solutions that address specific market needs, regulatory requirements, and consumer preferences. This approach will include developing region-specific payment methods, implementing local compliance frameworks, and establishing dedicated customer support teams with deep understanding of local business practices.

Strengthen Our Technological Capabilities and Expand the Application of Cutting-edge Technologies in Digital Payments

We will further deepen the application of advanced technologies such as blockchain, AI and big data in digital payments. By continuously integrating the latest technological advancements with our deep industry expertise and extensive data accumulated through years of serving merchants across diverse sectors, we aim to ensure that our products and technological capabilities remain at the forefront of the market. Through continuous innovation and intelligent upgrades, we seek to enhance the safety, efficiency and flexibility of our digital payment infrastructure. These efforts will enable us to expand our global footprint and capture new opportunities arising from the ongoing transformation of the global payment landscape.

At the same time, we plan to further enhance the depth and breadth of our digital commercial solutions for customers across different industries. Building upon our existing technological foundation and strong client base, we will continue to develop more industry-specific and scenario-based digital commercial solutions that cater to the differentiated needs of various sectors, such as retail, catering, culture and tourism. By providing intelligent, data-driven and modular service capabilities, we aim to empower enterprises at different stages of digital transformation, helping them improve operational efficiency, enhance customer engagement and reduce costs. These initiatives will drive the continuous and sustainable growth of our digital commercial solution segment and further strengthen our leadership in digital commercial innovation.

BUSINESS

Seek Strategic Investment and Potential Acquisition Opportunities to Enhance Market Position and Unlock Development Potential

We plan to actively pursue potential strategic partnerships, investment opportunities, and acquisition targets that align with our long-term growth objectives. This proactive approach to growth reflects our belief that strategic combinations can accelerate market expansion, enhance technological capabilities, and strengthen our competitive positioning more rapidly than organic growth alone.

We believe such initiatives will be beneficial for introducing valuable business resources and talent to our company, thereby strengthening strategic synergies, expanding business scale, and enhancing our technological capabilities and brand recognition. These strategic moves will further consolidate our competitive advantages and market position while unlocking significant development potential through economies of scale, cross-selling opportunities, and expanded geographic reach.

Our acquisition strategy will focus on identifying targets that complement our existing capabilities while providing access to new markets, technologies, or customer segments. Priority areas for potential acquisitions include companies with strong regulatory relationships in target markets, specialized technology platforms that enhance our service offerings, and businesses with established customer bases that can benefit from our comprehensive digital payment solutions.

Additionally, we will consider strategic investments in emerging fintech companies and technology providers that are developing innovative solutions relevant to our business. These investments will provide us with early access to breakthrough technologies and market insights while potentially creating future acquisition opportunities as these companies mature.

Highly Value Talent Development and Continuously Attract Top-Tier Professionals

We fully recognize that qualified and experienced industry professionals are crucial for maintaining our leading position in technology and product development. The complexity of global financial technology operations and the rapid pace of innovation in our industry demand exceptional talent across multiple disciplines, from software engineering and data science to regulatory compliance and international business development.

We will maintain a high priority on talent pipeline development, planning to retain our existing talent pool through competitive compensation packages, long-term equity incentive programs, and comprehensive professional development opportunities. Our retention strategy recognizes that experienced team members who understand our culture, systems, and market positioning are invaluable assets that contribute directly to our competitive advantage.

BUSINESS

We will continuously recruit top-tier talent from around the world, specifically targeting professionals with local operational experience and technical expertise in our target markets. This global recruitment approach will enable us to build teams with deep understanding of local business practices, regulatory requirements, and cultural nuances that are essential for successful international expansion.

Furthermore, we will establish specialized talent acquisition programs targeting universities and research institutions to build relationships with emerging talent in relevant fields such as financial technology, artificial intelligence, cybersecurity, and international business. This proactive approach to talent development will ensure we have access to the next generation of industry leaders while contributing to the overall advancement of the fintech ecosystem.

OUR BUSINESS

We are a leading digital payment services and digital commercial solutions provider in Asia. We offer various convenient and reliable services and solutions to businesses of all sizes, primarily including:

- ***Digital Payment Services.*** We provide a comprehensive range of secure, convenient and one-stop digital payment services to our customers in various industries, consisting of (i) domestic digital payment services, including bank card payment, QR code payment, e-CNY payment and fund payment; and (ii) cross-border digital payment services. We also provide payment-related services to our customers, such as mobile data services.
- ***Digital Commercial Solutions.*** Leveraging our extensive customer base of digital payment services, our deep understanding of customers’ businesses and our advanced R&D capabilities, we integrate AI and big data to provide digital commercial solutions, consisting of (i) end-to-end business digital solutions; and (ii) digital commercial solutions for financial institutions.

In addition to the above, we also provide hardware products, such as POS terminals.

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The following table sets forth our revenue by business segments during the Track Record Period:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(unaudited)									
Digital payment services .	4,581,074	85.5	5,179,588	87.4	5,165,496	89.8	2,634,192	88.4	2,362,824	89.3
Digital commercial										
solutions	284,981	5.3	276,730	4.7	243,464	4.2	143,619	4.8	130,944	4.9
Others ⁽¹⁾	495,056	9.2	471,215	7.9	345,197	6.0	202,517	6.8	153,327	5.8
Total	<u>5,361,111</u>	<u>100.0</u>	<u>5,927,533</u>	<u>100.0</u>	<u>5,754,157</u>	<u>100.0</u>	<u>2,980,328</u>	<u>100.0</u>	<u>2,647,095</u>	<u>100.0</u>

Note:

(1) Others primarily refer to revenues from sales of hardware and factoring services.

Digital Payment Services

Digital payment services refer to the transaction settlement services we provide as a digital payment service provider to merchants of different sizes and various industries, enabling them to accept various forms of consumer payments quickly and securely. Our digital payment services cover a wide range of online, offline, domestic and cross-border payment solutions. We enter into payment acceptance agreements with merchants and provide comprehensive digital payment services accordingly. When merchants accept payments from consumers, we charge service fees from merchants in accordance with these agreements as our primary source of revenue.

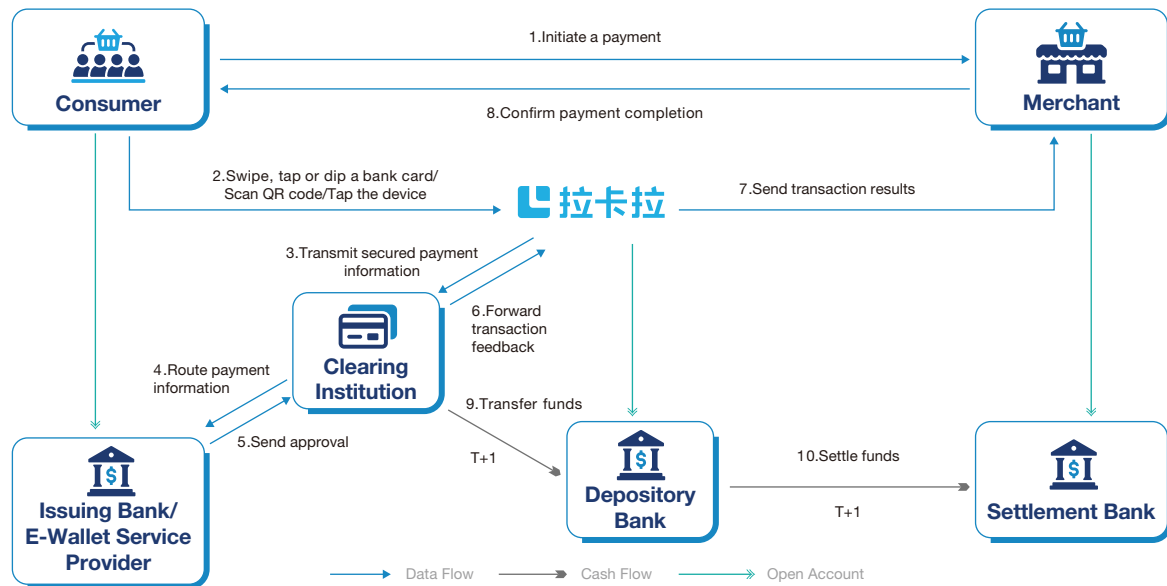
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The following table sets forth the total payment volume (TPV) of our digital payment services for the periods indicated:

	Years Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	%		%		%		%		%	
	(RMB in million, except for percentages)									
Domestic digital payment										
services	4,522,540	99.5%	4,511,183	99.1%	4,270,509	98.9%	2,153,636	99.0%	2,324,939	98.4%
Bank card payment . . .	3,608,403	79.4%	3,309,198	72.7%	2,858,524	66.2%	1,479,785	68.0%	1,299,660	55.0%
QR code payment	914,137	20.1%	1,201,986	26.4%	1,361,555	31.5%	673,851	31.0%	656,368	27.8%
Fund payment	—	—	—	—	50,430	1.2%	—	—	368,911	15.6%
Cross-border digital										
payment services	20,818	0.5%	43,016	0.9%	49,160	1.1%	21,332	1.0%	37,141	1.6%
Total	4,543,358	100.0%	4,554,199	100.0%	4,319,669	100.0%	2,174,967	100.0%	2,362,080	100.0%

For domestic digital payment services, we generally provide standard T+1 settlement to the merchants. Depending on specific business scenarios, we also offer customized settlement solutions with flexible settlement terms. For cross-border digital payment services, we generally provide T+2 settlement to the merchants after receiving payment from consumers. We also offer flexible foreign exchange and settlement terms based on merchants’ needs.

The diagram below illustrates the payment process for our typical digital payment services and the role of each participant involved:



BUSINESS

The typical digital payment procedures are as follows:

1. The consumer initiates a payment.
2. The consumer swipes, taps or dips the bank card on a terminal deployed by us, or scans the QR code, or taps the devices, which captures and secures payment information and routes it to us.
3. We process the payment request and transmit secured payment information to the clearing institution.
4. The clearing institution routes the payment information to the issuing bank or third-party e-wallet service provider such as WeChat Pay or Alipay for authorization.
5. The issuing bank or third-party e-wallet service provider verifies the payment information and sends a notification of approval for the transaction (or rejection, under which condition the payment process ends) to the clearing institution.
6. The clearing institution forwards the transaction feedback to us.
7. We send the transaction results to the merchant.
8. The merchants print a receipt or send a e-receipt for the customers to confirm the payment.
9. After completing the clearing process with the issuing bank or third-party e-wallet service provider, the clearing institution transfers the funds net of processing fees to our depository account.
10. We settle the funds net of our digital payment service fees to the merchant’s account.

Domestic Digital Payment Services

As an accredited member institution of China UnionPay, NetsUnion and major international card schemes, we provide merchants with comprehensive digital payment services covering (i) bank card payment; (ii) QR code payment; (iii) e-CNY payment; and (iv) fund payment, generating revenue through payment processing.

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As one of the leading digital payment service providers in China, our service scenarios cover a wide range of industries, including retail, catering and entertainment, tourism and attractions, e-commerce and wholesale, automotive and auto parts, refueling and charging, property management and leasing, construction materials, home improvement and hardware, medical aesthetics, pet services, leisure and financial products such as funds and insurance. As of June 30, 2025, we had served over 20 million merchants in total. In 2024, we processed over 15 billion payment transactions from consumers across China, maintaining a leading position among independent digital payment service providers in China.

Bank Card Payment

We provide bank card payment services to merchants which enable them to receive card payments from consumers through UnionPay and international card networks in China. Our services support both PRC bank cards and international bank cards.

- **PRC Bank Card.** We provide merchants with payment services for bank cards issued within China, enabling them to receive both debit card and credit card payments from consumers through clearing networks of China UnionPay. We are among the earliest digital payment institutions in China to offer bank card payment services, with branch offices established across all provincial-level administrative regions in mainland China and supported by local teams that can respond swiftly to customer needs. During the Track Record Period, we processed a TPV of RMB11.1 trillion of PRC bank card payment services. Leveraging our strong market penetration and high merchant acquisition rate, long-standing partnerships with major commercial banks in China, and 24/7 operational support, we have become a leading digital payment service provider in the domestic bank card payment market. According to Frost & Sullivan, we ranked first with a market share of 6.9% in 2024.
- **International Bank Card.** We also provide international bank card payment services, allowing Chinese merchants to accept payments from consumers using international bank cards through global card networks. We have established long-term, mutually beneficial partnerships with five major international card networks, namely, VISA, Mastercard, Discover, American Express and JCB, and are among the few independent digital payment service providers in China that hold membership status with all of them. This enables us to support international cardholders, including those using cards issued by the five major international networks and overseas cards issued by China UnionPay, in enjoying seamless payment services in China. Our international bank card payment business has grown rapidly, covering 285 cities across China and serving an increasing number of overseas visitors and consumers. In 2024, our TPV of international bank card

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increased by over 300% compared with 2023. According to Frost & Sullivan, as of June 30, 2025, we enjoyed a market share of 4.9% in the international bank card payment market in China.

During the Track Record Period, our collaboration with the global major international card organizations has become increasingly close, and our professional service capabilities have been highly recognized by these organizations. We received a number of significant awards, including the Outstanding Innovation and Breakthrough Award in Acquiring Business 2024 from Visa, the Best Acquirer Contribution Award 2024 from Mastercard, the Foreign Card Acceptance Contribution Award 2024 and the Outstanding Innovation Award for Optimized Payment Services 2024 from American Express and 2024 Splendid Action Outstanding Contribution Award from UnionPay.

Below is an illustration of how our bank card payment services operate:



QR Code Payment

Our QR code payment service provides merchants with a seamless and integrated way to accept payments from customers using various mobile payment apps and third-party e-wallets, including WeChat Pay, Alipay, JD pay and UnionPay QR. The service supports both merchant-presented QR codes (where customers scan to pay) and customer-presented QR codes (where merchants scan to collect). By consolidating multiple payment methods into a single platform, we eliminate the need for merchants to maintain separate QR codes or invest in different payment terminals for each payment provider. This unified approach not only simplifies the payment collection process and reduces merchants' investment in terminal equipment, but also

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enhances operational efficiency by centralizing transaction processing. Our QR code payment service has demonstrated strong resilience, with annual TPV increasing from RMB0.9 trillion in 2022 to RMB1.3 trillion in 2024, representing a compound annual growth rate of approximately 20.2%.

Under the guidance of the PBOC, we have collaborated with UnionPay International, NetsUnion, Alipay and WeChat Pay to become one of the first payment institutions to support foreign digital wallets for domestic use, enabling overseas digital wallets to be accepted by Chinese merchants. Through the unified cross-border QR code gateway in China, our system allows merchants to seamlessly accept payments from international wallet users such as PayPal, Singapore’s LiquidPay, Vietnam’s ZaloPay and Mongolia’s HiPay.

Below is an illustration of how our QR code payment services operate:



Customer Scans Code of Merchant for QR code Payment

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Merchant Scans Code of Customer for QR code Payment

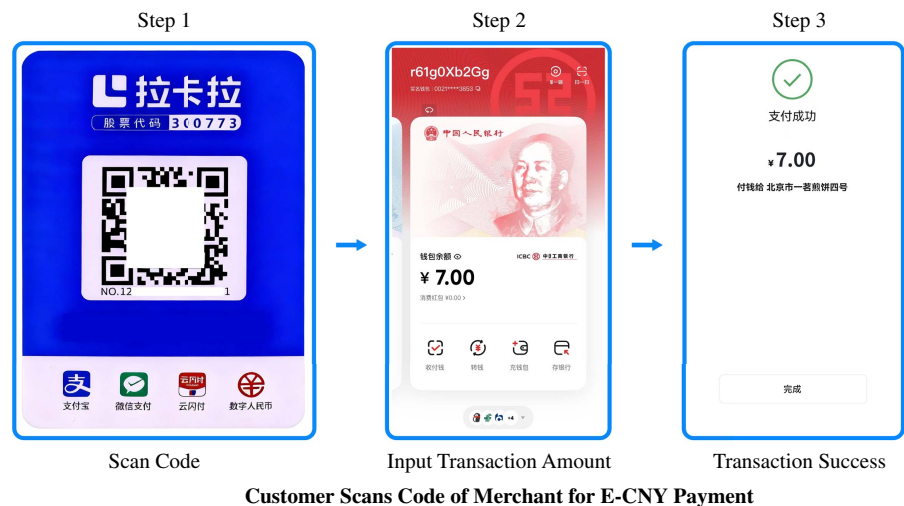
E-CNY Payment

E-CNY is the legal digital currency issued by the PBOC. It is a digital form of the renminbi with the same legal status and face value as physical banknotes and coins. The e-CNY can be stored in both software and hardware wallets, featuring settlement upon payment and supporting smart contract functionalities. Merchants can receive or transfer funds through various methods, such as QR code scanning, contactless payment, or inputting recipient account information. Through our services, consumers can use the e-CNY for payments across both online and offline.

We are among the first payment institutions to enter into a strategic cooperation agreement with the Digital Currency Research Institute of the PBOC. We were among the earliest in the industry to complete system integration with both the Digital Currency Research Institute and e-CNY operating banks, and to launch e-CNY pilot programs. During the pilot phase, we achieved several nationwide firsts, such as supporting the first enterprise salary payments and the first consumer insurance purchases in e-CNY. Since 2021, we had possessed full capabilities to support e-CNY acceptance. We provide merchants with systems and terminals (including cash registers, POS machines and QR code devices) that can process e-CNY payments, supporting both modes of interaction, i.e. consumers presenting payment codes or merchants displaying collection codes. As e-CNY is still in the pilot phase, we have not generated any revenue.

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Below is an illustration of how our e-CNY payment services operate:



We possess industry-leading technological advantages in the application of the e-CNY. At the application layer of the e-CNY, we have developed blockchain-based merchant service and risk control technologies. These technologies enable merchants to access a range of digital currency application-layer services, including sub-ledger management, reconciliation, payout and escrow, while implementing risk control measures for e-CNY transactions under privacy protection constraints. This research and application project was selected as part of the *Beijing Technology and Finance Innovation Support Program 2022*.

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We have also innovatively developed a smart contract security and data protection technology based on an embedded intrusion detection engine. The research results were published, with our company as the first author, in the top-tier international academic journal *IEEE Transactions on Services Computing*.

Currently, the e-CNY remains in its pilot phase, covering more than half of the provinces in China, while the PBOC is also advancing pilot programs for cross-border applications. We have been deeply involved in multiple e-CNY pilot programs. As of the Latest Practicable Date, we had provided e-CNY payment acceptance services to over 100,000 merchants, spanning a wide range of commercial scenarios including supermarkets, convenience stores, shopping districts, scenic areas, pharmacies, hotels and homestays. We also supported major national and international events, such as the Beijing 2022 Winter Olympic Games, the Chengdu 2023 FISU World University Games, and the Forum on China–Africa Cooperation, by providing e-CNY payment services.

Meanwhile, our self-developed e-CNY payment system and mainstream payment terminals are fully prepared for the official rollout of the e-CNY, enabling millions of merchants nationwide to seamlessly activate e-CNY payment functions.

Driven by emerging technologies such as blockchain and distributed ledger, digital currencies are rapidly developing worldwide, and traditional payment systems are undergoing accelerated transformation. The shortening of cross-border payment chains is becoming increasingly feasible, and central bank digital currencies are expected to see faster adoption in international trade. Our deep expertise in blockchain technology and extensive experience in e-CNY applications position us to gain a first-mover advantage in future digital currency cross-border payment pilots and the broader evolution of digital payments.

Fund Payment

Leveraging our robust and reliable payment and clearing system as well as regulated fund custodian accounts, we provide fund payment services to fund management companies and fund sales companies, through our fund payment qualification, including account opening, fund purchase, payment, redemption, dividend payout, refunds and other functions in relation to investment funds and other financial products. We started providing fund payment services in the second half year of 2024. In the six months ended June 30, 2025, the TPV of our fund payment services reached RMB368.9 billion.

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Pricing

For a typical transaction, the processing fee generally includes (i) a fee charged by the issuing bank or third-party e-wallets service providers, such as WeChat Pay or Alipay; (ii) an interchange fee charged by the clearing institution; and (iii) a payment service fee charged by us.

We earn payment service fee from merchants, which are typically calculated as an agreed percentage of the TPV, subject to a capped fee for debit card payments. Our pricing is generally in line with industry standards. The chart below sets out the different fee percentage we apply to our primary digital payment services based on TPV:

Digital Payment Services	Pricing Rate (of the TPV)
Domestic Debit Card	0–1.0% with a capped fee of RMB30.0
Domestic Credit Card	0–2.0%
International Bank Card	0–4.0%
QR Code Payment	0–1.0%
Fund Payment	RMB0–5 per transaction

Cross-Border Digital Payment Services

We provide globally oriented customers with comprehensive payment services designed for cross-border digital payment scenarios. As of the Latest Practicable Date, we support cross-border digital payment services in 129 countries and regions, covering major international currencies and more than 30 regional currencies. We hold several key international licenses, such as Money Service Operator (MSO) license in Hong Kong, along with our cooperation with our joint venture company, enabling us to provide multi-currency account opening, foreign exchange and global settlement services.

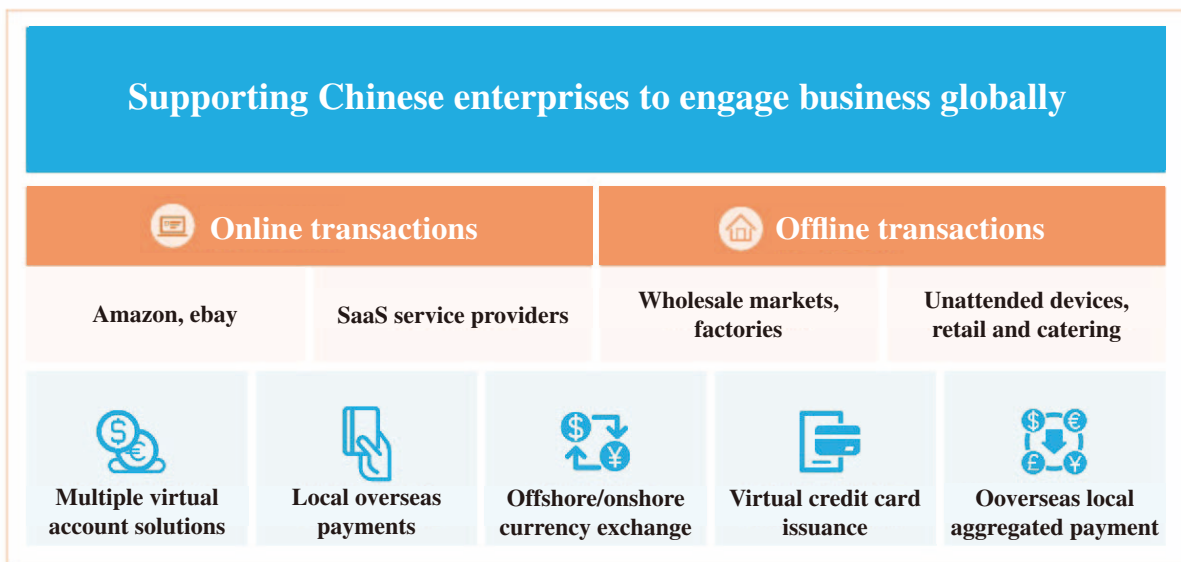
Leveraging our strong partnerships with domestic banks in China, overseas local banks and foreign payment institutions, we offer competitive foreign exchange rates and efficient settlement services. Building on our leading position in domestic digital payments and our expanding global network of financial institution and channel partners, we continue to grow our cross-border digital payment customer base and transaction scale. The total TPV of our cross-border digital payment services increased from RMB20.8 billion in 2022 to RMB49.2 billion in 2024, representing a compound annual growth rate of 53.8%.

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We provide cross-border digital payment services for both Chinese enterprises and foreign individual and enterprises.

Cross-Border Digital Payment Services for Chinese Enterprises

We provide Chinese enterprises with one-stop global fund management services for cross-border collections and payments to support their international business operations, serving both online and offline transactions. We provide such services through our joint venture company, namely, Skye.



- Cross-border Digital Payment Services for Online Transactions of Chinese Enterprises

We provide Chinese enterprises with a range of payment services for their online transactions, including local multi-currency collection accounts, real-time foreign exchange, supplier payments and virtual credit cards (VCC) for online spending.

We have established deep cooperation with certain mainstream e-commerce platforms. For example, we are officially recognized as a Payment Service Provider Program (PSPP) partner of Amazon, enabling real-time synchronization of store transaction data through seamless system integration. We support fund aggregation and settlement across multiple sites, including North America, Europe and Japan.

- **Typical Service Scenario.** For example, a Chinese seller (Seller A) operates a store on Amazon’s European site to sell products. When European consumers purchase Seller A’s products through Amazon using Euros, the platform settles the sales proceeds into the

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Euro collection account we provide to Seller A after confirming product delivery. Through our service, Seller A can check the payment status and choose to convert the Euros they received in the collection account into Renminbi for withdrawal to a bank account in Mainland China. In addition, Seller A may apply for a virtual credit card through us, which can be linked to the Amazon store and used for expenses such as purchasing online recommendation traffic for their products.

- Cross-border Digital Payment Services for Offline Transactions of Chinese Enterprises

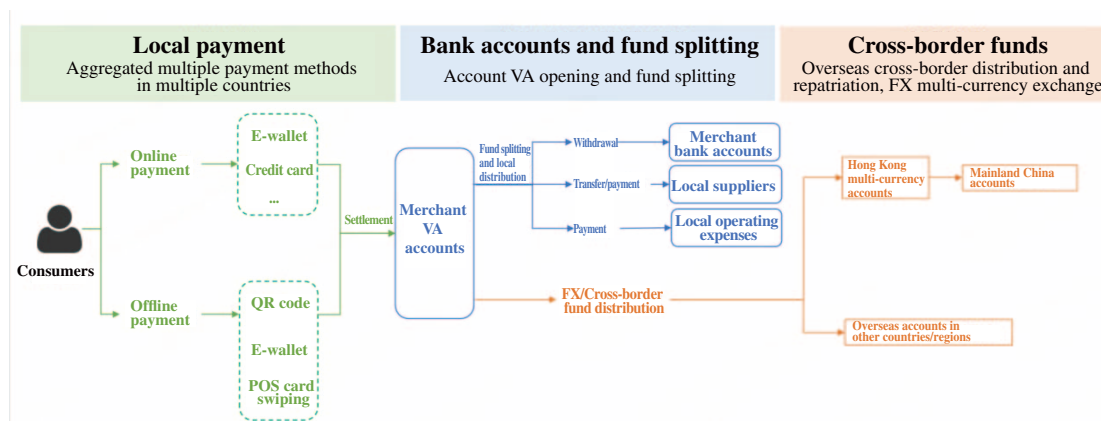
Through the same underlying cross-border payment and foreign exchange capabilities that support our business, we have also built a full-chain cross-border payment system for offline transactions of Chinese merchants going abroad. We enable merchants to receive international payments directly into their domestic bank accounts through our comprehensive cross-border payment infrastructure. Our services include (i) local collection of funds, enabling merchants to receive payments from overseas partners; (ii) real-time foreign exchange conversion, providing transparent exchange rates based on market dynamics; (iii) global settlement services, allowing enterprises to allocate and transfer funds in accordance with their business needs to designated accounts; and (iv) overseas taxation payment, international logistics payment and advertisement fees settlement.

In addition to developed markets such as Europe and the United States, we are actively expanding our cross-border payment network in emerging Belt and Road markets to facilitate exports by Chinese enterprises. With the increasing level of trade liberalization in the RCEP (Regional Comprehensive Economic Partnership) region, we have accelerated our local presence in Southeast Asian countries such as Singapore and Malaysia, offering multi-currency collection services in Malaysian Ringgit, Vietnamese Dong, Thai Baht, Philippine Peso and Indonesian Rupiah. We have also enabled local currency collections in African markets, including Nigerian Naira, Kenyan Shilling and Ghanaian Cedi. In the first half of 2025, we further added Brazilian Real and Mexican Peso collection capabilities in South America. Multi-currency localized collection has become a key competitive advantage of our cross-border digital payment services.

- ***Typical Service Scenario.*** For example, Seller B operates a stall in a wholesale market in Guangzhou, selling its products to domestic and international buyers. We provide Seller B with a one-stop payment solution, including domestic payment (WeChat Pay, Alipay, UnionPay, bank cards, etc.), international card payment (Visa, Mastercard, etc.) and overseas multi-currency foreign trade collection accounts with foreign exchange and cross-border settlement services. This addresses Seller B’s daily payment challenges, particularly small-currency collections from African countries. Through our cross-border

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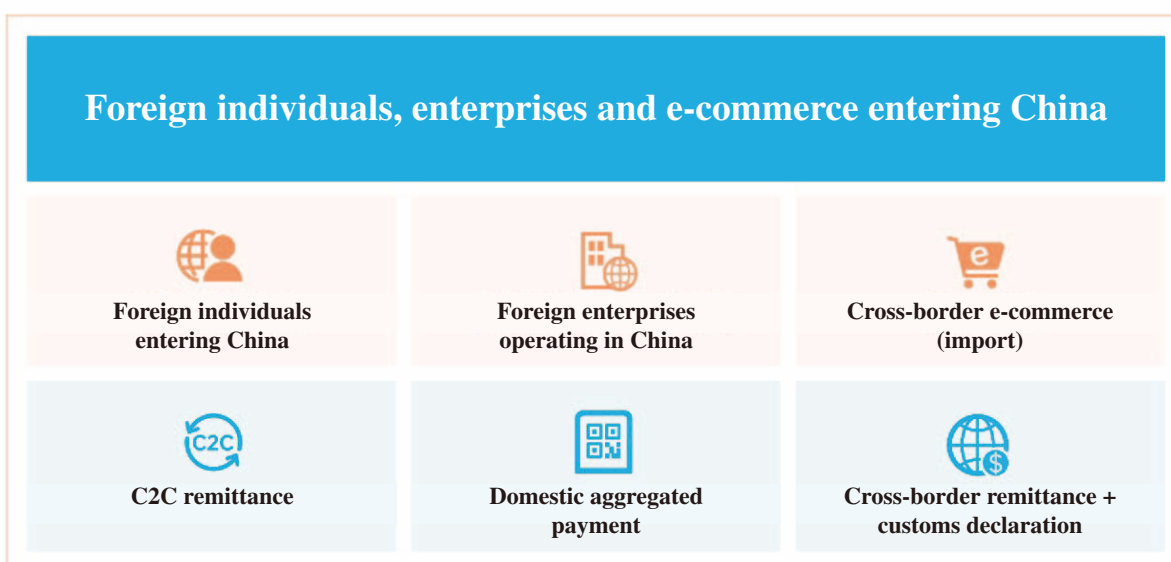
collection services, we help merchants overcome difficulties in receiving small-currency payments, reduce foreign exchange costs and improve transparency of cross-border fund flows, while delivering convenient, cost-effective, compliant and efficient services.



Cross-Border Digital Payment Services for Foreign Individuals and Enterprises

We also provide digital payment services to foreign individuals and enterprises in China.

In serving the inbound segment, our cross-border digital payment services primarily target three customer groups: foreign individuals in China, foreign enterprises operating in China and import-focused e-commerce businesses.



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- Cross-border Digital Payment Services for Foreign Individuals in China

To enhance payment convenience for foreigners working or living in China, we cooperate with overseas remittance institutions to provide efficient and convenient cross-border fund transfer solutions, supporting both online and offline. We are responsible for collecting Renminbi domestically and initiating cross-border transfers from China, while our overseas partners handle the foreign exchange conversion and distribution abroad. As of June 30, 2025, the number of active customers of this service exceeded 12,000, with services covering 129 countries.

- ***Typical Service Scenario.*** For example, a foreign employee (User C) working in China uses our cross-border payment services for foreign individuals in China, to upload required documents such as identification, employment and tax certificates. Once approved, User C can remit his after-tax income from China to an overseas bank account. Compared with traditional banks, our service saves time by avoiding in-branch queuing, while offering more favorable exchange rates, faster settlement and lower fees, thereby significantly improving payment convenience for foreigners in China.

- Cross-border Digital Payment Services for Foreign Enterprises in China

More foreign enterprises are entering the China market these years. We provide these enterprises with standardized domestic payment services, supported by bilingual agreements, bilingual API documentation and a dedicated English-speaking support team. We provide tailored payment services to help foreign enterprises quickly establish comprehensive online and offline payment capabilities in China. In addition, we offer cross-border payment services to support their payment needs for procuring overseas products and services.

- ***Typical Service Scenario.*** For example, Platform D, a Southeast Asian-based online travel agency (OTA) entered the China market and, through our service, integrated one-stop payment capabilities, including WeChat Pay, Alipay and UnionPay cards commonly used by domestic users, as well as Visa and Mastercard widely used by overseas users. In addition to domestic payment services in China, we also provide the client with remittance and foreign exchange services for overseas airline ticket payments.

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- Cross-border Payment Services for Import-focused E-commerce Businesses

We provide import-focused e-commerce businesses with end-to-end cross-border payment and settlement services, including standardized domestic aggregated payment, customs payment order declaration and cross-border fund settlement. Leveraging our strengths in both domestic payment and international fund settlement, we deliver professional and efficient cross-border payment solutions for our clients.

- ***Typical Service Scenario.*** For example, Import E-commerce Merchant E, which sells imported wine through its independent website, uses our cross-border payment service to enable domestic aggregated payment, customs declaration across multiple ports such as Guangzhou, Hainan, Ningbo and Shanghai, as well as cross-border fund settlement and foreign exchange services.

Leveraging our established relationships with domestic and international banks, we provide competitive foreign exchange rates and efficient settlement services. Building on the foundation of our strong domestic digital payment business, we have rapidly expanded our network of global financial institutions and channel partners to grow our cross-border digital payment customer base.

Pricing

Cross-border payment services are priced based on transaction type and monthly transaction volume, with processing fees generally ranging from 0.1% to 0.4% of the transaction amount. In addition, certain transaction are with a fixed minimum processing fee of approximately RMB500 per transaction.

Payment-related Services

We provide payment-related services to our customers, including mobile data services. Our POS terminals require network access to compete transactions. To support this, we offer data SIM cards that customers can purchase and use in their POS terminals to ensure stable network connectivity for payment processing.

Pricing

We charge an annual mobile data service fee ranging from nil to RMB20.0 per SIM card (covering China Telecom, China Unicom and China Mobile), depending on the service provider and the specific plan selected.

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Digital Commercial Solutions

Leveraging our extensive customer base of digital payment services, our deep understanding of customers’ businesses and our advanced R&D capabilities, we integrate AI and blockchain technologies to provide digital commercial solutions, consisting of (i) end-to-end business digital solutions; and (ii) digital commercial solutions for financial institutions.

According to Frost & Sullivan, the market size of China’s end-to-end digital solutions market, measured by revenue, expanded from RMB113.4 billion in 2020 to RMB174.2 billion in 2024, representing a CAGR of 11.3%. The market size is projected to reach RMB261.2 billion by 2029, with a CAGR of 10.0% over the period from 2025 to 2029.

We continue to advance our digitalization strategy and have achieved significant progress in digital commercial solutions. First, we focus on enhancing our merchant service system by providing comprehensive, end-to-end solutions for vertical industry clients to support their digital operations. Second, we actively integrate AI and big data technologies into our products and services to help merchants and financial institutions improve customer engagement, optimize marketing strategies and strengthen risk management capabilities.

End-to-End Business Digital Solutions — SAAS

As digital technologies continue to integrate with the real economy, digital transformation has become an urgent and widespread demand among merchants. Building on our strong digital payment services as links with merchants, we develop and deliver end-to-end business digital solutions tailored to industry characteristics and business scenarios to meet their digital operation needs, thereby enhancing customer engagement and increasing customer value. During the Track Record Period, we drove the growth of our end-to-end business digital solutions across different vertical industries through a combination of in-house R&D, strategic investments and acquisitions, and ecosystem partnerships.

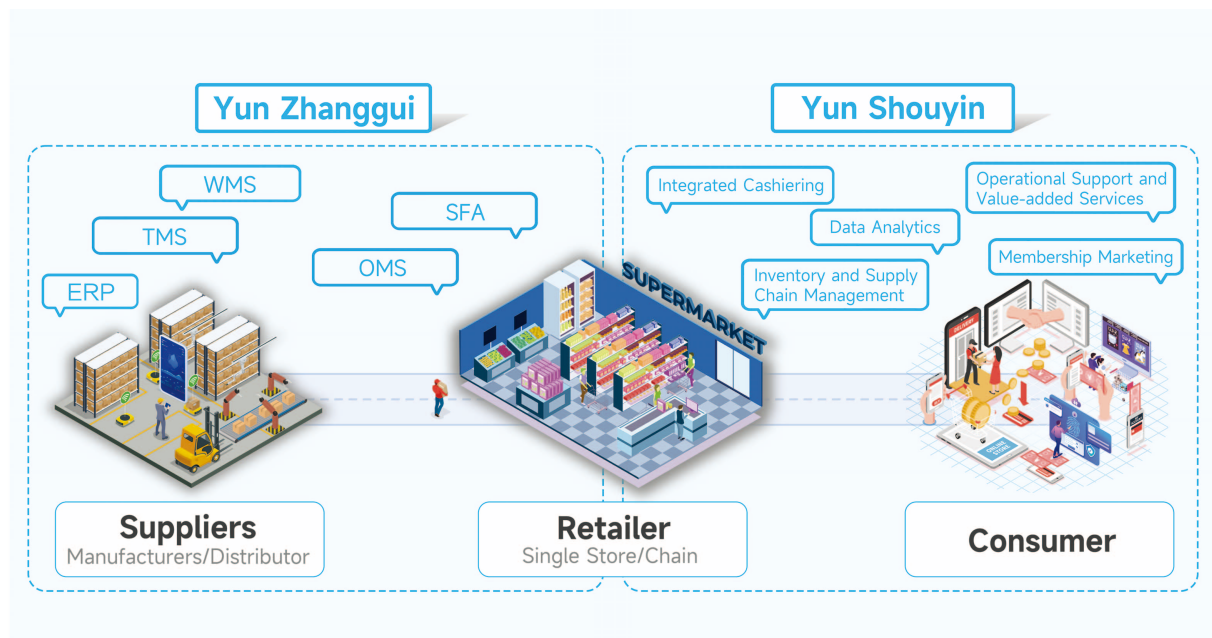
We believe that the SaaS has the greatest growth potential in the retail and catering industries. Leveraging our industry insights and continuous technological advancement, we have developed highly competitive vertical SaaS solutions. During the Track Record Period, we launched our self-developed retail SaaS products, Yun Shouyin (雲收銀) and Yun Zhanggui (雲掌櫃). In 2025, we achieved significant progress in catering SaaS sector through strategic investment by acquiring Tiancai Shanglong to strengthen our capabilities in catering digital solutions. As of June 30, 2025, we served more than 80,000 active mid- to high-end restaurant merchants, whose total GMV for 2025 is expected to exceed RMB500 billion, representing approximately 10% of China’s total restaurant industry GMV, according to Frost & Sullivan.

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Our Retail SaaS

Our retail SaaS products, including Yun Shouyin (雲收銀) and Yun Zhanggui (雲掌櫃), support the entire commercial chain, from manufactures, to large wholesalers and distributors, to small and medium-sized retailers, and ultimately to end consumers. Both products are independently developed by us, and are available through multiple interfaces, including mobile apps and mini-programs. As of the Latest Practicable Date, the two products were serving over 50,000 active merchants.

Below illustrates the end-to-end business digital solution of our retail SaaS products:



Yun Shouyin

Yun Shouyin is a retail management software designed for single-store operators and small to medium-sized retail chains. It provides core functions such as integrated cashiering, membership marketing, inventory management and data analytics.

- **Integrated Cashiering.** Our system seamlessly connects with payment platforms and supports multiple payment methods, including bank cards, QR codes, contactless payments and the e-CNY payments. It also allows flexible combinations of payment methods and promotional discounts, enabling merchants to manage collections, reconciliation and operations efficiently through a one-stop platform.

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- *Membership Marketing.* We help retailers integrate online and offline data resources, unify customer identities and profiles, and manage members throughout their lifecycle. This promotes the conversion of public traffic into private traffic and enables precise, data-driven marketing.
- *Inventory and Supply Chain Management.* Our system provides retailers with flexible, modular solutions to manage purchasing, sales and inventory processes. It offers full visibility of the supply chain, supports multiple management models and provides end-to-end digital supply chain services that improve inventory turnover, cost control and profitability.
- *Data Analytics.* Our system supports multi-terminal access and provides comprehensive data analysis and business reports. By combining business intelligence (BI) tools with real-time visualization, it helps retailers better understand operations and make informed business decisions.
- *Operational Support and Value-added Services.* We also offer operational consulting services, including 30-day performance diagnosis, 60-day system development and 90-day execution planning. These services help retailers enhance traffic acquisition, strengthen digital operation capabilities and achieve efficient intelligent store management.

Yun Zhanggui

Yun Zhanggui is a supply chain management solution designed for upstream enterprises in the retail industry. It connects manufacturers, distributors and retailers, providing an end-to-end solution that integrates online transactions, warehousing, logistics, marketing and financial management.

- *Online Marketplace System (OMS).* We build B2B online marketplaces for upstream enterprises in the retail supply chain, integrating product management, transaction matching and promotional tools to improve trading efficiency and reduce transaction costs for both buyers and sellers.
- *Warehouse Management System (WMS).* We provide suppliers with advanced warehouse management systems that support multi-warehouse refined management and include functions such as inventory control, inbound and outbound management, stocktaking, allocation and production statistics, helping optimize inventory levels and operational efficiency.

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- *Enterprise Resource Planning System (ERP)*. Our ERP system offers core functions for procurement, sales, finance, taxation and reporting. It also features innovative capabilities such as combined-order payment and multi-owner accounting, simplifying procurement processes and improving suppliers’ operational efficiency.
- *Transportation Management System (TMS)*. Focusing on visualization and intelligent management, our TMS provides suppliers with digitalized logistics services including route planning, intelligent load billing, dispatching and real-time order tracking, improving transportation efficiency and transparency across the logistics network.
- *Sales Force Automation System (SFA)*. We offer suppliers tools for managing sales representatives, field tasks and customer relationship analysis. These features help monitor customer activities, track customer needs and generate in-depth reports to support marketing and decision-making.

Our Catering SaaS

Tiancai Shanglong (天財商龍) is a leading SaaS provider in China focused on the catering industry. In 2025, we made a strategic investment in Tiancai Shanglong, which was consolidated into our group in June 2025 and positioned as a specialized platform providing digital solutions to the catering industry. This strategic acquisition rapidly enhanced our product strength, brand influence and market share in catering digitalization, establishing us as a leading SaaS service provider in the sector. In line with our market strategy, we will maintain Tiancai Shanglong’s independent brand operation, while strengthening brand recognition. At the same time, we will integrate our extensive merchant base, broad marketing network and advanced technology to drive greater success in the catering digitalization field.

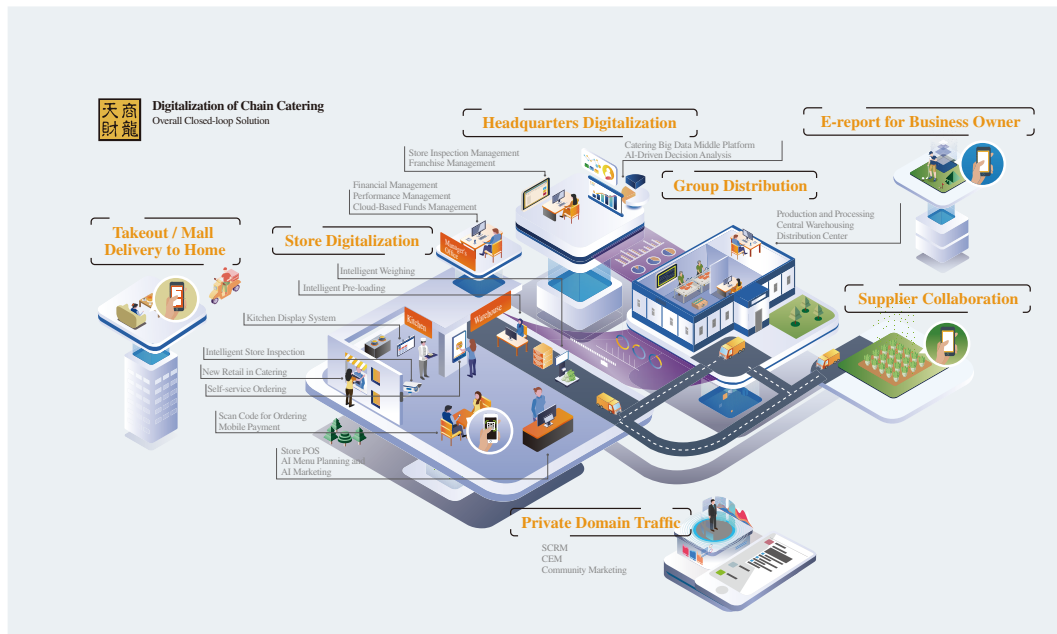
With over 27 years of experience, it offers comprehensive digital solutions that help restaurants improve operations and support business growth. Its industry expertise enables it to address the specific needs of various segments, including full-service restaurants, casual dining establishments and quick-service chains. As of June 30, 2025, Tiancai Shanglong had served more than 200,000 merchants accumulatively.

Tiancai Shanglong’s integrated platform supports restaurant enterprises across the entire operational process, from procurement and inventory management to store operations, kitchen efficiency optimization, delivery services and real-time business data analysis. By digitalizing key functions such as supplier collaboration, staff scheduling and customer traffic optimization, the platform transforms restaurant management from a traditional experience-driven model to a refined data-driven model. This not only enhances operational transparency but also enables data-driven decision-making. By leveraging technology to restructure the interplay of people, products and

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venues, the platform achieves digitalized operations, significantly improving efficiency while reducing operating and management costs. For chain restaurant enterprises in particular, it serves as essential infrastructure for achieving scalable and standardized replication.

Below illustrates the end-to-end business digital solution of Tiancai Shanglong:



Tiancai Shanglong operates under a subscription-based model, with tiered pricing designed to accommodate businesses of varying scales. Each subscription package includes access to the core software, payment solutions and essential hardware, ensuring a seamless and efficient onboarding experience.

- **Smart Reservation and Ordering.** Our system enables customers to order through QR codes, self-service kiosks or waitstaff, with orders centrally managed and sent directly to the kitchen to improve efficiency and experience. Merchants can manage takeaway orders from multiple channels such as Meituan, Ele.me, JD Flash and their own mini-programs through a unified backend. The platform also supports multi-channel reservations, pre-ordering with real-time kitchen synchronization, and VIP and banquet management features to enhance service quality.
- **AI-powered Dish Recommendation.** Leveraging extensive restaurant operation and membership data together with advanced AI models, our system recommends dishes based on factors such as region, season, holidays, customer preferences, reviews and sales performance. By tailoring suggestions to each restaurant, it shortens customer decision time, enhances the dining experience and helps merchants create popular signature dishes, thereby improving profitability.

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- ***Membership SCRM System.*** Leveraging 27 years of operational experience and extensive membership data, we use dynamic data models, marketing automation and AI-assisted messaging to help restaurant operators profile customers accurately and improve conversion efficiency. Integrating multiple channels such as online stores, WeChat and mini-programs, our system enables merchants to build private traffic pools. Functions including membership prepayments, tiered pricing, targeted coupons, points redemption and wine storage further enhance customer loyalty and drive sustainable growth.
- ***Store Operations Management System.*** We provide restaurant operators with an integrated store management system that streamlines opening and closing, menu updates, AI inspections, service management and business analysis. The system enables one-click store operations, centralized order and delivery management, easy menu editing via voice or photo input, automated issue detection through AI monitoring and real-time SOP task tracking. It also delivers multi-dimensional business insights on customers, menus, revenue and staff performance to enhance operational efficiency and service quality.
- ***Kitchen KDS Management System.*** Our Kitchen Display System (KDS) enhances back-of-house efficiency through intelligent order assignment based on dish preparation time and chefs’ skills, optimizing kitchen output and performance evaluation. A central display links the front and back of the house, synchronizing order status and highlighting exceptions in real time to ensure a better customer experience. Using historical sales data, the system also helps merchants plan ingredient preparation and pre-cooking more accurately, improving efficiency and reducing food waste.
- ***Cost Control System.*** We provide restaurant operators with an integrated hardware-and-software cost control system that covers the entire supply chain, including ordering, purchasing, weighing with photo records, inspection and storage. The system connects seamlessly with upstream supply chain data to align purchasing, inventory and cost information. This ensures accurate monitoring of losses and procurement discrepancies, enabling end-to-end cost reduction and efficiency improvement.
- ***Data Collection and Analysis.*** We provide chain restaurants with a group-level data system that analyzes customers, supply chain and store operations to support data-driven decision-making. By tracking customer behavior and spending patterns, the system enables personalized recommendations and targeted marketing to drive repeat purchases. It also monitors procurement, inventory and delivery efficiency to optimize resource use and strengthen supply chain resilience. Real-time dashboards consolidate key indicators and identify issues such as food waste and inventory backlogs, helping reduce costs and operational risks.

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Collaboration with Third-Party SaaS Platforms

We continue to invest in building an open ecosystem and further enrich our solution portfolio through collaborations with third-party SaaS partners. As of June 30, 2025, our open platform had been connected with over 300 third-party SaaS providers, strategically and efficiently expanding the industry coverage of our SaaS solutions. This enables our large merchant base to flexibly and conveniently select specific SaaS solutions that best meet their business needs. To facilitate faster integration of our SaaS partners into our ecosystem, we provide end-to-end AI assistant services to help them seamlessly connect and operate within our platform.

Pricing

We charge service fees based on the types and scope of services provided to our customers. We typically charge a one-time project fee for each engagement and ongoing subscription and system maintenance fees.

Digital Commercial Solutions for Financial Institutions

Leveraging our experience in payment services and technological capacities such as AI, we provide intelligent digital commercial solutions to financial institutions, covering digital marketing, customer service and risk assessment.

Digital Marketing Services

We have developed a range of payment-based marketing services through which we offer financial institutions, such as banks and third-party e-wallet service providers with marketing and promotional tools to help them attract, engage and retain customers. For example, users who use loan services offered by third-party e-wallet service providers, such as Ant Credit Pay’s payment inbound marketing service.

We typically charge a service fee for our digital marketing services from financial institutions, either as a one-time fixed fee for each new credit card applicant or as a fixed rate based on the payment installment amount for users referred to third-party e-wallet service providers’ loan platforms.

Others

Our self-developed intelligent AI bots, including decision-making bots, reporting bots and voice bots, enable financial institutions to significantly enhance operational efficiency in areas such as customer service calls, follow-ups, transaction notifications and dispute resolution. Additionally, these bots support intelligent training and call quality monitoring, improving service consistency and communication effectiveness. As of June 30, 2025, our intelligent AI bot products had been deployed across more than 50 institutions.

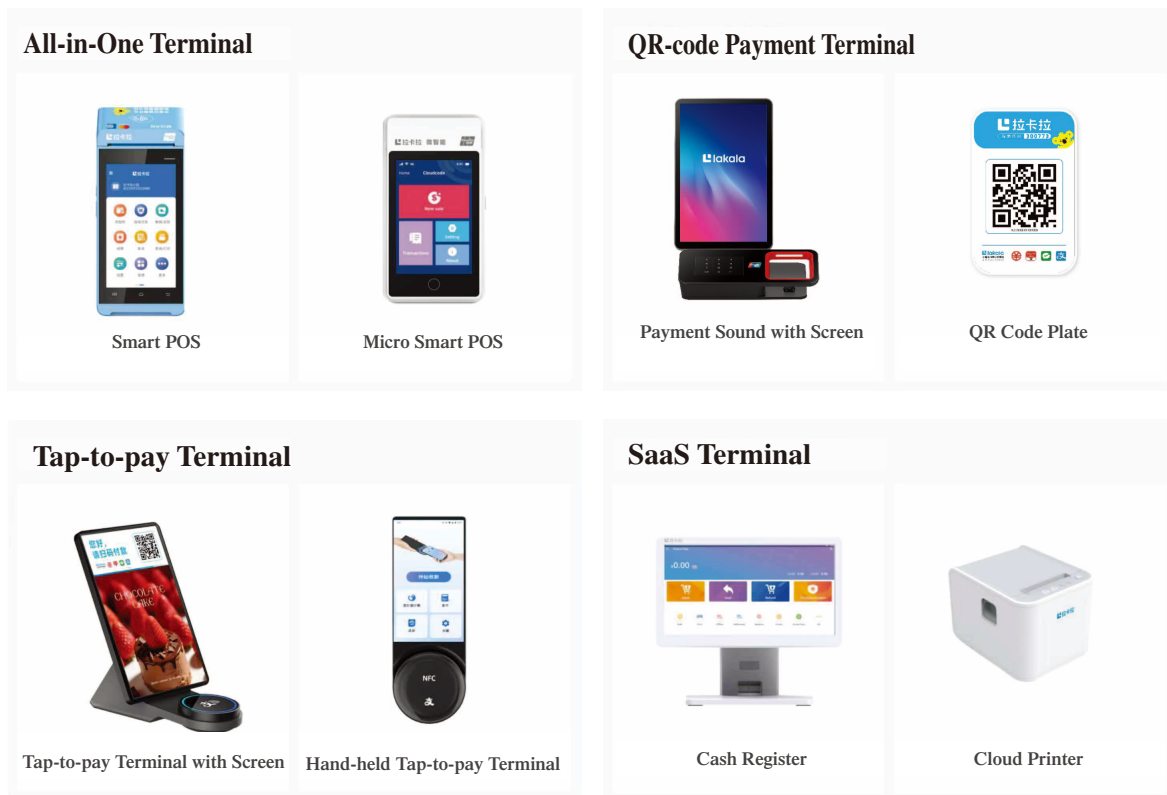
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Meanwhile, our self-developed big data models, including anti-fraud scoring and small- and medium-sized enterprises scoring models, are specifically designed to help credit service providers assess loan risk and monitor post-loan performance. These models have been refined through multiple iterations. As of June 30, 2025, these models have been adopted by more than 500 institutions, with daily data query volumes exceeding 1 million.

We charge the service fees based on the types and scope of services provided to our customers. We typically charge a one-time project fee for each engagement and ongoing system maintenance fees.

Terminals

We provide a wide range of POS terminals tailored to different usage scenarios, such as card payment POS machines, QR code payment POS machines, and POS machines that support multiple payment methods. As the digital payment market continues to evolve, we continuously innovate and upgrade our terminal devices to keep pace with industry trends. Below are a few examples of the POS terminals we provide:



The POS terminals are typically delivered to end-users through our channel partners or branch offices, using reputable third-party logistics providers. Since terminal sales are not our primary source of revenue, we may provide terminal free of charge or at a nominal fee, depending on specific circumstances. Our branch offices maintain their own warehouses, which are generally located within their office premises.

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Other Business

In addition to our core business of providing digital payment services and digital commercial solutions, during the Track Record Period, we also provided commercial factoring services. Revenue generated from the provision of these services accounted for a minor fraction of our total revenue throughout the Track Record Period, and we plan to discontinue these services before December 31, 2025.

Based on, among others, the applicable laws and regulations of the PRC, as well as the confirmations from competent regulatory authorities, our commercial factoring services were not subject to any administrative penalties for violation of laws during the Track Record Period.

OUR BUSINESS PARTNERS

We have established a broad network of partners that support the delivery of our digital payment services and digital commercial solutions. These partnerships enable us to offer differentiated and diversified experiences to our customers. Our strategic partners include third-party e-wallet service providers, banks, clearing institutions.

Third-party E-Wallets

As a core party in QR code payments, we have established important partnerships with third-party e-wallet service providers. We have established cooperative relationships with all the major providers in China, including Alipay, WeChat Pay, JD Pay and Bestpay.

In such transactions, these third-party e-wallet service providers play a key role in the flow of funds. We also support them in processing the payment transactions. Third-party e-wallet service providers typically charge merchants transaction fees based on a percentage of the transaction amount.

Banks

Our partnerships with banks play a critical role in providing the necessary payment infrastructure and channels for our clients.

Banks provide us with access to their payment channels, enabling payment transactions through electronic trading interfaces that connect our transaction systems with theirs. These connections are typically established via electronic, computer-based or web-based means, such as websites or mobile applications. Banks charge merchants processing fees for these services, usually calculated as a percentage of the transaction volume.

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Clearing Institutions

Our partnerships with the clearing institutions, such as UnionPay, NetsUnion, VISA and Mastercard, allow us to facilitate funds settlement both within China and internationally.

The clearing institutions we cooperate with provide clearing services that support our payment services. They offer proprietary software infrastructure that enable us to process funds settlements securely. For each transaction processed through their systems, these institutions charge merchants an interchange fee, which is typically based on a fixed rate, sometimes with a fee cap.

Our agreements with the clearing institutions typically set out our obligations, including (i) establishing a valid KYC system in compliance with relevant anti-money laundering laws and regulation; (ii) verifying the identity of merchants and ensuring the legality of their business operations; (iii) keeping records of each transaction and storing the transaction data appropriately; (iv) ensuring the proper functioning of our system, maintaining them regularly and notifying the clearing institutions of any changes; (v) settling funds with merchants in a timely manner without misappropriation; and (vi) cooperating with the clearing institutions in investigating any suspicious transactions they identify. If we fail to fulfill these obligations, the clearing institutions are entitled to claim damages for both direct and indirect losses and may take remedial measures, such as limiting our transaction amounts, suspending relevant operations or offsetting their losses from our funds. In addition, the clearing institutions may unilaterally terminate the agreement if (i) we materially breach the contract or business rules and fail to rectify the breach within 30 days after receiving written notice from the clearing institutions; (ii) we damage the brand reputation of the clearing institutions or materially breach any obligations under the agreement; or (iii) we enter into liquidation proceedings, are deregistered, or no longer qualify to perform payment services under applicable laws or this agreement.

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Movements

The following table sets forth the number of our business partners for each of the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Number of business partners at the end of the period				
— Third-party E-wallets	3	3	4	4
— Banks ⁽¹⁾	3,042	3,172	3,250	3,467
— Clearing Institutions	7	7	7	7

Note:

(1) Banks here refer to domestic banks in China and do not include foreign banks.

RESEARCH AND DEVELOPMENT

Strong research and development capabilities are key to sustaining our business success and market position. We have made significant investments in research and development and in building a professional team. Our research and development costs amounted to RMB229.1 million, RMB249.9 million, RMB260.6 million and RMB136.8 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. As of June 30, 2025, we had 829 research and development personnel. Benefiting from our strong commitment to technological innovation, as of June 30, 2025, we owned 87 patents, 467 software copyrights and 1,475 trademarks.

We have established four major R&D centers in Beijing, Shanghai, Shenzhen and Chengdu. Our internal expert teams comprise five specialized groups: architecture, development quality control, infrastructure, technology management and operations. This organizational structure enables seamless coordination across all development stages from requirements analysis to product launch, enhancing product and system delivery capabilities while effectively supporting stable system operations. Our product development follows a rigorous yet agile methodology designed to ensure tight alignment with business objectives. Cross-functional teams collaborate through structured phases including business requirements validation, technical feasibility assessment, iterative development, and pre-launch testing. For example, the latest iteration of our payroll remittance product under cross-border payment functionality demonstrated the efficiency of this

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approach. The project progressed from requirements definition to a fully operational solution in just eight weeks, with each product iteration cycle completed within four weeks, while consistently maintaining our stringent quality standards.

Our proprietary technology platform integrates cutting-edge technologies including artificial intelligence, big data, and blockchain, providing stable, efficient, and flexible system support for payment transaction processing, fund settlement, account services, merchant operations, risk management, and customer acquisition. Specifically, our clearing and settlement system features a dual-core processing engine for bank card and QR code transactions, with stable capacity to process 100 million transactions daily, and system reliability of 99.99%. Our intelligent risk control system achieves fraud risk monitoring coverage exceeding 95%, while maintaining business fraud loss rates at one in one million. Furthermore, benefiting from our hybrid cloud system architecture and continuous standardized encapsulation of underlying capabilities, our technology platform possesses high openness and scalability. Our platform has over 800 APIs, enabling clients and partners to conveniently access and share our underlying technical capabilities. Through flexible combination of functional modules on the platform and extensive external technology integration, our development efficiency has substantially improved, achieving faster product innovation and iteration, allowing us to better meet the evolving digital business needs of industry clients.

We plan to continuously increase R&D investment, driving the integrated implementation of big data, AI, and blockchain technologies with business operations, enhancing digital commercial solution capabilities, and supporting international expansion. We have established an AI First development strategy, integrating globally leading large language models into our technology platform. Utilizing semantic analysis, intent recognition and other technologies, combined with enterprise knowledge graphs and years of accumulated data resources, we have independently developed an AI middleware platform and created multiple intelligent agents, continuously promoting large-scale applications in both external services and internal operations. Blockchain is also one of our strategically focused technologies receiving significant investment. Our independently developed blockchain platform supports visualized management of blockchain nodes and networks, flexibly adapting to public chains and various enterprise consortium chains, significantly reducing the complexity of enterprise blockchain application deployment. Our deep technical foundation in blockchain and extensive practical experience in e-CNY application scenarios will help us to achieve leading advantages in digital currency cross-border payment pilots and future digital payment transformation.

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The table below lists our core proprietary technologies functions and application scenarios, as of June 30, 2025:

Technologies	Functions	Application Scenarios
Distributed Service Framework.	Achieve the servitization of internal business operations by combining service registration, discovery, and configuration with efficient RPC to establish a distributed service architecture	Applied to access and transaction processing for acquiring and QR code-based online transactions
Message Service Technology	Implements message queue publishing and subscription with support for asynchronous interfaces to ensure efficient data transmission and system responsiveness	Used for QR code payment processing, acquiring transaction notifications, and clearing and settlement
Microservice Technology	Adopts an efficient internal queue under a microservices framework to support both synchronous and asynchronous service models. Provides a complete event-driven architecture to achieve service decoupling, enabling event-based development. Includes built-in service management features such as traffic control, monitoring, and health management	Applied to internal systems to decouple functional modules, improve development agility, and ensure stable system iterations
Information Security Control Technology .	Offers real-time monitoring, fault alerts, and root cause analysis for business systems. Combines multi-dimensional events and metrics to quickly identify and resolve incidents, ensuring ongoing system optimization	Used for monitoring availability, performance, and security across all business systems

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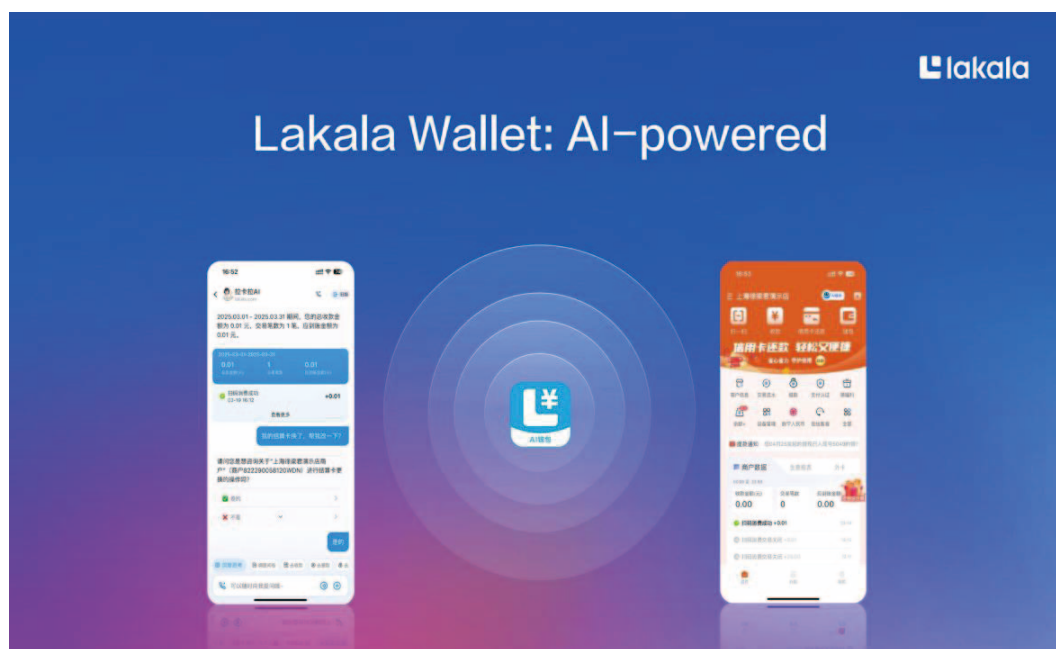
Technologies	Functions	Application Scenarios
Zero Trust Security Technology	Leverages zero-trust principles based on user behavior, geolocation, device information, and access content to enforce strict identity authentication	Applied to all online business systems to prevent unauthorized transactions and user access attempts
Payment Risk Control Technology	Provides real-time monitoring of transaction risks and anti-money laundering (AML) detection to mitigate business and operational risks	Applied to all business systems to control risks pre-transaction and in-transaction, and to perform AML checks and fund interception post-transaction
Graph Database	Enables directed graph storage of transaction data across multiple dimensions, facilitating advanced tracing and relationship-based risk analysis	Widely applied in internet payments and acquiring transactions for risk analytics and anti-fraud measures
Container Technology	Virtualizes application services through containerized deployment, enabling automated scaling and seamless system updates	Applied to all business systems for enhanced flexibility, scalability, and continuous delivery
Big Data Technology	Integrates Hadoop-based infrastructure to provide real-time and near-real-time multi-dimensional analytics, data warehousing, and advanced modeling capabilities	Supports data storage, analytics, and computation across all business systems
Blockchain Technology	Reconstructs blockchain systems using a layered microservices architecture to decouple modules and enhance modularization. Improves scalability, system elasticity, resource utilization, and security for payment and supply chain services	Applied to cross-border payment services and supply chain financing scenarios

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Technologies	Functions	Application Scenarios
AI Large Model	Utilizes AI-powered large models to deliver intelligent wallet interactions, personalized services, smart asset management, transaction assistance, and knowledge-based Q&A	Applied to AI-powered payment wallets, intelligent customer service, and pre-sales support in payment services

LAKALA SMART WALLET

In 2023, we launched our Lakala Smart Wallet mobile application to the public. In addition to the app, Lakala Smart Wallet is also available as a mini-program, a website and a WeChat official account. Lakala Smart Wallet is self-developed and designed as an all-in-one digital payment service platform for merchants, particularly small and micro businesses, to help them simplify operations and adopt digital tools with minimal effort.



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As of June 30, 2025, Lakala Smart Wallet had approximately eight million registered users across all channels. It offers nearly 100 business features and processes about 80 million merchant service interactions each month, in average. As of June 30, 2025, the number of monthly active merchants was approximately 1.5 million. The main functions of our Lakala Smart Wallet include:

- ***AI-powered Merchant Services.*** Lakala Smart Wallet provides profound AI-powered merchant services, including self-service merchant onboarding, device application and management, staff management, bill inquiry, transaction limit adjustment and invoicing issuance. It achieves self-service and efficiency in merchant services, significantly reducing operating costs and lowering the barriers to operation.
- ***Omnichannel Payment Acceptance.*** Lakala Smart Wallet supports payment acceptance across multiple channels, including WeChat Pay, Alipay, and over 100 overseas e-wallets, as well as all major card networks such as China UnionPay, VISA, Mastercard, American Express, Discover and JCB.
- ***Fund Management Services.*** Lakala Smart Wallet builds a secure and convenient fund circulation system, offering core fund management functions such as top-up, payment, transfer and withdrawal. It ensures efficient and controllable fund flows and meets users’ daily fund allocation needs.
- ***Value-added Services.*** Lakala Smart Wallet also offers various value-added services, such as balance management and wealth products, credit card repayment, online shopping, points redemption and joint marketing campaigns.

Deep Integration of Lakala Smart Wallet and AI

Leveraging our self-developed AI Intelligent Assistant Middleware System, we have deeply embedded AI technologies into the Lakala Smart Wallet. Supported by a core technology matrix of AI models + intelligent agents + dialogue management + data training + knowledge graph, our system enables dynamic and flexible upgrades of merchant service interactions, fundamentally enhancing user experience and improving operational efficiency, thereby achieving cost reduction and efficiency gains across the entire process.

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At present, during AI-enabled interactive processes, the system processes nearly 200 million tokens per day. Benefiting from AI technologies, the core scenarios of the Lakala Smart Wallet have achieved significant efficiency improvements:

- ***More convenient data inquiry.*** Through natural language processing, users can make requests in everyday language, which the system automatically converts into backend service requests, achieving instant ask and receive.
- ***Smarter business processing.*** For example, in the context of bank card updates, the AI intelligent agent guides users through natural dialogue, allowing them to complete the process simply by uploading a photo, replacing the traditional lengthy form-filling and document-submission procedures and significantly reducing processing time.
- ***Richer AI agent applications.*** We have launched tools such as self-service onboarding, device Q&A, and business assistants, covering major merchant business scenarios and serving as an intelligent companion for merchant operations.

SALES AND MARKETING

We adopt a dual sales approach consisting of both direct sales and channel partner sales, each serving different strategic purposes. Our direct sales team focuses on key accounts and high-value industry-leading customers. Channel partners are independent third parties engaging in marketing and sales of our services and solutions. Our channel partners help us rapidly expand into broader markets, particularly in regions or industries that are less accessible to our in-house team. According to Frost & Sullivan, collaborating with channel partners is an industry norm for facilitating the sale of payment services.

The following chart sets forth our revenue by sales channel during the Track Record Period:

	Year ended December 31,						Six months ended June 30,	
	2022		2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Direct Sales	1,381,463	25.8	1,464,958	24.7	1,415,147	24.6	649,545	24.5
Channel Partner Sales	3,979,648	74.2	4,462,076	75.3	4,339,011	75.4	1,997,509	75.5
Total	<u>5,361,111</u>	<u>100.0</u>	<u>5,927,034</u>	<u>100.0</u>	<u>5,754,157</u>	<u>100.0</u>	<u>2,647,053</u>	<u>100.0</u>

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Direct Sales

Our direct sales team focuses on key accounts and high-value industry-leading customers. As of June 30, 2025, our sales and marketing team comprised 1,619 employees.

We maintain a dedicated direct sales team focused on acquiring and serving key accounts and benchmark clients, particularly those with high transaction volumes, specialized operational needs or strong brand recognition. Our direct sales model is designed to foster deep client engagement. The team works closely with key customers to understand their commercial requirements, coordinate deployment of our digital payment services and digital commercial solutions, and provide ongoing operational support where needed.

We provide different services plans and promotional activities tailored to different customer segments. In addition, we participate in various industry associations and trade exhibitions to promote our services and acquire new customers. We also expand our customer base by developing upstream and downstream companies of our existing clients as potential customers.

Channel Partner Sales

Our channel partners help us rapidly expand into broader markets, particularly in regions or industries that are less accessible to our direct sales team. As of December 31, 2022, 2023 and 2024, and as of June 30, 2025, the number of our channel partners was 1,246, 6,156, 6,105 and 6,537, respectively.

We share a proportion of transaction fees with channel partners based on the service fees we collected from merchants. Our channel partners are independent third-party entities. These partners were located across all provinces in the PRC. This extensive network enables us to serve merchants across wide range of regions and industries nationwide.

Channel partners do not maintain direct contractual relationships with the merchants they help acquire. Instead, we enter into agreements directly with merchants who use our services or solutions.

Selection and Management of Channel Partners

We follow a standardized process to select and manage our channel partners to ensure compliance, service quality and efficient operations. Prospective partners are required to submit relevant information and apply for cooperation. Upon passing our qualification review, they sign agreements online and are registered with the relevant clearing institutions. We then coordinate project deployment and equipment procurement as needed. Channel partners use our designated

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app to onboard merchants in compliance with our standards. Settlements are conducted based on pre-agreed policies, and channel partners are required to operate in compliance with our operational guidelines and regulatory requirements.

We offer a range of incentive programs to support and motivate our channel partners. These include (i) commission rebates with increasing rates tied to higher transaction volumes; and (ii) performance-based incentives, that reward partners for meeting specific targets, such as launching new business lines or achieving volume goal.

We provide comprehensive support to our channel partners to enhance their operational efficiency and drive business growth. This includes (i) sales policies tailored to each business segment, along with flexible procurement and delivery arrangements; (ii) a suite of digital tools that support the operation of our channel partners, including targeted business development features, a partner management platform, and real-time commission settlement, accessible via PC, app and mini-program interfaces; and (iii) internal support mechanisms, such as standardized SOPs, real-time online customer service, dedicated training programs (both online and offline), and expert support for large-scale projects and campaigns.

Agreements with Channel Partners

The following chart sets forth our key terms of agreement with channel partners:

Cooperation Scope

We authorize the channel partner to perform non-core payment services within designated regions, including merchant acquisition, payment terminal installation and maintenance, merchant training, display of acceptance marks and transaction voucher retrieval. Core services such as merchant review, transaction processing, settlement and risk monitoring are performed solely by us.

Fee & Profit-Sharing

The channel partner shares a portion of service fees based on a pre-agreed formula linked to transaction volume and merchant rates. We provide monthly reconciliation reports and any objections must be raised within 15 days or the data is deemed accepted. We may adjust settlement policies and base rates due to regulatory changes or business needs.

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Risk Management & Liability

The channel partner must ensure merchant data accuracy and bears direct liability for related risks. We retain rights to audit merchants, conduct inspections and terminate cooperation if irregularities arise. The channel partner is prohibited from money laundering, gambling, fraudulent transactions, second clearing, unauthorized fund transfers, settlement manipulation and false advertising.

Data Protection & Security

The business partner may access limited data only for settlement and service purposes and must comply with data protection and cybersecurity laws. Storing or disclosing sensitive information, misusing personal data and altering transaction data are prohibited. Any data breach caused by the business partner must be reported to us within 24 hours, and the business partner bears full liability.

Default & Penalties

Penalties apply for breaches, including unauthorized transfer of merchant resources, data leakage, unauthorized relocation of POS terminals overseas, second clearing practices and illegal sale of POS devices, which may lead to immediate termination.

Termination & Confidentiality

Both parties must maintain confidentiality. The agreement is valid for one year and may be renewed by consent. We may terminate immediately for severe breaches, unlawful conduct or regulatory non-compliance.

After-Sale Services

We are committed to promptly addressing customer inquiries and complaints, working closely with relevant departments to deliver effective resolutions. Leveraging our industry expertise, we analyze customer service needs to respond promptly and proactively to customer concerns. Customers may contact us through multiple channels, including our websites, email, Lakala Smart Wallet, official account or dedicated customer service hotlines. We offer utilize intelligent customer service bots to handle inquiries and complaints efficiently on a 24/7 basis. All customer inquiries or complaints are promptly responded to and handled.

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For our hardware devices, we generally provide customers with a 24-month warranty period, during which hardware repairs are free of charge, except in cases of damage caused by human factors. Software upgrades are offered free of charge throughout the warranty period. Beyond the warranty period, we provide customers with lifetime maintenance and software upgrades, charging only for the cost of components as applicable, until the device is decommissioned.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material customer complaints. We received and resolved 15, 96, 845 and 177 complaints in each of the respective periods, during the Track Record Period, all of which were routine in nature and primarily related to the interpretation of agreements or procedural matters. All complaints were handled in accordance with our internal procedures and did not have any material adverse impact on our business operations or financial condition.

OUR CUSTOMERS

Our customer base mainly comprises merchants, financial institutions and channel partners, predominantly located in China. Through years of deep collaboration, we have established stable relationships with our customers, which provides a solid foundation for the sustainable growth of our business.

We have a large and diversified customer base, and do not rely on any particular customer. In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue generated from our five largest customers amounted to RMB191.1 million, RMB174.0 million, RMB166.0 million and RMB78.9 million, representing 3.6%, 2.9%, 2.9% and 3.0% of our total revenue, respectively.

Our channel partners purchase our POS terminals and deliver them to merchants. We also enter into service agreements directly with these merchants and pay commissions to the channel partners based on the merchants’ transaction performance. As channel partners usually make bulk purchases of POS terminals from us, some of them are among our largest customers.

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The following tables set forth details of our five largest customers in each period during the Track Record Period:

Customer*	Background	Solutions/ Services provided	Credit terms	Year of commencement of business relationship	Payment method	Sales amount	% of our total revenue
<i>RMB'000</i>							
<i>For the year ended December 31, 2022</i>							
Customer A/ Supplier C	A company that engages in software development and technology promotion	Hardware products	approximately one year	2020	Wire transfers	67,875	1.3
Customer B	A group company whose business primarily covers postal services and postal agency business	Payment services	within sixty days	2018	Wire transfers	49,172	0.9
Customer C/ Supplier D	A company that engages in software and information technology services	Hardware products	approximately one year	2019	Wire transfers	26,822	0.5
Customer D	A company that engages in computer hardware and software technology development and promotion	Hardware products	approximately one year	2019	Wire transfers	24,906	0.5
Customer E	A company that engages in software development and technology promotion	Hardware products	approximately one year	2019	Wire transfers	22,290	0.4
Total						<u>191,065</u>	<u>3.6</u>

* The top five customers are presented and calculated on a consolidated group basis.

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Customer	Background	Solutions/ Services provided	Credit terms	Year of commencement of business relationship	Payment method	Sales amount	% of our total revenue
<i>RMB'000</i>							
<i>For the year ended December 31, 2023</i>							
Customer A/ Supplier C	A company that engages in software development and technology promotion	Hardware products	approximately one year	2020	Wire transfers	56,618	1.0
Customer B	A group company whose business primarily covers postal services and postal agency business	Payment services	within sixty days	2018	Wire transfers	44,136	0.7
Customer F/ Supplier G	A company that engages in software and information technology services	Hardware products	approximately one year	2022	Wire transfers	27,544	0.5
Customer G	A company that engages in computer hardware and software development business	Hardware products	approximately one year	2019	Wire transfers	22,922	0.4
Customer H	A company that engages in non-bank payment services	Payment services	approximately one year	2019	Wire transfers	22,781	0.4
Total						<u>174,001</u>	<u>2.9</u>

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Customer	Background	Solutions/ Services provided	Credit terms	Year of commencement of business relationship	Payment method	Sales amount	% of our total revenue
<i>RMB'000</i>							
<i>For the year ended December 31, 2024</i>							
Customer B	A group company whose business primarily covers postal services and postal agency business	Payment services	within sixty days	2018	Wire transfers	48,042	0.8
Customer I	A group company whose business primarily covers technology development and technical services	Marketing services	approximately one year	2019	Wire transfers	31,472	0.6
Customer J	A group company whose business primarily covers payment clearing services	Marketing services	approximately one year after fulfilling substantial contract obligations	2019	Wire transfers	30,068	0.5
Customer K	A company that engages in non-bank payment services	Payment services	within sixty days	2024	Wire transfers	28,261	0.5
Customer H	A company that engages in non-bank payment services	Payment services	approximately one year	2019	Wire transfers	28,128	0.5
Total						<u>165,971</u>	<u>2.9</u>

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Customer	Background	Solutions/ Services provided	Credit terms	Year of commencement of business relationship	Payment method	Sales amount	% of our total revenue
<i>RMB'000</i>							
<i>For the six months ended June 30, 2025</i>							
Customer B	A group company whose business primarily covers postal services and postal agency business	Payment services	within sixty days	2018	Wire transfers	24,301	0.9
Customer L	A group company whose business primarily covers commercial banking	Payment services	approximately one year	2023	Wire transfers	14,784	0.6
Customer I	A group company whose business primarily covers technology development and technical services	Marketing services	approximately one year	2019	Wire transfers	14,511	0.6
Customer K	A company that engages in technical services and technology promotion	Payment services	within sixty days	2024	Wire transfers	14,127	0.5
Customer H	A company that engages in non-bank payment services	Payment services	approximately one year	2019	Wire transfers	11,217	0.4
Total						<u>78,940</u>	<u>3.0</u>

Merchant Onboarding

We are responsible for conducting due diligence on prospective merchants. During this process, we occasionally receive assistance from channel partners in non-core payment-related activities such as merchant referrals.

Our merchant onboarding process comprises three key steps:

Merchant Assessment. Merchant assessment is primarily executed by the sales and marketing team, including our direct sales team and channel partners, who are responsible for developing prospective customers. Through on-site inspections and face-to-face verification, they conduct in-depth evaluation of merchants about their qualifications and business operations to ensure that referred merchants meet onboarding standards.

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Application Documentation Collection. The sales and marketing team collect necessary documents according to our internal checklist, including business licenses, valid identification documents of legal representatives or persons in charge, photographs of business premises, proof of receiving bank’s settlement accounts, and other relevant certification documents.

Merchant Review. We are responsible for implementing a rigorous KYC process, including verifying materials submitted by customers, cross-referencing internal and industry blacklists to screen merchants, performing additional checks to confirm merchants’ actual business activities, and conducting risk rating according to internal policies and applicable regulations to determine appropriate risk management levels. This ensures that onboarded merchants are legally established and engaged in lawful business activities. We are responsible for executing cooperation agreements with merchants that pass our review process.

Agreements with Customers

Our contracts with customers are mainly for two kinds of services: digital payment services and digital commercial solutions.

Contracts for Digital Payment Services

The following chart sets forth the key terms of agreements with our digital payment customers:

Scope of services

We provide digital payment services to merchants, including transaction acquiring and processing, settlement of funds, payment terminal deployment and maintenance, and system support. Merchants must complete our onboarding procedures and comply with acceptance standards before using our services.

Service Fees & Settlement

We charge service fees based on pre-agreed rates applied to transaction amounts. Settlement of funds is made according to agreed timelines and regulatory requirements. We provide reconciliation reports through our system, and merchants must raise objections within the specified period, otherwise, the data is deemed accepted.

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Risk Management & Liability

Merchants must ensure the authenticity of transactions and comply with applicable laws and regulations. We monitor transactions to detect fraud, money laundering, cash recycling, and other prohibited activities. We may suspend or terminate services in case of irregularities. Merchants are liable for losses arising from fraudulent transactions, chargebacks, or regulatory breaches.

Data Protection & Security

We collect and process transaction and merchant data strictly for payment and settlement purposes. Merchants must comply with data protection and information security requirements and are prohibited from storing or misusing sensitive cardholder information. We implement encryption and monitoring measures to ensure data security.

Default & Penalties

Merchants are prohibited from engaging in illegal activities, including money laundering, gambling, unauthorized fund transfers, and fraudulent transactions. We may suspend settlements, withhold service fees, impose penalties, report to regulatory authorities, and terminate the agreement in the event of violations.

Termination & Confidentiality

Both parties must maintain confidentiality of transaction and customer information. We may terminate the agreement immediately in cases of severe breaches, regulatory violations, or persistent high-risk activities. Merchants may terminate the agreement with advance written notice after settling all outstanding obligations.

Contracts for Digital Commercial Solutions

The following chart sets forth the key terms of agreements with our digital commercial solution customers:

Scope of services

We provide digital commercial solutions, including POS software, data management, membership marketing, mini-program ordering, electronic invoicing, and supply chain management tools.

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Fees & Payment Terms

We charge software license fees based on the agreed pricing in the order form. Payments are typically due within three business days after contract signing. For annual software licenses, renewal fees are charged per year.

Implementation & Acceptance

We are responsible for delivering, installing and configuring the software. Customers must review and confirm acceptance within the agreed period. If no objection is raised within the specified timeframe, acceptance is deemed completed.

Intellectual Property & License

We grant customers a limited, non-transferable right to use the software and related services during the license period. Intellectual property rights in the software, source code and technical materials remain solely with us or our affiliates. Customers are prohibited from reverse-engineering, copying, sublicensing or modifying the software.

Data Protection & Security

We provide cloud-based data storage and processing services, while customers retain ownership of their operational data. We are responsible for ensuring data security during the service period and comply with the PRC Personal Information Protection Law, Data Security Law and Cybersecurity Law. We adopt encryption and access control measures and may provide data to third parties only with prior authorization or where required by law.

Maintenance & Support

We provide one year of free software maintenance, including remote troubleshooting and updates. On-site services are available for an additional fee. After the free period, customers may renew maintenance services annually.

Risk Management & Liabilities

Customers are responsible for providing accurate user information and for securing administrator credentials. We are not liable for losses caused by improper use, unauthorized modifications, or non-compliance with technical requirements.

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Termination & Confidentiality

The agreement has an initial term of one year and is automatically renewed annually unless either party objects in writing. Both parties must maintain confidentiality of technical information, transaction data and business records during the term and for ten years after termination. We may terminate the agreement for material breaches, data security incidents or regulatory non-compliance.

In each year during the Track Record Period, the revenue that we derived from our five largest customers amounted to less than 30% of total revenue. To the best of our knowledge, none of our directors, their respective associates or any Shareholder who owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers in each year of the Track Record Period.

During the Track Record Period, we did not experience any material breach of agreements with our customers and any material services and products return from our customers.

OUR SUPPLIERS

Our suppliers primarily consist of payment terminal manufacturers that supply us with POS terminals and related devices, and channel partners that provide us with marketing services, most of which are based in China. We maintain stable relationships with our suppliers to ensure the stability of our supply and its delivery. During the Track Record Period, we did not experience material fluctuations with respect to the procurement prices.

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In 2022, 2023, 2024 and the six months ended June 30, 2025, purchases from our five largest suppliers amounted to RMB1,396.0 million, RMB1,628.0 million, RMB1,392.5 million and RMB619.3 million, accounting for 33.6%, 37.4%, 32.8% and 30.2% of our total procurement in the same periods, respectively. The following table sets forth details of our top five suppliers in each year/period during the Track Record Period:

Supplier*	Background	Solutions/ Services purchased	Credit terms	Year of commencement of business relationship	Payment method	Procurement	% of our total Procurement Amount
<i>RMB'000</i>							
<i>For the year ended December 31, 2022</i>							
Supplier A	A company that engages in technology development and technical services	Marketing services	12 months	2022	Wire transfers	627,383	15.1
Supplier B	A company that engages in computer hardware and software manufacturing	Hardware products	12 months	2018	Wire transfers	297,470	7.2
Customer A/ Supplier C	A company that engages in software development and technology promotion	Marketing services	12 months	2020	Wire transfers	261,752	6.3
Customer C/ Supplier D	A company that engages in software and information technology services	Marketing services	12 months	2019	Wire transfers	108,252	2.6
Supplier E	A company that engages in non-bank payment and computer equipment manufacturing	Hardware products	3 months	2012	Wire transfers	101,110	2.4
Total						1,395,967	33.6

* The top five suppliers are presented and calculated on a consolidated group basis.

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Supplier	Background	Solutions/ Services purchased	Credit terms	Year of commencement of business relationship	Payment method	Procurement	% of our total Procurement Amount
<i>RMB'000</i>							
<i>For the year ended December 31, 2023</i>							
Supplier A	A company that engages in technology development and technical services	Marketing services	12 months	2022	Wire transfers	749,193	17.2
Supplier B	A company that engages in computer hardware and software manufacturing	Hardware products	12 months	2018	Wire transfers	329,521	7.6
Customer A/ Supplier C	A company that engages in software development and technology promotion	Marketing services	12 months	2020	Wire transfers	256,074	5.9
Supplier F	A company that engages in technology development and technical services	Marketing services	12 months	2022	Wire transfers	157,592	3.6
Customer F/ Supplier G	A company that engages in software and information technology services	Marketing services	12 months	2022	Wire transfers	135,641	3.1
Total						1,628,021	37.4

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Supplier	Background	Solutions/ Services purchased	Credit terms	Year of commencement of business relationship	Payment method	Procurement	% of our total Procurement Amount
<i>RMB'000</i>							
<i>For the year ended December 31, 2024</i>							
Supplier A	A company that engages in technology development and technical services	Marketing services	12 months	2022	Wire transfers	672,832	15.9
Supplier B	A company that engages in computer hardware and software manufacturing	Hardware products	12 months	2018	Wire transfers	243,230	5.7
Customer A/ Supplier C	A company that engages in software development and technology promotion	Marketing services	12 months	2020	Wire transfers	228,562	5.4
Supplier F	A company that engages in technology development and technical services	Marketing services	12 months	2022	Wire transfers	127,430	3.0
Supplier H	A company that engages in technology development and technical services	Marketing services	12 months	2023	Wire transfers	120,429	2.8
Total						1,392,483	32.8

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Supplier	Background	Solutions/ Services purchased	Credit terms	Year of commencement of business relationship	Payment method	Procurement	% of our total Procurement Amount
<i>RMB'000</i>							
<i>For the six months ended June 30, 2025</i>							
Supplier A	A company that engages in technology development and technical services	Marketing services	12 months	2022	Wire transfers	264,639	12.9
Supplier B	A company that engages in computer hardware and software manufacturing	Hardware products	12 months	2018	Wire transfers	131,333	6.4
Customer A/ Supplier C	A company that engages in software development and technology promotion	Marketing services	12 months	2020	Wire transfers	94,652	4.6
Supplier H	A company that engages in technology development and technical services	Marketing services	12 months	2023	Wire transfers	64,661	3.2
Supplier F	A company that engages in technology development and technical services	Marketing services	12 months	2022	Wire transfers	64,058	3.1
Total						<u>619,343</u>	<u>30.2</u>

Procurement

We primarily procure POS terminals and related payment devices, such as payment speakers, cash registers, barcode scanners and receipt printers from hardware suppliers. We also procure marketing services from our channel partners.

We collaborate with hardware suppliers under OEM model. We source hardware devices from manufacturers. We then integrate our software to enable connectivity with the UnionPay network and provide value-added services.

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Selection and Management of Suppliers

We maintain stringent qualification and certification requirements for our hardware suppliers to ensure the quality, safety and regulatory compliance of our payment devices.

All manufacturers must first meet the qualification standards set by China UnionPay, which is a prerequisite for participating in our hardware procurement process and ensures compatibility with China’s financial infrastructure.

Our hardware products are also required to obtain a range of certifications depending on their components and intended markets. In China, these include the China Compulsory Certification (CCC) for product safety, the China Telecom Equipment Network Access License (CTA) for telecommunication access, and the State Radio Regulatory Commission’s Certification (SRRC Certificate) for radio equipment safety. In addition to general certifications, our payment terminals must comply with payment-specific standards, including UnionPay’s UBTS 3.0 safety certification and other certifications mandated by international card organizations. Devices are also tested for QR code readability and fast payment performance to ensure high usability and reliability in everyday operations. For products intended for overseas markets, we require additional certifications tailored to local regulatory frameworks. These may include EMV for chip card compatibility, PCI for payment data security, and relevant regional standards for battery safety and environmental compliance.

To ensure consistency in quality and compliance, we adopt a rigorous supplier management system. New suppliers undergo a thorough onboarding process, including on-site due diligence to assess their R&D capabilities, manufacturing capacity, certification status and reliability testing facilities. After initial assessment, shortlisted suppliers are required to complete prototype development and platform integration testing, overseen by our technical department. Upon successful technical acceptance, these suppliers are formally incorporated to our internal procurement system as approved suppliers. Existing suppliers are subject to annual multi-dimensional assessments, the results of which determine their eligibility for continued cooperation and inclusion in our approved supplier list for the following year.

Procurement Process

Our procurement process is initiated by sales personnel, primarily authorized channel partners and direct sales team, who submit orders based on customer demand. Upon receipt of these orders, the procurement team issues purchase instructions to suppliers.

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Agreements with Suppliers

Set forth below is a summary of key terms with our suppliers:

Scope of Procurement

We purchase payment terminals and related equipment for our payment business.

Pricing & Payment

Prices are set in the order form and may be adjusted based on market levels. We enjoy a price protection period to ensure competitiveness. Payments are made by acceptance bills, cheques, or transfers within the agreed settlement period upon valid VAT invoices.

Ordering & Delivery

We issue orders via email, sealed written forms, or online platforms. Suppliers must raise objections within one business day and deliver on time, with freight borne by them. Risk transfers upon our acceptance. We may modify or cancel orders before delivery.

Product Quality

Suppliers must provide new terminals meeting functional security standards and supporting only our authorized applications. Products failing to meet requirements must be replaced or repaired at the supplier’s cost.

Warranty & Support

Terminals have at least a 24-month warranty (60 months for backup batteries) with free repairs, replacements, and updates. Suppliers must provide nationwide after-sales support and 7x24 hotlines, and continue offering upgrades after warranty at cost.

Security & Compliance

Terminals must pass UnionPay certificates and meet anti-tempering and application security standards. Unauthorized terminal switching or CID modifications are strictly prohibited and subject to significant penalties.

Liabilities

Suppliers are liable for losses caused by defects, delays or security breaches. They must promptly fix vulnerabilities, provide patches and cover related costs. We may reject products from unauthorized factories and claim damages for non-compliance.

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Intellectual Property

Suppliers must ensure products do not infringe third-party rights and indemnify us against claims. Software developed under our specifications, including SDKs and source codes, belongs to us.

Default & Penalties

Penalties include late delivery, quality failures, unauthorized terminal modifications and reputational damages. We may withhold payments, deduct deposits, or terminate contract for serious breaches.

Termination & Confidentiality

Both parties must keep technical and business information confidential. The agreement is valid for one year and renews automatically for once unless terminated. We may terminate immediately for serious breaches or non-compliance.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each year of the Track Record Period also acted as our suppliers, or vice versa, including:

- Customer A/Supplier C, as one of our five largest suppliers in 2022, 2023, 2024 and the six months ended June 30, 2025, also was one of our five largest customers in 2022 and 2023;
- Customer F/Supplier G, as one of our five largest suppliers in 2023, also was one of our five largest customers in 2023;
- Customer B, as one of our five largest customers in 2022, 2023, 2024 and the six months ended June 30, 2025, also was our supplier during the Track Record Period;
- Customer C/Supplier D, as one of our five largest suppliers in 2022, also was one of our five largest customers in 2022;
- Customer D, as one of our five largest customers in 2022, also was our supplier during the Track Record Period;
- Customer E, as one of our five largest customers in 2022, also was our supplier during the Track Record Period;

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- Customer G, as one of our five largest customers in 2023, was also our supplier during the Track Record Period;
- Customer L, as one of our five largest customers in the six months ended June 30, 2025, also was our supplier during the Track Record Period.

According to Frost & Sullivan, such arrangements are common in the digital payment market. Our Directors confirm that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis.

The following table sets forth the breakdown of our revenue generated from and purchase amount paid to our overlapping customers and suppliers, which was among either our five largest customers or suppliers during the Track Record Period, for the periods indicated:

Transaction nature			Year ended December 31,						Six months ended	
			2022		2023		2024		June 30,	
As customer	As supplier		Revenue	Purchase	Revenue	Purchase	Revenue	Purchase	Revenue	Purchase
<i>RMB'000</i>										
Customer A/ Supplier C	Purchase of hardware products	Provision of marketing services	67,875	261,752	56,618	256,074	6,045	228,562	9,529	94,652
Customer F/ Supplier G	Purchase of hardware products	Provision of marketing services	—	—	27,544	135,641	3,293	74,270	360	43,858
Customer B	Purchase of payment services	Provision of marketing services	49,172	1,698	44,136	627	48,042	818	24,301	513
Customer C/ Supplier D	Purchase of hardware products	Provision of marketing services	26,822	108,252	—	—	—	—	—	—
Customer D	Purchase of hardware products	Provision of marketing services	24,906	13,379	16,226	15,087	—	—	—	—

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			Year ended December 31,						Six months ended	
Transaction nature			2022		2023		2024		June 30,	
As customer	As supplier		Revenue	Purchase	Revenue	Purchase	Revenue	Purchase	Revenue	Purchase
<i>RMB'000</i>										
Customer E	Purchase of hardware products	Provision of marketing services	22,290	22,276	7,858	73,878	—	—	—	—
Customer G	Purchase of hardware products	Provision of marketing services	12,297	51,572	22,922	61,279	22,585	59,421	4,272	18,798
Customer L	Purchase of payment services	Provision of marketing services	307	—	12,283	220	15,304	243	14,784	86

QUALITY CONTROL

We are committed to deliver high-quality products and solutions to our customers.

We implement strict quality control measures for both our hardware and software products. For hardware devices such as POS terminals, we manage quality at every stage of the product lifecycle. We generally source them from approved manufacturers, and require manufacturers to conduct thorough testing before mass production begins. All suppliers must meet China UnionPay’s certification standards and pass our acceptance inspection before they are approved for production.

We rely on our in-house R&D center to maintain high product quality. Our operations are certified under ISO 9001 and data security standards. Our clearing and payment platforms are designed for high reliability. We did not experience any material software failures during the Track Record Period.

INVENTORY MANAGEMENT

Our inventory management strategy is designed to ensure the timely supply of hardware products to support merchant onboarding, while maintaining operational efficiency and minimizing inventory risk. Our branch offices maintain their own warehouses, which are generally located within their office premises.

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Our exposure to inventory obsolescence risk is limited, as most hardware is shipped on demand to channel partners or branch offices. Returned or damaged devices are handled through a standardized after-sales process, with suppliers providing repair or replacement services under contractual warranty terms. We did not record any material inventory impairment or loss during the Track Record Period.

Consistent with our asset-light operating model, we expect to continue maintaining low inventory exposure and high turnover efficiency as our business grows.

COMPETITION

The digital payment service industry and digital commercial solutions industry in which we operate are highly competitive and characterized by rapid technological evolution, fast changes in customer demands and preferences, frequent introduction of new products and services and constant emergence of new industry standards and practices. We are subject to competition from other companies that focus on digital payment services and digital commercial solutions. See “Risk Factors — Risks Relating to Our Business and Industry — We operate in highly competitive industries and failure to compete successfully could significantly harm our business, financial performance and results of operation.”.

Looking ahead, we expect competition to intensify due to regulatory changes, technological convergence and rising merchant expectations. We aim to compete not only on price, but also on long-term service value, product integration and our ability to meet merchants’ industry-specific digitalization needs. Our consistent track record in regulatory compliance, scalable operations and partner enablement remains a key strength in maintaining our competitive position in this evolving market.

RISK MANAGEMENT AND INTERNAL CONTROL

We place strong emphasis on establishing and maintaining a robust risk management and internal control framework. Our internal controls are implemented at both the business and enterprise levels and cover areas such as merchant admission, transaction monitoring, settlement account management, anti-money laundering, agent supervision, and governance mechanisms. Over the years, we have continuously strengthened our internal controls in line with regulatory requirements and industry practices.

We have established a comprehensive risk management and internal control framework to ensure the security of the transactions we process. Our monitoring covers both traditional threats, such as credit card fraud and account takeovers, as well as emerging risks in QR-code payments, including scanning fraud, gambling-related transactions, and money laundering activities. To

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mitigate these risks, we operate a pre-transaction, transaction, and post-transaction control system, supported by advanced technical means that monitor each transaction in real time. We also conduct unannounced inspections regularly and maintain close information-sharing with partner banks and card institutions to further strengthen our risk management.

Our risk management team has industry-leading expertise. As a result, our payment fraud rate is only one third of the industry average, and our fraud loss ratio is as low as one millionth, reflecting the effectiveness of our practices.

Based on the results of the internal control review and follow-up review, no material deficiencies were identified in the design or implementation of our enhanced measures. We believe our internal control framework is adequate and effective in ensuring compliance with applicable laws and regulations, and maintaining the integrity and stability of our business.

Merchant Admission and Information Management

We have established a tiered and classified merchant admission system that requires merchants to provide valid business licenses, legal identification documents and supporting bank account information. All information must undergo authenticity verification, beginning with automated system checks, followed by manual review by the operations team for any exceptions. The operations team operates independently from the sales team to ensure objectivity in the review process. Merchants are required to update expiring or amended licenses and bank account details, with restrictions imposed in cases of non-compliance. Regulators and clearing institutions also notify us to enforce such updates. Our risk management system further maintains a real-time blacklist of high-risk merchants, which is integrated directly into the merchant management system to block their admission or initiate exit procedures. In addition, all merchant information is stored securely, with data access strictly limited to authorized personnel.

Settlement Account Management

We require merchants to use settlement accounts that are consistent with their registered names. Payment transactions are fully monitored by clearing institutions such as UnionPay and NetsUnion, which provide reconciliation files that our clearing and settlement system matches on a transaction-by-transaction basis. Customer reserves are maintained in designated accounts with the PBOC, and are subject to dual supervision of both the PBOC and clearing institutions. In addition, our clearing and settlement system incorporates automatic verification mechanisms, supported by strict segregation of duties and restricted access permissions, to ensure secure and compliant operations.

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Transaction Monitoring

We employ a real-time monitoring system to detect and prevent irregular transactions, such as sharp changes in transaction volumes, abnormal transaction timing, cross-merchant transactions within short time intervals, and transactions originating from high-risk regions. Each merchant is assigned a unique and permanent merchant code and terminal ID, which enables the identification of suspicious cases. Suspicious cases may trigger warnings, account freezes, and requests for merchants to provide supporting transaction documentation. Where criminal activity is suspected, cases are escalated to our anti-money laundering unit, compliance department, or law enforcement authorities. To further improve effectiveness and accuracy, our risk monitoring rules and parameters are continuously updated based on new case studies and industry trends.

Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF)

We have established a dedicated anti-money laundering (AML) department to ensure full compliance with applicable laws and regulations. All merchants are screened against domestic and international sanction lists, including those issued by the PBOC, the United Nations, and other relevant authorities. We require periodic updates of merchant information, monitor discrepancies between transactions and merchant profiles, and set alerts for expiring documents. Automated monitoring systems identify large or suspicious transactions and flag them for investigation, with confirmed cases reported to the PBOC as required. In addition, we provide annual AML and counter-terrorist financing training for all employees, followed by examinations, while the AML department conducts regular internal audits and remains subject to oversight by external regulators.

Channel Partner Management

We implement strict measures to manage channel partners responsible for merchant acquisition. Channel partners must undergo a two-stage qualification review to verify the authenticity and completeness of their information. Each channel partner is required to sign a standardized cooperation agreement that sets out their responsibilities and compliance obligations. We provide periodic training to channel partners and conduct routine on-site inspections, which are documented in written reports and confirmed with channel partner seals. Channel partners are also subject to irregular evaluations, and those failing to meet our standards may face suspension, termination or blacklisting. Instances of non-compliance are reportable to industry associations and regulators.

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Enterprise-Level Internal Controls

In addition to business-level controls, we have implemented enterprise-wide governance measures to strengthen compliance and risk management. We maintain an internal reporting mechanism through which employees can report potential risks or irregularities, enabling management to respond promptly. Comprehensive internal control manuals and policies are in place and are regularly reviewed and updated by management. A qualified company secretary oversees compliance with PRC and Hong Kong regulations and reports potential breaches to the board. We also engage external compliance consultants and legal advisors in both the PRC and Hong Kong to provide independent advice and regulatory updates. Our audit committee, comprising three independent non-executive directors, reviews and supervises the effectiveness of our risk management and internal control systems and reports its findings to the board.

Intellectual Property Risk Management

See “— Intellectual Property”.

Data Compliance and Data Security Risk Management

See “— Data Compliance and Data Security”.

DATA COMPLIANCE AND DATA SECURITY

We place the highest priority to data security and protection. We have implemented standard protection measures to prevent unauthorized access, leakage, misuse, alteration, damage, or loss of data and personal information, throughout the processes of data collecting, processing, usage and storage.

Data Compliance Measures

We follow the requirements on cybersecurity classification protection as stipulated in Article 21 of the Cybersecurity Law, and Articles 5, 7, and 15 of the Information Security Level Protection Management Measures to complete the filing and level evaluation for Information System Security Level Protection at Level three.

Our information security department is responsible for our cybersecurity, data security, and personal information protection compliance. The department is led by its general manager, who also assumes management responsibilities equivalent to those of the CSO, CPO, and CDO. The department (i) conducts security assessments on personal information protection, data security and data transfers, as well as internal data security audits; (ii) is responsible for handling cybersecurity

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and data security incidents, managing personal information protection complaints and formulating emergency response plans; and (iii) organizes regular emergency drills and annual security training sessions on cybersecurity, data security and personal information protection for employees in security-related positions and for all staff. During the Track Record Period, we conducted annual security training on cybersecurity, data security, and personal information protection for employees in security-related positions and all employees.

According to Articles 2, 8, and 10 of the Regulations on the Security Protection of Critical Information Infrastructure, critical information infrastructure refers to important network facilities and information systems in sectors and fields which, if damaged, disabled or subject to data leakage, may seriously endanger national security, the national economy, people’s livelihoods or the public interest. We have not currently been identified as a critical information infrastructure operator, therefore, the relevant legal provisions for critical information infrastructure protection do not apply to us.

The Beijing Branch of the PBOC has designated us as important data processor within its jurisdiction. We have fulfilled our obligations in accordance with applicable legal requirements. We have commenced data security compliance work pursuant to the enhanced requirements for important data processors under the *Regulations on the Management of Network Data Security* and the *Measures for the Administration of Data Security in the Business Area of the People’s Bank of China* (People’s Bank of China Order [2025] No. 3).

In the second half of 2025, we initiated projects to conduct personal information security assessments, personal information protection audits, data security assessments and data security audits to implement network data security protection responsibilities. As the above measures were promulgated on May 1, 2025 and took effect on June 30, 2025, the current year marks their first year of implementation. The deadline for fulfilling the relevant reporting obligations is January 15, 2026, and we have formulated corresponding risk assessment and reporting plans accordingly.

We have not otherwise received any notification from any regulatory authority identifying us as an important data processor.

Personal Information Protection

When processing the personal information of natural person users, merchant users and employees, we comply with legal requirements regarding lawful bases for processing. During the Track Record Period, we obtained the consent of personal information subjects, or processed personal information where it was necessary for performing statutory duties or legal obligations,

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for concluding or performing a contract to which the individual is a party, or for implementing human resources management in accordance with lawfully formulated labor rules, regulations, and duly executed collective contracts.

For individual and merchant users, we inform them through our privacy policies that the collection of personal information is necessary for the provision of our services. Separate consent is obtained for the collection of certain sensitive personal information, and individuals are informed of their rights in accordance with applicable laws. In human resources management scenarios, we collect employees’ personal information for employment management purposes after obtaining their consent.

Our data processing activities, including the processing of personal information, adhere to the principles of lawfulness, legitimacy, minimum necessity, good faith and clear purpose. There have been no complaints, reports, disputes, administrative penalties or arbitration or litigation cases arising from or related to our data processing activities, including the processing of personal information.

We have never unlawfully collected, used, processed or transmitted data, including personal information, nor have we unlawfully purchased, sold, provided or disclosed any data, including personal information, or engaged in any data processing activities that endanger national security or the public interest. Furthermore, the data processed by us is directly related to the services we provide.

In our foreign card payment business, certain scenarios involve transmitting overseas consumers’ transaction messages to international card organizations for transaction completion. For these cross-border data transmission scenarios, we have conducted self-assessments of data transmission risks and have submitted data transmission declarations through the data export declaration system of the Cyberspace Administration of China (“CAC”).

The Beijing Office of the CAC has confirmed that the above scenarios fall within the circumstances specified under Article 5 of the *Regulations on Promoting and Standardizing Cross-Border Data Flow* and the *Compliance Guide for Promoting and Standardizing Cross-Border Data Flow in the Financial Industry* issued by the PBOC. Accordingly, such data transmission activities are exempt from conducting cross-border data security assessments, entering into standard contracts for cross-border transfers of personal information, or obtaining personal information protection certification for outbound data transfers.

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INFORMATION TECHNOLOGY

IT is fundamental to our competitive advantage and day-to-day operation. We primarily rely on the following systems to support a wide range of operational needs, including operation management, merchant management, project management, customer acquisition and management, and HR management.

Our IT systems and software are procured and developed in accordance with certain defined security standards. We conduct regular security inspections, perform timely upgrades to address identified vulnerabilities, and back up data on a periodic basis.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material IT system failure or downtime that had a material adverse effect on our business operations. See “Risk Factors — Risks Relating to our Business and Industry — Our technology infrastructure may experience unexpected system failures, interruptions, inadequacies, security breaches or cyber-attacks. Any service disruption or failure to effectively scale and adapt our technology and infrastructure in a timely manner could harm our reputation, business and results of operations.”.

INTELLECTUAL PROPERTY

We rely on a combination of patent, trademark, copyright, fair trade practices, contractual arrangement and confidentiality procedures to establish and protect our intellectual properties. As of June 30, 2025, we owned 87 patents, 467 software copyrights and 1,475 trademarks, of which 16 patents, 28 software copyrights and 15 trademarks were material to our business operation. For details of our material intellectual property rights, see “Appendix V — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights”.

We acquire material patents through self-development. As of the Latest Practicable Date, we solely owned all of our patents and patent applications. We did not have any co-ownership or co-sharing arrangements with third parties in respect of our patents and patent application.

For externally developed solutions or hardware designs, the intellectual property is typically retained by the original supplier or developer. In such cases, we obtain comprehensive commercial licenses or usage authorizations that are sufficient for our business operations.

We have established comprehensive IP management systems and procedures to safeguard our core technologies while fostering innovation and development. We enter into employment agreements with our employees and key management personnel that include confidentiality,

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non-compete and intellectual property ownership clauses. Under these agreements, they acknowledge that any intellectual property developed in connection with their employment with us, including our in-house developed content, is our property.

We intend to vigorously protect our technology and proprietary rights, however, there can be no assurance that these efforts will be successful. Despite our proactive measures, we may face risks related to alleged infringements of third parties’ intellectual property rights, or unauthorized use of our intellectual property rights by third parties. See “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to take or maintain adequate intellectual property rights protection for our services and solutions, which may adversely impact our business, financial performance and results of operation.” and “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to infringement of intellectual property rights or misappropriation claims by third parties.” During the Trade Record Period and up to the Latest Practicable Date, we had not been subject to any material intellectual property infringement claims, allegations or threatened claims by third parties.

PROPERTIES

Our headquarter office is located in Beijing, China. As of June 30, 2025, we had 23 self-owned properties with an aggregate gross floor area of 57,094.8 sq.m. and leased 25 material properties in the PRC with an aggregate gross floor area of 17,861.1 sq.m. Our leased properties are primarily used for the purpose of business operation.

Asia-Pacific Consulting and Appraisal Limited (“**APA**”), an independent property valuer, valued our property interest as of June 30, 2025 and is of the opinion that the aggregate value of our property interests as of such date was RMB209.3 million. The letter and summary disclosure of property valuation with regard to such property interests are set out in Appendix III to this Document.

As of the Latest Practicable Date, 25 of our material lease agreements had not been registered with relevant authorities primarily. See “Risk Factors — Risks Relating to our Business and Industry — We may face penalties for the non-registration of our lease agreements”.

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EMPLOYEES

As of June 30, 2025, we had 2,945 full-time employees. The following table sets forth the breakdown of our employees by business function as of the same date:

Business Function	Number of Employees	Percent
		(%)
Management	162	5.5%
Sales and marketing	1,619	55.0%
Research and development	829	28.1%
Others ¹	335	11.4%
Total	2,945	100.0%

Note:

- Others mainly include finance, internal control, compliance and HR.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our talent management strategy, we offer employees competitive base salaries, performance-based bonuses and other incentives. We primarily recruit employees through on-campus recruitment, social recruitment and internal referral. We are committed to creating a fair and equal working environment for our employees.

We place strong emphasis on employee training and development. Our training programs generally fall into two categories. The first is general orientation training, which introduces employees to our corporate culture and is tailored to the needs of both new hires and existing staff. The second focuses on professional skill development, including AI-related courses and department-specific training programs. These trainings are conducted on a regular basis, typically several sessions per month, and are delivered through a combination of online and offline formats.

We believe that we generally maintain good working relationships with our employees. During the Track Record Period, we did not experience any significant labor disputes or difficulty in recruiting staff for our operations.

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INSURANCE

We maintain insurance policies in compliance with relevant laws and regulations and based on our assessment of the operational needs and prevailing industry practices. Our principal insurance coverage includes the liability insurance for directors and senior management, supplemental medical insurance for all employees. In addition, we maintain property insurance for self-owned properties.

We believe our current insurance coverage is adequate for our business operations in China. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance plans to align with our needs and industry practice. During the Track Record Period, we did not make any material insurance claims in relation to our business.

LICENSES, PERMITS, APPROVALS AND CERTIFICATES

We are required to obtain various licenses, permits, approvals and certificates for our business. As advised by our PRC Legal Advisor, we had obtained substantially all requisite licenses, permits, approvals and certificates that are essential to our operations, such as payment service license, value-added telecommunication service license, and such licenses, permits, approvals and certificates are valid and subsisting as of the Latest Practicable Date. We renew all such essential permits and licenses from time to time to comply in all material aspects which the relevant laws and regulations and we do not expect material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations.

The following table sets out the details of our material licenses, permits, approvals and certificates:

Licenses/Permits/Approvals/Certificates	Country	Description	Grant Date	Expiration Date
Payment service license	PRC	Account operation, saving account operation, payment transaction handling	May 3, 2011	May 2, 2026

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Licenses/Permits/Approvals/Certificates	Country	Description	Grant Date	Expiration Date
Value-added telecommunication service license	PRC	Information service (limited to internet information services) excluding information search and query services, and instant messaging services	May 30, 2025	May 30, 2030
Cross-border RMB payment service registration	PRC	Cross-border RMB payment business	February 28, 2023	Long term
Payment institution foreign exchange service approval.	PRC	Payment institution foreign exchange business	December 31, 2019	Long term
Renewal of payment institution’s current account revenue and expenditure registration.	PRC	Payment institution foreign exchange business	January 7, 2025	Long term
Fund sales payment service	PRC	Fund sales payment settlement	January 29, 2015	Long term

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to legal, arbitration or administrative proceedings arising from the ordinary course of business.

During the Track Record Period and up to the Latest Practicable Date, we had not been a party and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against our Group or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

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Legal Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance.

We primarily operate in China and have been expanding into several other countries and regions where our business is regulated and supervised under different regulatory environments. We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in the jurisdictions in which we operate. We aim to monitor regulatory environments and adopt adequate internal procedures and guidelines to manage our operations in order to avoid potential non-compliance or misconduct.

During the three years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2025, we were imposed penalties amounting to RMB60,000, RMB8.8 million, RMB7.9 million and nil (the “**Penalties**”), respectively, as a result of certain non-compliance incidents, primarily for deficiencies in customer due diligence and transaction management. Our PRC Legal Advisor is of the view that our non-compliance incidents in the PRC during the Track Record Period and up to the Latest Practicable Date have not had and will not have a material adverse impact on our business and operations, as (i) the amount of fines imposed by the administrative penalties accounted for a relatively small proportion of our net assets and net profit, (ii) we had made timely rectification after the penalties were imposed, (iii) such incidents were not identified as material non-compliance incidents, (iv) such incidents did not involve the revocation of business licenses, and (v) did not have any material adverse impact on our subsequent operations. During the Track Record Period, other than the abovementioned penalties, we did not received any other administrative penalties. Based on the above, our Directors are of the view that we were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations during the Track Record Period and up to the Latest Practicable Date.

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We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in the PRC, primarily including the PBOC, its respective local branches, and the SAFE. During the Track Record Period, our payment services were subject to several administrative penalties. We had implemented remedial measures and enhanced internal control measures for all these penalties, and we did not receive any feedback or requests for follow-up actions from the relevant regulatory authorities following our implementation of the remedial measures and/or submission of the relevant completion report(s) to the regulatory authorities. The compliance issues that underlie our aforesaid penalties and our corresponding remedial measures and enhanced internal control measures are set out below:

Issues	Remedial Measures and Enhanced Internal Control Measures
Failure to (i) ensure that transaction information was authentic, complete and traceable, (ii) conduct customer onboarding with valid documentation only, (iii) follow the “know your customer” principle, and (iv) settle merchant funds to bank accounts in the same name, resulting in a fine imposed on us, identified by relevant authority in 2024	<i>Ensure the authenticity, completeness, traceability and consistency of transaction information.</i> We adopt integrated internal control systems for different internal control scenarios, which include merchant onboarding, transaction monitoring and reconciliation with clearing institutions, using unique identifiers recorded for each transaction to ensure consistency and accurateness.
(i) Conducting transactions with unidentified customers, (ii) failure to perform customer identification obligations as required, and (iii) failure to file large-value transaction reports or suspicious transaction reports, resulting in a fine imposed on us, identified by relevant authority in 2024	<i>Customer onboarding.</i> With respect to merchant onboarding, we adopt a tiered and categorized mechanism, which includes merchant qualification review and due diligence, dynamic management of merchant information, ongoing monitoring and exit mechanism, system controls, internal training, and internal audit.
(i) Failure to ensure the authenticity, completeness, traceability and consistency of transaction information throughout the payment process, and (ii) failure to properly set up acquiring bank settlement accounts for merchants, resulting in a fine imposed on us, identified by relevant authority in 2024	

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Issues	Remedial Measures and Enhanced Internal Control Measures
	• <i>Settlements in the same name.</i> We require merchants to use settlement accounts in the same name as the merchant, which are reviewed and recorded in our system. Any changes to settlement accounts must go through a formal verification process before being updated. We conduct ongoing monitoring, including real-time checks, periodic reviews, and abnormal activity alerts, supported by system-based controls, internal training, and audits. • <i>Customer identification.</i> Customer identification is enabled through a unique 15-digit merchant code that includes identifiers for the institution, region, industry category and merchant. • <i>File large-value transaction reports or suspicious transaction reports.</i> We maintain ongoing customer identification and information updates, including periodic reviews, alerts for expired documents, and checks for inconsistencies between transactions and customer identity. Customers are classified into risk categories and managed with differentiated controls. Large-value and suspicious transactions are subject to automated monitoring, tiered handling, and regulatory reporting. These measures are supported by system access controls, internal training, and internal audit.

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As confirmed by our PRC Legal Advisor, the above issues did not cause a material adverse effect on our business operations. To address the above issues, we have implemented remedial measures and enhanced our internal control measures. During the Track Record Period and up to the Latest Practicable Date, neither we nor our Directors and senior management were subject to any other administrative penalties by any competent authorities in relation to our payment services.

We have engaged the Internal Control Consultant to review the our internal control measures, including but not limited to the aforesaid remedial measures and enhanced internal control measures addressing the key compliance issues underlying the Penalties. The Internal Control Consultant has confirmed that nothing has come to its attention that causes the Internal Control Consultant to believe that there are significant control deficiencies in the enhanced internal control system and measures regarding the above areas which we have adopted up to the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Our ESG Governance

In order to effectively coordinate and implement ESG initiatives, we have put in place a top-down ESG management framework with clearly delineated responsibilities. The Board of Directors serves as the highest decision-making and leadership body for our ESG work, overseeing the overall ESG strategy and planning, approving relevant governance structures, management systems, and disclosure matters, and reviewing response strategy for material ESG risks and incidents. The Board’s Strategy Committee assumes research and advisory responsibilities, monitoring ESG trends and policy developments, reviewing our ESG strategy, organizational structure, management systems, and indicator frameworks, overseeing and evaluating ESG implementation, and providing decision-making recommendations to the Board on related matters. At the operational level, all functional departments and subsidiaries appointed ESG Liaisons. Such members are responsible for implementing annual work plans, conducting management measures and risk/opportunity assessments, coordinating stakeholder engagement and feedback, consolidating information and data, and supporting ESG-related training and reporting. We also engage external experts or professional institutions as required to provide support for our ESG management.

We have adopted ESG Management Procedures, which clarify responsibilities at all levels and outline our sustainable development initiatives. We shall actively fulfil ESG responsibilities in accordance with these procedures and conduct periodic reviews. During the Track Record Period and as of the Latest Practicable Date, we have not been involved in any material breaches of environmental, social, or governance-related laws and regulations.

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Identification and Assessment of ESG-Related Risks

We attach great importance to ESG-related risk management, recognizing its significance to our sustainable development. Stakeholder engagement and feedback provide vital insights for identifying ESG risks. Our internal and external stakeholders mainly include shareholders and investors, users, employees, suppliers and partners, government and regulatory bodies, communities and non-governmental organizations, as well as the public and media. We have identified material ESG issues through stakeholder engagement, regulatory monitoring, expert review and management deliberation, assessing related risks and implementing corresponding measures.

Material Issues	Potential Risks	Response Measures
Data security and privacy protection.	Our business operations are supported by information systems, which handle merchant and consumer transaction data. Software vulnerabilities, cyberattacks, and natural disasters could potentially disrupt our information security and business continuity.	We have established robust operational systems and are committed to continuously strengthening data security and privacy protection through technical safeguards, staff training, and oversight audits.
Talent cultivation and development.	Highly qualified personnel are crucial to our business development. Inability to attract or retain key talent as anticipated may result in the loss of critical human capital.	We have implemented a comprehensive talent management framework by providing competitive remuneration and benefits, career development plans, and specialized training programs.
Technological innovation and R&D	We need to align with industry trends to drive technological innovation. Insufficient R&D progress may adversely affect the competitiveness of our products and services.	We have established a clearly structured R&D management system, ensuring responsibilities are well defined.

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Material Issues	Potential Risks	Response Measures
Environmental protection.	As our business continues to expand, energy and water consumption in facilities such as data centers and office premises may increase accordingly, potentially leading to higher operational costs.	We continuously maintain strict control over electricity, water, paper consumption and waste disposal. By means of institutional regulations and regular inspections, we are committed to enhancing the environmental sustainability of our operations.

Response to Climate Change

Global climate change may lead to unstable weather patterns and shifting environmental conditions, posing challenges to socio-economic development and our business operations. As a leading provider of third party digital payment services and digital commercial solutions, we do not operate high-energy-consumption data centers. However, our transaction processing, system operations, and related tech services are supported by telecommunications and public electricity. Climate change could thus indirectly impact the stability of our business operations. In response, we proactively identify and analyze the potential impacts of climate-related risk factors and will continue to strengthen our mitigation and adaptation capabilities. The principal climate risks we have identified are as follows:

- **Natural Disaster Risk:** Climate change may increase the frequency and severity of extreme weather events, such as heavy rainfall, floods, and hurricanes. Damage to IT infrastructure resulting from such events could have an adverse impact on our core business systems. Although contingency and backup mechanisms are in place, prolonged power outages or facility damage could still result in transaction processing delays or even service interruptions.
- **Policy and Regulatory Risks:** Chinese and international regulatory authorities may impose stricter requirements on carbon emissions and energy usage. Although we do not operate in a high-emission sector, compliance with new policy mandates could entail additional operational expenditures, such as investments required to enhance energy efficiency or adopt clean energy sources. Failure to adhere to relevant regulations would also expose us to compliance risk.

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- **Energy Price Volatility:** Fluctuations in energy costs may increase due to various external factors. An increase in energy prices may correspondingly raise our operating costs in service provision and data processing.
- **Reputational Risks:** Expectations from investors and customers regarding our climate responsibility are rising. Delayed action or suboptimal performance in relevant business areas may undermine market trust, thereby impacting our reputation and customer relationships.

Metrics and Targets

Our business is carried out exclusively via electronic facilities, without engaging in production activities. Our Scope 1 greenhouse gas (GHG) emissions come from operational vehicles, while Scope 2 GHG emissions stem from purchased electricity and heat used in office and business operations. Guided by China’s carbon peaking and carbon neutrality goals, we have implemented several measures to promote low-carbon operations. In the future, we will explore appropriate emission reduction pathways in alignment with business development.

The table below details our Scope 1 and Scope 2 GHG emissions during the Track Record Period:

	For the year ended 31 December			For the six months ended
	2022	2023	2024	30 June 2025
Scope 1 emissions (tonnes of carbon dioxide equivalent)	72.92	66.80	81.42	26.77
Scope 2 emissions (tonnes of carbon dioxide equivalent)	2,742.46	2,079.52	2,764.60	1,188.70

Environmental Protection

Given the nature of our business, only minimal resources are consumed in daily operations, with correspondingly low levels of waste and wastewater generated. Consequently, no environmental laws or regulations pose significant implications for us. Nevertheless, we implement multiple policies and measures to mitigate the environmental impact.

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Energy

We maintain systematic energy management practices within our business activities. Through scientific regulation and energy-saving measures, we continuously enhance energy efficiency and reduce carbon emissions. These include:

- **Air Conditioning Temperature Control:** Reasonable temperature standards are set, requiring summer air-conditioning not lower than 24°C and winter heating not higher than 26°C.
- **Lighting System Upgrades:** Install smart lighting fixtures and require staff to switch off non-essential electrical equipment and lights.
- **Green Commuting Initiative:** Encourage staff to adopt public transport, cycling, and other eco-friendly commuting options, in order to reduce private vehicle usage and associated emissions.
- **Awareness Raising:** Regularly conduct energy conservation and emissions reduction awareness campaigns and training sessions.

Water

We are committed to water conservation, implementing several measures to manage water usage:

- **Policy Guidance:** Water usage is regulated through internal policies, encouraging employees to adopt water-saving practices in daily life.
- **Equipment Optimization:** Deploy water-efficient equipment. Conduct regular inspections of water supply facilities, and promptly repair leaks to prevent water wastage.
- **Awareness Enhancement:** Display water conservation notes in public areas and organize regular water-saving training activities.

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Waste and Pollutants

Waste generated during our operations primarily comes from office premises and staff canteens, with a small volume of domestic wastewater discharged into the municipal sewage system for treatment. To mitigate environmental impact, we have implemented the following measures:

- **Source Reduction:** Promote digital workflows and online approvals, encourage double-sided printing to reduce paper usage.
- **Canteen Pollution Control:** Apply noise-reduction equipment, emission-reduction technology, and optimized duct design to reduce canteen pollutants.
- **Waste Sorting:** Implement waste classification system and cooperate with licensed recycling companies to ensure the compliance with applicable environmental laws and regulations.
- **Wastewater Reduction:** Utilize high-efficiency water purification equipment to minimize wastewater discharge.

Metrics and Targets

We have collected several quantitative data reflecting environmental performance. During the Track Record Period, the relevant metrics are as follows:

	For the year ended 31 December			For the six months ended 30 June
	2022	2023	2024	2025
Energy consumption				
Petrol (tonnes)	24.43	22.38	27.28	8.97
Purchased Electricity (MWh).	5,109,967.03	3,874,523.35	5,151,240.04	2,214,402.28
Purchased heat (MJ)	4,064.40	4,064.40	4,064.40	4,064.40
Purchased cooling capacity (tonnes of refrigeration)	1,708.00	1,708.00	1,708.00	—
Water consumption				
Total water consumption (tonnes)	21,657.29	16,569.36	15,667.06	7,229.65
Waste generation				
Domestic Wastewater (tonnes).	21,657.29	16,569.36	15,667.06	7,229.65
Total waste ¹ (tonnes).	336.11	291.98	281.18	120.21

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Notes

- ¹ Total waste includes non-hazardous waste as well as hazardous waste. Non-hazardous waste mainly includes general office paper products and kitchen waste. Hazardous waste mainly includes discarded printer toner cartridges, ink cartridges, discarded electronic equipment, and batteries.
- ² Hazardous waste mainly includes discarded printer toner cartridges, ink cartridges, discarded electronic equipment, and batteries.

We have set measurable targets for energy and water usage: by 2025, we aim to reduce our energy consumption by 15% and water consumption by 1.5% compared to the 2024 baseline year. In the future, we will proactively conserve energy and water resources through the aforementioned measures and continue to optimize electricity and water usage.

Employees

We value and respect the fundamental rights of our employees, and are committed to attracting and retaining talent through structured training programs, competitive compensation, and career development opportunities. As of 30 June 2025, we employed 2,945 full-time staff members.

The following table sets out the number of full-time employees by function as of 30 June 2025:

Function	Number of employees	Percentage
Sales	1,619	55.0%
R&D	829	28.1%
Management	162	5.5%
Others	335	11.4%
Total	<u>2,945</u>	<u>100.0%</u>

Recruitment and Personnel Management

We formulate internal policies to govern recruitment and employment processes in accordance with the Labor Law of the People’s Republic of China and other relevant regulations. We implement rigorous recruitment procedures, sourcing candidates through multiple channels including campus recruitment, online recruitment, and internal referrals. The entire hiring process is conducted with fairness and transparency. We are committed to fostering a diverse and inclusive workplace, encouraging individuals from varied backgrounds to join and prohibiting any form of discrimination.

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We prioritize employee development and have established transparent promotion procedures, offering three career pathways: management, professional, and technical. To enhance employees’ skills, knowledge, and develop their potential, we maintain a multi-tiered training system. This covers orientation for new hires, vocational skills development, and corporate culture program, alongside regular experience-sharing sessions to support continuous learning and growth.

Remuneration and Benefits

We have established a Compensation Management Policy. The remuneration structure is determined by job category and comprises a base salary, bonuses, and allowances. Certain bonuses are awarded based on employee performance appraisal to recognize their contributions, with appeal mechanisms in place to protect their rights.

In compliance with applicable PRC laws and regulations, we participate in government-organized social security schemes, including pension, medical, unemployment, work injury, maternity insurance, as well as housing provident fund. Additional benefits provided encompass holiday bonuses, annual health check-ups, and hardship assistance. To enhance team cohesion and promote employee well-being, we periodically organize team-building and themed events, alongside offering leisure facilities such as coffee lounge and reading room.

Social Responsibility

We actively participate in social initiatives aligned with our core values and proactively engages in volunteer services within the communities where we operate. We provide ongoing financial support to education, poverty alleviation, and social welfare initiatives, including sponsorship of the Peking University Lakala Education Fund, the Zhongshan Bo’ai Foundation, and the Hunan Zhengdongguo Education Foundation. In 2024, our total charitable donations exceeded RMB10 million. We also proactively engage in social projects in rural areas, supporting cultural and tourism initiatives and specialty agricultural products to foster local economic development.

Intellectual Property Protection

Intellectual property (IP) is critical to our business operations and a key source of competitive advantage. We protect IP through registered trademarks, copyrights, patents, and domain names.

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In addition to filing registration applications, we also: (i) establish an internal management framework for IP protection; (ii) enter into agreements with employees and business partners containing confidentiality, non-compete undertakings, and IP ownership clauses; (iii) regularly conduct IP training sessions to enhance awareness among employees and business partners.

Data Security and Privacy Protection

We principally engage in third party digital payment services and digital commercial solutions. Recognizing the critical role of information assets in our business operations, we have established a comprehensive governance and procedural framework to safeguard information security. Key practices are outlined below:

Governance Structure and Institutional Framework

The Board of Directors serves as the highest governing body for data security and privacy protection, providing strategic guidance. At the management level, specialized teams monitor and implement relevant measures. We have also formulated institutional documents such as the “Information Security Management Manual” to guide operational practices. The effectiveness of these mechanisms is ensured by periodic internal and third-party audits.

Data and Information Security Protection Measures

We have implemented multiple information security management measures, including:

- (i) Establish formalized procedures for risk classification, with dynamic monitoring and periodic review mechanisms to ensure control measures align with business development and technological environments.
- (ii) Build and continuously iterate a technical framework based on perimeter protection and hybrid cloud defense to enhance cross-system threat detection and response.
- (iii) Comply with legal, regulatory, and ethical standards in handling user data. Clear contractual obligations with partners, regarding the use of such data are established. During product development and business operations, we apply data minimization, categorization, and dynamic access controls to ensure the security of data in transit, use, storage, and providing.

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Incident Response and Personnel Management

We have established an information security incident response plan, covering a tiered response mechanism, targeted handling procedures, and regular drills. In addition, we conduct information security training to enhance employees’ awareness and skills, and require all employees to sign data security commitment agreement.

Metrics and Targets

Key performance indicators are monitored to assess risks and the effectiveness of data security and privacy measures. Indicators include the number of data security breaches or customer information breaches, participation and coverage in information security training, and the signing rate of employee information security commitment agreements.

Anti-Corruption, Anti-Unfair Competition and Anti-Money Laundering

We uphold the value of integrity in business operations and strictly comply with anti-corruption laws and regulations both locally and internationally. We have established anti-corruption protocols covering integrity promotion, whistleblowing mechanisms, and internal control systems to mitigate risks arising from improper conduct. Concurrently, we have entered into integrity agreements with employees and business partners, such as suppliers, to reinforce adherence.

To maintain a sound business environment and comply with regulations against anti-competitive behavior, we require all departments to proactively identify and monitor activities that may constitute intellectual property conflicts or potential misleading promotion. Our legal department initiates appropriate procedures for such cases. Except for internal reviews, we also clearly define obligations for business partners in agreements, requiring them to guarantee the complete intellectual property chain of provided products and services as well as comply with applicable intellectual property, contractual, and advertising laws.

We strictly adhere to anti-money laundering rules and regulations. We have established the Anti-Money Laundering and Terrorist Financing Risk Management Policy. A dedicated anti-money laundering task force, led by the General Manager, oversees comprehensive implementation. We implement various anti-money laundering risk control measures, including: (i) verifying customer identities through internal and external systems and keeping records as required by regulators; (ii) conducting risk assessments via system-based evaluations and manual reviews, with dynamic risk level adjustments; (iii) integrating with the Tianyan risk control system to establish a tiered alert mechanism for timely review and reporting of unusual transaction signals.

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Metrics and Targets

To assess business ethics and compliance management, we monitor the number of incidents related to corruption, unfair competition, and money laundering as a key performance indicator. Through the measures outlined above, we aim to maintain high standards of business ethics as well as ensure lawful and compliant operations.

Risk Management and Internal Controls

Risk Management

We face several risks in our operations. For a detailed discussion of the principal risks and uncertainties associated with our business, please refer to the “Risk Factors” section of this Document.

To address these risks, we have established an integrated risk management framework which is designed to continuously identify, assess and respond to potential risks during our operations, outlined as follows:

- The Board of Directors oversees the overall risk management framework, ensuring that risk management measures are aligned with our strategic and operational objectives, and provide decision-making support and guidance on significant risk management matters.
- Under the authority of the Board, the Audit Committee supervises and evaluates the effectiveness of the financial monitoring, risk management, and internal control systems, and coordinates the work of internal and external auditors. For the qualifications and experience of relevant members, please refer to the section entitled “Directors and Senior Management” in this document.
- The Internal Audit Department, as an independent body, monitors business activities, risk management practices, internal controls, and financial reporting, and tracks the rectification of deficiencies identified in internal controls.

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Internal Control

We have established and continuously enhanced our internal control system to promote operational efficiency and compliance, ensure the truthfulness and completeness of financial reporting, and safeguard adherence to applicable laws, regulations, and regulatory requirements. We have adopted the following internal control measures:

- Adopt multiple internal management and control policies covering budget, fund, procurement, sales, asset, investment and guarantees, connected transactions, seal and contract, subsidiary, financial reporting, and information systems. Core management systems are dynamically revised to enhance operational efficiency and strengthen risk control.
- The management team is responsible for organizing and leading the daily operation of our internal controls, guiding the implementation of internal control measures within subsidiaries and functional departments.
- A multi-tiered supervision mechanism has been established, including self-inspections, internal reviews, and special audits, to ensure effective implementation of internal controls.
- Training programs, including policy dissemination and case-based teaching, are conducted to ensure that employees have a solid understanding of and the ability to execute internal control requirements.

We have established a comprehensive risk management and internal control framework. These arrangements will continue to be reviewed and refined to address changes in the operational and regulatory environment, to support the Group’s stable operation and long-term sustainable development.

Directors and Senior Management

Board Diversity

We have adopted the board diversity policy to enhance the effectiveness of the Board’s operations and the quality of its decision-making. In accordance with our Board Member and Employee Diversity Policy, we take into account multiple factors to ensure diversity when selecting director candidates, including but not limited to gender, age, cultural and educational

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background, professional expertise, skills, regional and industry experience, ethnicity, knowledge, and length of service. Final appointments will comprehensively consider candidates’ expertise and their anticipated contributions to the Board.

We place particular emphasis on gender diversity on the Board. We currently have one female Director. We will continue to identify and consider qualified female candidates throughout the nomination and appointment process to promote long-term gender diversity on the Board.

The Nomination Committee is responsible for reviewing the effectiveness of the diversity policy on a regular basis and monitoring its implementation. Progress on board and employee diversity (including senior management) will be reported annually in the Corporate Governance Report, along with any measurable targets established and their implementation progress.

AWARDS AND RECOGNITION

During the Track Record Period, we received awards and recognition in respect of our products and services. The following table sets forth major awards and recognitions we received during the Track Record Period:

<u>Award Date</u>	<u>Awarding Authority</u>	<u>Award/Recognition</u>
2022	Warton Economic Institute	Top 100 Chinese (Non-Main Board) Listed Companies 2022
2022	Deloitte	China Excellent Management Company
2022	Internet Society of China	Top 100 Chinese Internet Comprehensive Strength Enterprises 2022
2022	Beijing Entrepreneurs Association and Beijing Enterprise Confederation	Ranked 17th among Beijing Top 100 Digital Economy Enterprises 2022; 88th among Beijing Top 100 Enterprises 2022; 49th among Beijing Top 100 Service Enterprises 2022
2023	China.com	2022 Best Social Responsibility (S) Practice Enterprise for ESG

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Award Date	Awarding Authority	Award/Recognition
2023	All-China Federation of Industry and Commerce, Ministry of Human Resources and Social Security of the PRC, All-China Federation of Trade Unions	National Advanced Private Enterprise in Employment and Social Security
2023	Zhongguancun Internet Finance Institute	Top 100 Chinese Fintech Competitiveness Enterprises 2023
2023	Zhongguancun High Technology Enterprises Association	2023 5A Rating in Innovation Capability Evaluation of High-tech Enterprises
2023	National Business Daily	China Golden Tripod Award — Annual Outstanding Digital Payment Platform
2023	Securities Market Weekly	2023 Listed Company Crystal Ball Award — Most Valuable Listed Company for Investment
2024	China Times	17th Golden Cicada Award — Most Valuable Enterprise for Investment 2023
2024	Global Digital Economy Conference (人工智慧磚砌論壇組委會)	Beijing General Artificial Intelligence Industry Innovation Partner Program (3rd Edition)
2024	CLS (Cailian Press)	2024 Topology Award for Outstanding Cross-border Payment Brand; 2024 Topology Award for Digital Financial Institution
2024	China Association for Public Companies	Best Practical Case of Digital Transformation of Chinese Listed Companies 2024

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Award Date	Awarding Authority	Award/Recognition
2024	Beijing Enterprise Confederation, Beijing Entrepreneurs Association, Zhongguancun Digital Economic Industry Alliance	Ranked 22nd among Beijing Top 100 Digital Economy Enterprises 2024; 49th among Beijing Top 100 Service Enterprises 2024
2024	Beijing Federation of Industry and Commerce	Ranked 79th among the Top 100 Private Enterprises in Beijing 2023, and 55th among the Top 100 Private Enterprises in Beijing for Social Responsibility 2023
2024	Visa Inc.	Outstanding Innovation and Breakthrough Award in Acquiring Business
2024	Mastercard Inc.	Best Acquirer Contribution Award
2024	American Express Co.	Foreign Card Acceptance Contribution Award
2024	American Express Co.	Outstanding Innovation Award for Optimized Payment Services
2025	JRJ.com.cn (Financial News)	Outstanding Listed Company Brand Award
2025	Zhongguancun Internet Finance Institute	Top 100 Chinese Fintech Competitiveness Enterprises 2025
2024	China UnionPay Co. Ltd.	Splendid Action Outstanding Contribution Award

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Legend Holdings Corporation directly held 23.54% of our total issued share capital. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Legend Holdings Corporation will directly hold [REDACTED] of our total issued share capital. As such, solely for the purpose of the Listing Rules, Legend Holdings Corporation is our Single Largest Shareholder immediately upon the completion of the [REDACTED].

For details of how Legend Holdings Corporation became our Single Largest Shareholder, see “History, Development and Corporate Structure — Historical Capital Increases” for further details.

INTERESTS OF OUR SINGLE LARGEST SHAREHOLDER IN OTHER BUSINESSES

For the purpose of the listing of our A Shares on the Shenzhen Stock Exchange and in order to avoid potential competition with our Group, Legend Holdings Corporation provided a non-competition undertaking in favor of our Company in April 2019 (the “**Non-competition Undertaking**”). Pursuant to the Non-competition Undertaking, Legend Holdings Corporation has undertaken that, among others:

- (1) as of the date of the Non-competition Undertaking, Legend Holdings Corporation does not engage in any business that is identical, similar, or competitive with the main business of the Company and its subsidiaries, nor does it directly or indirectly operate any business that is identical, similar, or competitive with the main business of the Company and its subsidiaries;
- (2) from the date of the Non-competition Undertaking, Legend Holdings Corporation will not engage in any business in any way, including through cooperations with others, nor provide any financial, business, technology and management assistance to any business, that is identical, similar, or competitive with the main business of the Company and its subsidiaries, either directly or indirectly;
- (3) from the date of the Non-competition Undertaking, Legend Holdings Corporation will make every endeavor to ensure that its controlled companies do not engage in any business that is identical, similar, or competitive with the main business of the Company and its subsidiaries;

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

- (4) from the date of the Non-competition Undertaking, Legend Holdings Corporation will not invest nor hold shares in any company, enterprise, or other institution or organization that engages in any business that is identical, similar, or competitive with the main business of the Company and its subsidiaries;
- (5) in the event of any breach of any undertakings under the Non-competition Undertaking, we are entitled to request Legend Holdings Corporation (or its controlled companies) to cease such act of breach, and demand Legend Holdings Corporation to transfer all gains and benefits, and assign all rights under such transactions to us or our designated independent third party on fair market value. Legend Holdings Corporation shall also compensate our Company for all direct and indirect losses and bear the corresponding legal responsibilities resulting from such breach. If Legend Holdings Corporation fails to fulfil our demand, we shall have the right to withhold or deduct any cash dividends payable to Legend Holdings Corporation; and
- (6) the Non-competition Undertaking shall remain valid until the earlier of (a) our Company ceases to be a listed Company or (b) Legend Holdings Corporation no longer controls, or possess sufficient number of Shares in our Company to exert significant influence in our Shareholders’ meetings. If the above undertakings are proven to be untrue or not complied with, Legend Holdings Corporation will compensate the Company for all economic losses.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER

Our Directors consider that we are capable of carrying out our business independently from our Single Largest Shareholder and its respective close associates after the [REDACTED], taking into account the following factors:

Management Independence

Our business has been managed and conducted by our Board and senior management. Our Board comprises three executive Directors, two non-executive Directors, and four independent non-executive Directors, and we also have four senior management members (of which three are executive Directors). Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see “Directors and Senior Management” in this Document.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

Our Directors consider that we are able to carry on our business independently from our Single Largest Shareholder from a management perspective for the following reasons:

- each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;
- four out of our nine Directors are independent non-executive Directors who have extensive experience in different professions. They have been providing independent oversight and will continue to independently monitor the formulation and implementation of major decisions of our Group based on their skills and qualification and related professional experience. Members of the senior management of our Company have been with our Group in management capacity for a number of years, and therefore, have substantial working experience in the industry we are engaged in, and their familiarity with our Group’s business and with the competitive landscape we are in will therefore enable them to make business decisions that are in the best interests of our Group;
- we have established clear reporting lines among the management team of our Company and between our management team and the Board, and our management team ultimately reports to the executive Directors, who are responsible for reporting to the Board. The Board supervises and monitors the performance of our Company’s management team generally through receiving regular reports from our executive Directors, attending regular meetings and other ad hoc meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of our management team, as well as through the regular updates provided to our Directors of our operational and financial information;
- as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shenzhen Stock Exchange. The Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting; and

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

- we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Shareholder which would support our independent management. See “— Corporate Governance Measures”.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

We do not rely on our Single Largest Shareholder and its close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or our company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Single Largest Shareholder and its close associates. In addition, we have our own headcount of employees for our operations and management for human resources. We also have full powers to make all decisions regarding, and to carry out, our own business operations independently from our Single Largest Shareholder.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the foregoing, our Directors believe that we are able to operate independently of the Single Largest Shareholder and its close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group’s own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We do not expect to rely on the Single Largest Shareholder and its close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from, among others, operating activities, bank loans, as well as the [REDACTED] from the [REDACTED].

Moreover, we open and manage our bank accounts independently, and have never shared any bank account with members of our Single Largest Shareholder. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Shareholder in view of our Group’s strong financial position, steady cash flow generation and level of liquid

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

assets as well as our ability to raise funds on a standalone basis. No loan or guarantee has been provided by, or granted to, our Single Largest Shareholder or its respective associates during the Track Record Period and as of the Latest Practicable Date.

Based on the above, our Directors believe that we have the ability to operate independently of our Single Largest Shareholder and its respective close associates from a financial perspective and are able to maintain financial independence from, and do not place undue reliance on, our Single Largest Shareholder and its respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests:

- as part of our preparation for the [REDACTED], we [have amended] our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that a Director shall not vote on any resolution in which such Director is connected with the company or individual involved;
- we have established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if we enter into further connected transactions with any of our Single Largest Shareholder or its respective associates, our Company will comply with the applicable Listing Rules;
- we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in “Directors and Senior Management — Board of Directors — Independent Non-executive Directors;”
- in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Single Largest Shareholder and/or our Directors on the other hand, our Single Largest

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Shareholder and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements; and

- we have appointed Zhongtai International Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Single Largest Shareholder, and to protect minority Shareholders’ interests after the **[REDACTED]**.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Upon [REDACTED], our Board will consist of nine Directors, comprising three executive Directors, two non-executive Directors and four independent non-executive Directors. Our Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six years pursuant to the relevant PRC laws and regulations.

The following table sets out information in respect of the Directors.

Name	Age	Position/Title	Date of Appointment as a Director	Date of Joining our Group	Role and Responsibility
Executive Directors					
Mr. SUN Taoran (孫陶然)	56	Chairman of the Board and executive Director	December 2010	January 2005	Leading and governing the Board, providing opinion and judgment to the Board, and the overall strategic planning of the Group
Mr. WANG Guoqiang (王國強)	46	Executive Director and general manager	December 2022	August 2015	Advising and providing judgment to the Board, day-to-day operations and management of the Group, and facilitating the implementation of the business strategies formulated by the Board
Mr. ZHU Guohai (朱國海)	56	Executive Director, deputy general manager and finance director	December 2024	January 2015	Advising and providing judgment to the Board, and the overall financial management of the Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position/Title	Date of Appointment as a Director	Date of Joining our Group	Role and Responsibility
Non-executive Directors					
Mr. LI Peng (李蓬)	54	Non-executive Director	December 2010	December 2010	Providing opinion and judgment to the Board
Mr. SUN Yudan (孫宇丹)	56	Non-executive Director	October 2025	July 2021	Providing opinion and judgment to the Board and the Group’s regulatory and audit functions
Independent Non-executive Directors					
Mr. LIU Erkui (劉爾奎)	56	Independent non-executive Director	December 2024	December 2024	Providing independent advice on the operations and management of our Group
Mr. ZHANG Yanlong (張閔龍)	45	Independent non-executive Director	December 2024	December 2024	Providing independent advice on the operations and management of our Group
Ms. CHENG Leixi (程蕾熹)	56	Independent non-executive Director	December 2024	December 2024	Providing independent advice on the operations and management of our Group
Mr. YE Xiang (葉翔)	61	Independent non-executive Director	[REDACTED] ⁽¹⁾	[REDACTED] ⁽¹⁾	Providing independent advice on the operations and management of our Group

Note:

- (1) Subject to the approval from PBOC, which is expected to be obtained by the end of 2025, the appointment will take effect from the [REDACTED].

None of our Directors and members of senior management are related to other Directors or members of senior management.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. SUN Taoran (孫陶然), aged 56, is an executive Director and the chairman of the Board. He is primarily responsible for leading and governing the Board, providing opinion and judgment to the Board, and the overall strategic planning of the Group. Mr. Sun co-founded the predecessor of our Company in January 2005 and has been serving as the chairman of the Board since December 2010. Mr. Sun was re-designated as chairman of the Board and executive Director on September 19, 2025.

Mr. Sun has more than 30 years of experience in business management and entrepreneurship. Prior to co-founding our Group, he held senior positions in various cultural and technology enterprises.

He currently serves or has served as chairman of the board of directors or director in a number of companies, including:

Company	Principal business	Role	Period of Service
Yanyuan Alumni Investment Management Co., Ltd.* (燕園校友投資管理有限公司)	Engaged in project investment, investment management, and asset management.	Director	Since January 2019
Beijing Kunluntang Cultural Communication Co., Ltd.* (北京崑崙堂文化傳播有限公司) . .	Engaged in cultural media production and communication services.	Founder and general manager	Since September 2018
Tibet Koala Science Technology Development Co., Ltd.* (西藏考拉科技發展有限公司)	Engaged in electronic technology development, transfer, services, promotion, and internet technology services	Chairman of the board	Since September 2016
Beijing Qiankun Fashion Technology Development Co., Ltd.* (北京乾坤時尚科技發展有限公司)	Engaged in the business of electronic products	Chairman	January 2001 to January 2005
Tianjin Hengji Weiye Trading Co., Ltd.* (天津市恆基偉業商貿有限公司)	Engaged in the business of research and development and sales of electronic technology products	Director and executive vice president	January 1998 to January 2001

DIRECTORS AND SENIOR MANAGEMENT

Company	Principal business	Role	Period of Service
BlueFocus Intelligent Communications Group Co., Ltd.* (北京藍色光標數據科技集團股份有限公司).	Engaged in the business of marketing and communications	Co-founder	Since January 1996
Beijing Sida Advertising Art Company* (北京四達廣告藝術公司)	Engaged in the business of advertising and corporate management	Executive deputy manager of advertising department; general manager; vice president	July 1991 to January 1998

Mr. Sun received his bachelor’s degree in economics from the Department of Economic Management (now Guanghua School of Management) at Peking University (北京大學經濟學院經濟管理系(現光華管理學院)) in July 1991. He currently serves as a standing committee member of the Executive Committee of the All-China Federation of Industry and Commerce (中華全國工商業聯合會), vice chairman of the Beijing Federation of Industry and Commerce (北京市工商業聯合會), member of the Economic Committee of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang (中國國民黨革命委員會中央委員會經濟委員會), and chairman of the Entrepreneurs Club of Peking University (北京大學企業家俱樂部).

Mr. WANG Guoqiang (王國強), aged 46, is an executive Director and general manager and is primarily responsible for advising and providing judgment to the Board, day-to-day operations and management of the Group, and facilitating the implementation of the business strategies formulated by the Board. Mr. Wang joined our Group in August 2015 and has served as a senior vice president and executive president. He was appointed as our Director and general manager in December 2022, and was re-designated as an executive Director and general manager in September 2025. He has also been serving as a director of Tianjin Tiancai Shanglong Technology Development Co., Ltd.* (天津市天財商龍科技發展有限公司), a consolidated entity of our Group, since May 2025.

Mr. Wang has more than 25 years of experience in the banking and financial industry. Prior to joining our Group, Mr. Wang held a number of senior positions in major financial institutions, including serving as general manager of the personal banking business department of the branch at China Guangfa Bank Co., Ltd. (廣發銀行股份有限公司) from July 2001 to May 2010, and as deputy general manager of the private business department (in charge of general operation) and later as general manager of the personal finance department while also as a member of the Party Committee at China Resources Bank of Zhuhai Co., Ltd. (珠海華潤銀行股份有限公司) from June 2010 to July 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang received his bachelor’s degree from the School of Management of Xi’an Jiaotong University (西安交通大學管理學院) in the PRC in July 2001 and obtained his master’s degree in business administration (MBA) from the Carlson School of Management of the University of Minnesota in the United States in May 2010.

Mr. ZHU Guohai (朱國海), aged 56, is an executive Director and is primarily responsible for advising and providing judgment to the Board, and the overall financial management of the Group. Mr. Zhu joined our Group in January 2015. He was appointed as a Director in December 2024 and re-designated as an executive Director in September 2025. He currently serves as the deputy general manager and finance director of our Group.

Mr. Zhu has more than 30 years of working and management experience in the banking and financial services industry. Prior to joining our Group, Mr. Zhu served at the Zhejiang branch of Agricultural Development Bank of China (中國農業發展銀行浙江省分行), with his last position being deputy division head of the fund planning division from January 1995 to December 2014. Mr. Zhu worked in the credit department of Zhejiang branch of Agricultural Bank of China Limited (中國農業銀行股份有限公司浙江省分行) from July 1991 to December 1994.

Mr. Zhu received his bachelor’s degree in national economic management from the Department of Economic Management (now Guanghua School of Management) at Peking University (北京大學經濟學院經濟管理系(現光華管理學院)) in July 1991 and was qualified as a senior economist (高級經濟師) in December 2001, as approved by the Senior Economist Professional Technical Position Evaluation Committee of the Agricultural Development Bank of China (中國農業發展銀行高級經濟專業技術職務評審委員會).

Non-executive Directors

Mr. LI Peng (李蓬), aged 54, is a non-executive Director of our Company and is primarily responsible for providing opinion and judgment to the Board. Mr. Li was appointed as a Director in December 2010 and was redesignated as a non-executive Director in September 2025.

Mr. Li has over 30 years of experience in the financial services and investment industry. He has served various senior management roles across a number of large corporations and financial institutions. He joined Legend Holdings Corporation in 2003 and served consecutively as a general manager of the investment management department, director of strategic investment, assistant president, vice president, senior vice president and president of Legend Holdings Corporation. Prior to joining Legend Holdings Corporation, Mr. Li worked in Sinotrans Corporation (中國對外貿易運輸總公司) and Teradyne Connection Systems. Mr. Li has been serving as an executive director and chief executive officer of Legend Holdings Corporation since February 2020.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li currently also serves as the chairman of Zhengqi Energy Technology Group Co., Ltd.* (正奇能源科技集團股份有限公司), a company primarily engaged in new energy and technology innovation, since October 2024; and a director of Levima Advanced Materials Corporation (聯泓新材料科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 003022), since January 2020. From December 2020 to October 2025, he served as a director at Shanghai Fullhan Microelectronics Co., Ltd. (上海富瀚微電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300613).

Mr. Li received his bachelor’s degree in international finance from the University of International Business and Economics (對外經濟貿易大學) in Beijing in June 1994 and a master’s degree in business administration from the University of New Hampshire in the United States in May 2001.

Mr. SUN Yudan (孫宇丹), aged 56, is a non-executive Director of our Company and is responsible for providing opinion and judgment to the Board and is responsible for the Group’s regulatory and audit functions. Mr. Sun was appointed as an employee-representative Director in October 2025.

Prior to joining the Group, Mr. Sun served as a deputy director, director, deputy secretary-general of the Liaison Department at China Enterprises Investment Association (中國企業投資協會聯絡部) from January 1998 to June 2021.

Mr. Sun received his bachelor’s degree in philosophy from Jilin University (吉林大學) in the PRC in July 1991.

Independent non-executive Directors

Mr. LIU Erkui (劉爾奎), aged 56, is an independent non-executive Director of our Company and is responsible for providing independent advice on the operations and management of our Group. He was appointed as an independent Director in December 2024 and was re-designated as an independent non-executive Director in September 2025.

Mr. Liu has extensive experience in accounting, auditing, and financial management. Since October 2021, he has been serving as the deputy director of China Audit Asia Pacific Certified Public Accountants LLP (中審亞太會計師事務所(特殊普通合夥)). He served as the head of Beijing branch of Gongzheng Tianye Certified Public Accountants (Special Ordinary Partnership) (公證天業會計師事務所(特殊普通合夥)) from October 2014 to October 2021. From July 2008 to October 2014, he worked in Beijing Zhongyongheng Certified Public Accountants Co., Ltd. (北京中永恒會計師事務所有限責任公司).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu obtained a doctoral degree in accounting from Renmin University of China (中國人民大學) in July 2008 and holds the professional qualification of Chinese Certified Public Accountant.

Mr. ZHANG Yanlong (張閔龍), aged 45, is an independent non-executive Director of our Company and is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Zhang was appointed as an independent Director in December 2024 and was re-designated as an independent non-executive Director in September 2025.

Mr. Zhang worked at Guanghua School of Management, Peking University (北京大學光華管理學院) since 2012, and has been serving as an associate professor at the department of organization and strategic management and executive director of the MBA program since 2017, where he also serves as a member of the School’s Party Committee.

Mr. Zhang obtained a bachelor’s degree and a master’s degree in sociology from Peking University (北京大學) in July 2002 and July 2005, respectively, and a doctoral degree in philosophy from Duke University in the United States in May 2012. He was awarded the “Young Changjiang Scholar” (青年長江學者) honor by the Ministry of Education of the PRC (中華人民共和國教育部). Mr. Zhang has also been serving as a vice dean of the Academy of Development Strategy for National High-Tech Industrial Zones, Peking University (北京大學國家高新技術產業開發區發展戰略研究院).

Ms. CHENG Leixi (程蕾熹), aged 56, is an independent non-executive Director of our Company and is primarily responsible for providing independent advice on the operations and management of our Group. Ms. Cheng was appointed as an independent Director in December 2024 and was re-designated as an independent non-executive Director in September 2025.

Ms. Cheng has extensive experience in real estate investment and development, technology park development and operation, corporate operations, and party affairs. She most recently served as a party branch secretary and executive director of Beijing Beike Yichuang Technology Co., Ltd.* (北京北科亦創科技有限公司) from August 2022 to March 2024. Prior to that, she was a director of Beijing Kekong Real Estate Co., Ltd.* (北京科控置地有限公司) from February 2020 to April 2023 and deputy party secretary of the party branch of Beijing Urban Company under Beikejian Group* (北科建集團北京城市公司) from January 2020 to August 2022. From July 2015 to January 2020, she served as a general manager at Beijing Jingyan Real Estate Co., Ltd.* (北京京雁置業有限責任公司). She previously served at Beijing Ruikun Real Estate Co., Ltd.* (北京瑞坤置業有限責任公司), serving as deputy general manager from September 2011 to July 2015, and as office director and administrative and human resources director from January 2002 to July 2004. Between these roles, she was deputy general manager of the Zhongguancun West Area Operation and Construction Management Center of Beikejian Group* (北科建集團中關村西區經營建設管理

DIRECTORS AND SENIOR MANAGEMENT

中心) from July 2004 to September 2011. Ms. Cheng’s earlier career includes serving as a human resources manager for Beijing Science and Technology Park Construction (Group) Co., Ltd.* (北京科技園建設(集團)股份有限公司) from November 2000 to January 2002 and deputy secretary of the youth committee, secretary and deputy manager of the store of Beijing Wangfujing Department Store (Group) Co., Ltd.* (北京王府井百貨(集團)股份有限公司) from July 1991 to November 2000.

Ms. Cheng obtained her bachelor’s degree in economics from Peking University (北京大學) in July 1991.

Mr. Ye Xiang (葉翔), aged 61, is an independent non-executive Director of our Company and is primarily responsible for providing independent advice on the operations and management of our Group. Subject to the approval from the PBOC, which is expected to be obtained by the end of 2025, the appointment of Mr. Ye as an independent non-executive Director shall take effect on the [REDACTED].

Mr. Ye has been serving as the managing director of VisionGain Capital Limited (匯信資本有限公司) since November 2007.

From August 2001 to November 2007, Mr. Ye served a number of organisations including the Securities and Futures Commission of Hong Kong. Mr. Ye has also served as an independent non-executive director of each of Jinshang Bank Co., Ltd. (listed on the Stock Exchange, stock code: 2558) from August 2019 to June 2023, Datang Environment Industry Group Co., Ltd. (listed on the Stock Exchange, stock code: 1272) from June 2015 to August 2024 and Wuling Motors Holdings Limited (listed on the Stock Exchange, stock code: 305) since October 2008.

Mr. Ye obtained a bachelor’s degree in engineering in July 1983 and a master’s degree in economics in January 1991, both from Zhejiang University (浙江大學) in the PRC. Mr. Ye obtained his doctoral degree in Economics at the Financial Research Institute of the PBOC (中國人民銀行總行金融研究所) in April 1995. He was accredited as a chartered financial analyst by the CFA Institute in September 2004.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company:

Name	Age	Position/Title	Date of Appointment as a senior management	Date of Joining our Group	Role and Responsibility
Executive Directors					
Mr. SUN Taoran (孫陶然) . . .	56	Chairman of the Board and executive Director	December 2010	January 2005	Leading and governing the Board, providing opinion and judgment to the Board, and be responsible for the overall strategic planning of the Group
Mr. WANG Guoqiang (王國強) . . .	46	Executive Director and general manager	December 2022	August 2015	Advising and providing judgment to the Board, day-to-day operations and management of the Group, and facilitating the implementation of the business strategies formulated by the Board
Mr. ZHU Guohai (朱國海). . . .	56	Executive Director, deputy general manager and finance director	December 2024	January 2015	Advising and providing judgment to the Board, and the overall financial management of the Group
Mr. TANG Hui (湯輝)	41	Board secretary and joint company secretary	August 2025	October 2015	Responsible for the Group’s information disclosure, managing the operations of the Board and Shareholders’ meetings, and investor relationship management

Mr. SUN Taoran (孫陶然), aged 56, is an executive Director and the chairman of the Board. For details of his biography, see “— Executive Directors” in this section.

DIRECTORS AND SENIOR MANAGEMENT

Mr. WANG Guoqiang (王國強), aged 46, is an executive Director and general manager of our Company. For details of his biography, see “— Executive Directors” in this section.

Mr. ZHU Guohai (朱國海), aged 56, is an executive Director and deputy general manager, board secretary and finance director of our Company. For details of his biography, see “— Executive Directors” in this section.

Mr. TANG Hui (湯輝) (“**Mr. Tang**”), aged 41, is the board secretary and one of the joint company secretaries of our Group and is primarily responsible for the Group’s information disclosure, managing the operations of the Board and Shareholders’ meetings, and investor relationship management. Mr. Tang joined our Group on October 2015, serving as a senior director of external relations department. He subsequently held positions as general manager of the institutional department and assistant to the Chairman, and was appointed as a board secretary on August 8, 2025.

Prior to joining our Group, Mr. Tang worked at Kunlun Bank Co., Ltd. (昆侖銀行股份有限公司) from December 2009 to November 2015, where he was responsible for the operations and management of the bank. From July 2007 to November 2009, Mr. Tang worked at Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), where he was responsible for product management.

Mr. Tang currently serves as a director of Zhuhai Hengqin Koala Credit Technology Digital Technology Co., Ltd.* (珠海橫琴考拉信科數位技術有限公司) since November 2024. He also serves as a director of Koala Credit Service Co., Ltd.* (考拉征信服務有限公司) since March 2025.

Mr. Tang obtained his bachelor’s degree in management from the University of International Business and Economics (對外經濟貿易大學) in PRC in July 2007.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in September 19, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

GENERAL

None of the Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

Save as disclosed above, none of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

JOINT COMPANY SECRETARY

Ms. WONG Hoi Ting (黃凱婷), aged 38, is a joint company secretary of the Company, appointed in September 2025.

Ms. Wong has over 10 years of work experience in the corporate secretarial field and is currently responsible for providing corporate secretarial and compliance services to listed companies.

Ms. Wong graduated with a degree in social sciences from Lingnan University in 2009 and a masters of science in professional accounting and corporate governance from City University of Hong Kong in 2014. Ms. Wong has been accredited as a member of The Chartered Governance Institute since 2016 and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) since 2016.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Mr. Liu Erkui (劉爾奎), Ms. Cheng Leixi (程蕾熹) and Mr. Sun Yudan (孫宇丹). Mr. Liu Erkui (劉爾奎), who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- overseeing and evaluating the work of the external auditors, proposing the appointment, reappointment, change and removal of the external auditors to our Board, approving the remuneration and terms of engagement of the external auditors, addressing issues relating to the resignation or dismissal of external auditor, and reviewing and monitoring the external auditor’s independence and objectivity and the effectiveness of the audit process;
- guiding and supervising internal audit work and its implementation;
- reviewing the financial information of our Company, including monitoring the completeness of annual reports and accounts, half-yearly report and quarterly reports, and reviewing significant financial reporting judgments;
- overseeing the financial reporting system, risk management and internal control system, and assessing the effectiveness of internal control;
- coordinating communication between internal audit department and external audit agency; and

DIRECTORS AND SENIOR MANAGEMENT

- dealing with other matters that are involved in relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company’s shares are listed or that are authorized by the Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three Directors, namely Ms. Cheng Leixi (程蕾熹), Mr. Liu Erkui (劉爾奎) and Mr. Wang Guoqiang (王國強). Ms. Cheng Leixi serves as the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but not limited to, the following:

- formulating the remuneration plans or packages for Directors and senior management with reference to time contribution and responsibilities, importance and the level of remuneration payable by other related enterprises or comparable companies and conditions of employment for other position held within the Group;
- assessing the remuneration policies and system for all Directors and senior management of the Company, and setting up standardized and transparent procedures to formulate remuneration policies and make recommendations to the Board; monitoring the performance of responsibilities by the Company’s Director and senior management and appraising their annual performance;
- determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and such remuneration shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- supervising the implementation of the remuneration plan of the Company;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and

DIRECTORS AND SENIOR MANAGEMENT

- dealing with other matters that involved in relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company’s shares are listed or that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Zhang Yanlong (張閔龍), Ms. Cheng Leixi (程蕾熹) and Mr. Zhu Guohai (朱國海). Mr. Zhang Yanlong (張閔龍) serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least once every year and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- researching and developing standards and procedures for the election of our Board members and members of the senior management, and making recommendations to our Board;
- conducting extensive search and providing to our Board suitable candidates for Directors and other members of the senior management and making recommendations to the Board on the selection of individuals nominated for Director and senior management;
- examining our Board candidates and members of the senior management and making recommendations to our Board;
- assessing the independence of independent non-executive Directors when identifying and nominating individuals to become independent non-executive directors, demonstrating to the Board whether and why such individuals would be able to devote sufficient time to the Board if he/she is holding his/her seventh (or more) listed company directorship; and
- dealing with other matters that involve relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company’s shares are listed or that are authorized by the Board.

DIRECTORS AND SENIOR MANAGEMENT

Strategy Committee

We have established a Strategy Committee with written terms of reference in compliance with paragraph C.4 of Part 2 of the Corporate Governance Code. The Strategy Committee consists of three Directors, namely Mr. Sun Taoran (孫陶然), Mr. Zhang Yanlong (張閔龍) and Mr. Li Peng (李蓬). Mr. Sun Taoran serves as the chairperson of the Strategy Committee. The primary duties of the Strategy Committee include, but not limited to, the following:

- researching and making recommendations on the Company’s long-term development strategic planning;
- researching and making recommendations on major investment and financing programs that are required to be approved by the Board under the Articles of Association;
- researching and making recommendations on major capital operation and asset management projects which are required to be approved by the Board under the Articles of Association;
- researching and making recommendations on other major matters affecting the development of the Company;
- examining the implementation of the above matters; and
- dealing with other matters that involved in relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company’s shares are listed or that are authorized by our Board.

REMUNERATION OF DIRECTORS

Our Directors received their remuneration in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the financial years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, the aggregate amount of emoluments of our Directors recorded in the profit or loss amounted to approximately RMB10.25 million, RMB11.91 million, RMB11.86 million and RMB4.43 million respectively.

DIRECTORS AND SENIOR MANAGEMENT

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2025, to be approximately RMB13.67 million.

For the financial year ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, there were one, two, two and two Directors among the five highest paid individuals, respectively. The total emolument for the remaining individuals among the five highest paid individuals for the financial years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025 were RMB15.26 million, RMB11.52 million, RMB11.85 million and RMB3.57 million respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of any subsidiary of our Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [REDACTED].

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board, to maintain the high standard of corporate governance and to achieve the goal of sustainable and balanced development of the Company, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

DIRECTORS AND SENIOR MANAGEMENT

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, food, light industry, biochemistry, legal and accounting. We have [four] independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. We have one female Director, six male Directors, and two male proposed Directors. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments and will at least have one female Director and will ensure that our female management members will get equal opportunities to develop and perform to eventually be equipped to step up as a member of our Board. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [REDACTED], our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and in particular use their efforts to identify and recommend suitable female candidates for the Board’s consideration in the future, and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISOR

We have appointed Zhongtai International Capital Limited as our compliance advisor (the “**Compliance Advisor**”) pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and
- where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date and immediately following the completion of the [REDACTED] and assuming the [REDACTED] is not exercised, the following persons will have an interest and/or short position (as applicable) in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	Description of Shares	As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)		
			Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Company ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our A Shares ⁽³⁾	Approximate percentage of shareholding in our Company ⁽³⁾
Legend Holdings Corporation	Beneficial Owner	A Shares	185,492,511	23.54% ⁽⁴⁾	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Sun Taoran ⁽⁵⁾	Beneficial Owner	A Shares	55,252,800 ⁽⁶⁾	7.01%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- All interests stated are long positions in the Shares.
- The calculation is based on the total number of 788,082,500 A Shares in issue as of the Latest Practicable Date.
- The calculation is based on the total number of 788,082,500 A Shares and [REDACTED] H Shares in issue immediately after completion of the [REDACTED], given [REDACTED] H Shares will be [REDACTED] pursuant to the [REDACTED], assuming that the [REDACTED] is not exercised.
- As of the Latest Practicable Date, Legend Holdings Corporation pledged 61,740,000 A Shares, representing approximately 7.83% of our Company’s total issued share capital, to PRC licensed financial institutions for financing purpose for its own operations.
- Mr. Sun Taoran is an executive Director and chairman of the Board.
- As of the Latest Practicable Date, Mr. Sun Taoran pledged 17,340,000 A Shares, representing approximately 2.20% of our Company’s total issued share capital, to PRC licensed financial institutions for personal financing purpose.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and the section headed “Appendix V — Statutory and General Information — Further Information about our Directors, Senior Management and Substantial Shareholders,” our Directors are not aware of any person who will, immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB788,082,500, comprising 788,082,500 A Shares of nominal value RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
A Shares in issue	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Immediately following completion of the [REDACTED], assuming the [REDACTED] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company
A Shares in issue	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>

SHARE CAPITAL

OUR SHARES

Upon completion of the [REDACTED], the Shares will consist of A Shares and H Shares. A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between investors of the PRC.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by investors in the PRC, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by investors in the PRC in accordance with the rules and limits of Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect.

A Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in RMB. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the [REDACTED]. *The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies* (《H股公司境內未上市股份申請“全流通”業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for listing and trading on the Hong Kong Stock Exchange.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our A Shareholders to [REDACTED] H Shares and seek the [REDACTED] of the H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on September 19, 2025 and is subject to the following conditions:

(i) Size of the [REDACTED]

The proposed number of H Shares to be [REDACTED] initially shall not exceed [REDACTED] of the total issued number of Shares as enlarged by the H Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised). The number of H Shares to be [REDACTED] pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED] of the total number of H Shares to be [REDACTED] initially pursuant to the [REDACTED].

(ii) Method of [REDACTED]

The method of [REDACTED] shall be by way of a [REDACTED] for [REDACTED] in Hong Kong and an [REDACTED] to institutional and professional investors.

(iii) Target Investors

The H Shares shall be [REDACTED] to Hong Kong public investors, other overseas investors who meet the relevant requirements, qualified domestic investors eligible to invest in overseas securities according to the laws and regulations of the PRC and other investors who comply with the relevant regulatory requirements.

(iv) [REDACTED] Basis

The [REDACTED] of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of investors and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) Valid Period

The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders’ meeting was held on September 19, 2025.

SHARE CAPITAL

There is no other approved offering plan for any other Shares except for the [REDACTED].

SHAREHOLDERS’ GENERAL MEETING

See “Appendix IV — Summary of the Articles of Association of the Company” of this Document for details of circumstances under which our general Shareholders’ meeting is required.

RESTRICTED SHARE INCENTIVE PLANS

As at the Latest Practicable Date, certain employees of our Group held interests of our Shares through the Restricted Share Incentive Plans. See “Appendix V — Statutory and General Information — Further Information About Our Directors, Senior Management and Substantial Shareholders — Restricted Share Incentive Plans” of this Document for details.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements included in Appendix I — Accountants’ Report to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report, and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance and involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. Our actual results may differ materially from those anticipated in these forward looking statements as a result of any number of factors. In evaluating our business, you should carefully consider all of the information provided in this document, including “Risk Factors” and “Business”.

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading digital payment services and digital commercial solutions provider in Asia. We offer various convenient and reliable services and solutions to businesses of all sizes, primarily including:

- **Digital Payment Services.** We provide a comprehensive range of secure, convenient and one-stop digital payment services to our customers in various industries, consisting of (i) domestic digital payment services, including bank card payment, QR code payment, e-CNY payment and fund payment; and (ii) cross-border digital payment services. We also provide payment-related services to our customers, such as mobile data services.
- **Digital Commercial Solutions.** Leveraging our extensive customer base of digital payment services, our deep understanding of customers’ businesses and our advanced R&D capabilities, we integrate AI and big data to provide digital commercial solutions, consisting of (i) end-to-end business digital solutions; and (ii) digital commercial solutions for financial institutions.

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In addition to the above, we also provide hardware products, such as POS terminals.

Our revenue increased from RMB5,361.1 million in 2022 to RMB5,927.5 million in 2023, and slightly decreased to RMB5,754.2 million in 2024. Our revenue decreased slightly from RMB2,980.3 in the six months ended June 30, 2024 to RMB2,647.1 in the six months ended June 30, 2025. We had profits for the year of RMB457.1 million in 2023, RMB351.1 million in 2024, and RMB229.3 in the six months ended June 30, 2025, compared to a loss of RMB1,438.2 million in 2022.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss which have been measured at fair value.

See note 2.1 to the Accountant’s Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, including but not limited to the following:

General Factors

General Macroeconomic Conditions

Our results of operations are largely affected by general macroeconomic conditions, including the growth of China’s GDP per capita, consumer spending, the global and domestic economic conditions, the e-commerce development and expansion of global commerce, among others. These conditions could directly and indirectly affect our TPV, number of transactions, number of customers using our digital payment services, and their demand and willingness to pay for our digital commerce-enabling solutions.

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Additionally, given our business involves cross-border transactions, fluctuations in international trade, geopolitical tensions, regulatory policies governing foreign exchange can influence our ability to grow and serve our merchant base in overseas markets. In particular, tightened regulatory scrutiny on cross-border capital flows or restrictive licensing regimes may affect the scalability and timing of our international expansion plans.

Our customer base, which predominantly comprises small and micro businesses, is generally more sensitive to changes in macroeconomic and regulatory conditions than large enterprises. These customers often have limited working capital and operational flexibility, and are more vulnerable to economic cycles, rising costs, or tighter credit conditions. As a result, adverse macroeconomic conditions could to a great extent reduce their transaction frequency and their willingness to invest in new digital infrastructure, affecting our ability to generate payment-based revenues and upsell digital commercial solutions.

Development of Digital Payment Market

The growth of our business is closely tied to the development of the digital payment market and the digitalization of commerce in China, as the majority of our revenues are derived from digital payment solutions. According to Frost & Sullivan, the TPV of China’s digital payment market grew from RMB294.6 trillion in 2020 to RMB331.7 trillion in 2024, representing a CAGR of 3.0%, and is expected to reach RMB392.7 trillion in 2029, with a projected CAGR of 3.7% from 2025 to 2029. The market expansion is driven by the growing adoption of mobile and contactless payment, the growing demand for omnichannel transaction support, and the integration of payment tools into diversified consumption scenarios. With a recognized market position in China’s digital payment market, we believe we are well positioned to capture the market’s growth and maintain a competitive standing in the industry.

Regulatory Environment and Government Policies

Our business is subject to an evolving and increasingly stringent regulatory environment in China. The digital payment industry in the PRC remains an emerging sector, and the applicable laws, regulations and regulatory interpretations are continuously developing. Our results of operations, financial condition and prospects are subject to changes in the regulatory environment governing payment processing, fund settlement, data protection, anti-money laundering, foreign exchange administration and financial technology services.

Currently, China’s payment industry is experiencing rapid evolution within a stricter regulatory framework. For example, more rigorous regulations aimed at safeguarding consumer finances and ensuring data privacy have been issued, mandating non-bank payment institutions to strengthen their systems and technologies, prudently oversee payment accounts, and apply strict

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measures to protect funds, which necessitating continued investment in technology infrastructure, operational processes and legal compliance capabilities. Such investments can be significant and may exert pressure on our profit margins. In addition, regulatory scrutiny over cross-border transactions has tightened to include enhanced reporting obligations and licensing requirements for outbound payment activities and foreign exchange settlement, which our operations must accommodate.

We believe that our ability to broaden the service offerings and expand our business geographically has been, and will continue to be, materially affected by changes in the policies, laws and regulations governing China’s payment industry. In particular, such changes could restrict the business models, fee structures and service scopes we could adopt, which could affect our business, financial position, results of operations and future prospects. See “Regulatory Overview” and “Risk Factors — Risks Relating to Our Business and Industry — We are subject to extensive regulatory requirements. Any non-compliance with or changes to these regulatory requirements may affect our business, financial performance and results of operation”.

Company-Specific Factors

Ability to Retain and Expand Customer Base

Our revenue primarily consists of revenue from digital payment services and digital commercial solutions, both of which are closely linked to the number of active customers we serve, their transaction volume and their adoption of our value-added services. Our ability to maintain strong engagement with existing customers, acquire new customers across industry verticals, and increase TPV is fundamental to our results of operations.

Our customers span multiple industries, including supermarkets, convenience stores, retail, food and beverage, logistics, insurance, property management and trading businesses, covering both online and offline transaction scenarios. We acquire customers through a dual-channel approach, comprising direct sales to key accounts and a nationwide network of channel partners, enabling us to penetrate diverse regions and industry verticals. As of June 30, 2025, our direct sales and marketing team comprised 1,619 employees and the number of our channel partners was 6,537.

By enhancing our sales team and partnerships with channel partners, increasing sales and promotion activities, enhancing our service offerings and diversifying our industry presence, we aim to further grow our active customer base and deepen engagement with existing customers. An expanding customer base and transaction volume within our ecosystem are expected to attract

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additional channel partners, further enlarging our sales network. Such expansion enables us to reach more potential customers in diverse scenarios, fostering the ongoing enhancement and diversification of our products and services.

Ability to Invest in Research and Development

Our strong in-house research and development capabilities are the foundation of our continued success and growth. We are committed to further enhancing these capabilities and expanding our research and development team to support our business growth and maintain our technological advantages. As of June 30, 2025, we had 829 research and development personnel. Leveraging our in-house technology development, extensive industry knowledge and deep customer insights, we deliver tailored offerings, such as SaaS for the retail industry, as well as AI-driven services. Going forward, we plan to continue investing in our technology platform and infrastructure to drive ongoing product development.

Ability to Cross-sell Innovative Offerings

Our business performance depends on our ability to introduce new services, enhance existing solutions, and cross-sell to both existing and newly acquired customers. By our cross-selling efforts, we are able to capture a larger share of customers’ digital infrastructure needs. As we expand our product portfolio, such as digital payment services and SaaS solutions, the revenue of each offering may vary depending on adoption rates, pricing, and competitive dynamics. Leveraging proprietary technology and data insights, we provide scalable solutions, such as Yun Shouyin and Yun Zhanggui SaaS platforms, which naturally encourage merchants to adopt complementary services as their businesses grow. This integrated approach, reinforced by continuous innovation, supports revenue growth.

Ability to Manage Costs and Improve Operating Efficiency

Cost structure and operating efficiency are critical to our results of operations and financial condition. Our ability to leverage technology and strengthen relationships and bargaining power with third-party platforms and channel partners directly impacts our cost of sales, gross profit and overall operating performance. Our costs in working with these institutions and partners primarily comprise: (i) fees paid to third-party service providers; and (ii) service charges paid to channel partners for expanding our service offerings and acquiring new customers. Channel partners use their marketing and promotional capabilities to help us reach customers in specific geographic areas or industries by promoting and advertising our services, broadening our market coverage and referring customers to us. We compensate channel partners primarily through commissions based on the revenues generated via their services.

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We also incur operating expenses that mainly include: (i) research and development expenses to enhance our innovation and technology capabilities, supporting business growth and maintaining technological advantages; (ii) sales and marketing expenses related to customer acquisition and engagement; and (iii) administrative expenses.

Ability to Maintain Relationship with Business Partners

Partners and suppliers are critical to our business. We have developed an extensive network of partners that support our digital payment and digital commercial solution, enabling us to deliver differentiated experiences and a broader range of offerings to our customers. We have established strategic partnerships span banks, clearing institutions, payment networks and SaaS providers. We believe our ability to strengthen our relationship and bargaining power with these partners has affected, and will continue to affect, our profitability.

In addition, our ability to maintain and strengthen collaboration with international card schemes, global e-commerce platforms and financial institutions is essential to our cross-border payment business. Our global expansion strategy is supported by holding key licenses, such as our MSO license in Hong Kong, and by working with business partners to enter new markets, such as Southeast Asia.

We also rely on cooperative relationships with channel partners to deliver services, onboard merchants and promote adoption of our offerings. Our results of operations are therefore affected by our ability to strengthen our bargaining power in these partnerships, improve operational collaboration, and manage the related cost structures.

Ability to Identify Investment and Acquisition Opportunities

Our ability to identify investment and acquisition opportunities is an important driver of our business success, enabling us to strengthen our capabilities and broaden our service offerings. For example, our acquisition of Tiancai Shanglong strengthened our position in the food and beverage SaaS segment. Collaborating with external SaaS platforms also allows us to quickly introduce industry-specific products without the need for full in-house development. Nevertheless, investments and acquisitions may require additional funding and could result in either profits or losses in the future. These transactions involve inherent risks. Some may deliver strong returns, while others may fall short of expectations and lead to financial losses. Accordingly, our continued success depends on our ability to identify and execute investment and acquisition opportunities while effectively managing associated risks.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our Historical Financial Information. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Our critical accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in notes 2.3 to the Accountants’ Report in Appendix I to this Document.

Investments in associates

An associate is an entity in which the Group has equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group

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measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments.

Assets measured at fair value

As at 31 December 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted funds and unlisted equity investments at fair value through profit or loss	—	—	578,896	578,896
Unlisted equity investments designated at fair value through other comprehensive income	—	—	18,000	18,000
Total	—	—	596,896	596,896

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted funds and unlisted equity investments at fair value through profit or loss	—	—	440,167	440,167
Unlisted equity investments designated at fair value through other comprehensive income	—	—	18,000	18,000
Total	—	—	458,167	458,167

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As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Wealth management products	—	25,056	—	25,056
Unlisted funds and unlisted equity investments	—	—	256,632	256,632
Unlisted equity investments designated at fair value through other comprehensive income	—	—	18,000	18,000
Total	—	25,056	274,632	299,688

As at 30 June 2025

	Fair value measurement using			Total
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Wealth management products	—	5,000	—	5,000
Unlisted funds and unlisted equity investments	—	—	316,369	316,369
Unlisted equity investments designated at fair value through other comprehensive income	—	—	40,402	40,402
Total	—	5,000	356,771	361,771

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Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	1.90% to 3.17%
Machinery equipment	19.00% to 50.00%
Transportation equipment	11.88%
Office equipment	31.67%
Electronic devices	31.67%
Others	9.50% to 31.67%
Leasehold improvements	20.00% to 33.33%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property and equipment when completed and ready for use.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1.08 to 5 years
Office equipment.....	1.08 to 3.75 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. 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 term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the Group has fulfilled its performance obligations in the contracts, that is, when the customer obtains control of relevant goods or services. Control of relevant goods or services refers to the ability to direct the use of the goods or the provision of the services, and obtain substantially all of the remaining benefits from the goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Consideration payable to a customer is recorded as a reduction of the

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arrangement’s transaction price, thereby reducing the amount of revenue recognised, unless the payment is for a distinct good or service received from the customer. Any excess over this reduction is recognised in profit or loss.

The Group provides digital payment services and digital commercial solutions to assist customers accept, process and settle payment transactions across Point of Sale (“POS”) internet and mobile payment scenarios.

(a) Revenue from provision of services

Digital payment services

The Group derives revenues primarily from fees charged to merchants on a transaction basis. The Group has assessed that there is a single performance obligation in the contract and revenue is recognised at the point in time, upon completion of the payment services for each transaction.

Service revenue is recognised for each payment transaction handled by the Group at an amount calculated based on the total payment value transacted by the consumers applying respective service fee rates, net of service fees levied by the Group’s various payment networks providers. The payment networks providers have unilateral rights to monitor their service fee rates.

The service fee rates are determined based on the agreements entered into between the Group and the merchants.

The Group considers it is the principal in the provision of digital payment services as the Group:

- (i) is the primary obligor in the arrangement;
- (ii) has discretion in establishing the selling price, i.e., service fee charged rates;
- (iii) has discretion to select merchants and channel partners for promotion of the Group’s digital payment services; and
- (iv) has involvement in the determination of service specifications.

The Group shares its service revenue with channel partners in accordance with the service agreements entered into with them and the related commissions payable to the distribution channels are recognised as the cost of revenue of the payment services.

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Digital commercial solutions and other services

The Group provides digital commercial solutions and membership services to customers.

Revenues from digital commercial solutions are primarily recognised at the point in time when services are rendered, while member services income provided to customers is recognised on a time proportion basis over the service terms.

(b) Others

Revenue from others is primarily derived from the sale of payment terminals and is recognised when the customer obtains control of payment terminals, typically upon acceptance of the payment terminal.

Revenue from other sources

Factoring income

Factoring income is primarily interest income which is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the factoring receivable to their net carrying amounts.

Other income

Income from guarantee is recognised over the term of the guarantee.

Bank interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Dividend income is recognised when the shareholders’ right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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Fair value of unlisted funds and unlisted equity investments

The unlisted funds and unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 44 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. Further details are included in note 21 and note 22 to the Historical Financial Information.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	5,361,111	5,927,533	5,754,157	2,980,328	2,647,095
Cost of sales	(4,141,028)	(4,264,280)	(4,035,942)	(2,004,681)	(1,989,356)
Gross profit	1,220,083	1,663,253	1,718,215	975,647	657,739
Other income and gains, net. .	92,023	274,434	56,053	23,194	53,204
Selling and marketing expenses	(544,061)	(491,149)	(477,173)	(226,878)	(226,944)
Administrative expenses	(238,853)	(270,851)	(252,630)	(128,825)	(117,598)
Research and development costs	(229,090)	(249,947)	(260,550)	(125,325)	(136,796)
Fair value (losses)/gains on financial assets at fair value through profit or loss	—	(161,003)	(152,222)	—	65,466
Impairment losses on financial instruments net . .	(64,528)	(49,905)	(58,032)	(24,672)	(22,935)
Impairment losses on investments in associates . .	(78,399)	(75,834)	(38,973)	—	—
Other expenses, net	(1,405,073)	(30,140)	(37,764)	(1,155)	(1,390)
Finance costs	(14,667)	(22,034)	(9,697)	(4,911)	(5,952)
Share of (losses)/profits of associates	(54,676)	(74,008)	(68,482)	17,327	17,284
(Loss)/Profit before tax . . .	(1,317,241)	512,816	418,745	504,402	282,078
Income tax expense	(120,986)	(55,756)	(67,688)	(84,852)	(52,795)
(Loss)/profit for the year/period	(1,438,227)	457,060	351,057	419,550	229,283

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	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other comprehensive income/(loss) for the year/period, net of tax	780	145	59	(17)	19,118
Total comprehensive (loss)/income for the year/period	(1,437,447)	457,205	351,116	419,533	248,401
Attributable to:					
Owners of the parent	(1,436,191)	457,808	351,258	419,482	248,479
Non-Controlling interests. . . .	(1,256)	(603)	(142)	51	(78)
	<u>(1,437,447)</u>	<u>457,205</u>	<u>351,116</u>	<u>419,533</u>	<u>248,401</u>

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Revenue

We derived our revenue from digital payment services, digital commercial solutions and others. The following table sets forth a breakdown of our revenue by business segments both in absolute amount and as a percentage of our total revenue for the periods presented:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Digital payment services .	4,581,074	85.5	5,179,588	87.4	5,165,496	89.8	2,634,192	88.4	2,362,824	89.3
Digital commercial solutions	284,981	5.3	276,730	4.7	243,464	4.2	143,619	4.8	130,944	4.9
Others ⁽¹⁾	495,056	9.2	471,215	7.9	345,197	6.0	202,517	6.8	153,327	5.8
Total	<u>5,361,111</u>	<u>100.0</u>	<u>5,927,533</u>	<u>100.0</u>	<u>5,754,157</u>	<u>100.0</u>	<u>2,980,328</u>	<u>100.0</u>	<u>2,647,095</u>	<u>100.0</u>

Note:

(1) Others primarily refer to revenues from sales of terminals and factoring services.

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Cost of Sales

Our cost of sales primarily consisted of professional service expenses paid to our channel partners. The following table sets forth a breakdown of our cost of sales in absolute amounts and as percentages of total cost of sales, for the periods indicated:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Professional service expenses ⁽¹⁾	3,400,254	82.1	3,761,079	88.2	3,651,041	90.5	1,794,462	89.5	1,779,478	89.4
Hardware expenses	368,755	8.9	336,901	7.9	236,435	5.9	140,655	7.0	142,626	7.2
Depreciation and amortization	317,499	7.7	113,555	2.7	75,841	1.9	42,062	2.1	28,426	1.4
Communication expenses	39,162	0.9	37,586	0.9	54,582	1.4	22,798	1.1	20,400	1.0
Other expenses	15,358	0.4	15,159	0.3	18,043	0.3	4,704	0.3	18,426	1.0
Total	4,141,028	100.0	4,264,280	100.0	4,035,942	100.0	2,004,681	100.0	1,989,356	100.0

Note:

(1) Professional service expenses refer to the commissions paid to our channel partners.

Gross Profit and Gross Profit Margin

Our gross profit represented our revenue less our cost of sales. Our gross profit margin represented our gross profit as a percentage of our revenue. The following table sets forth a breakdown of our gross profit and gross margin by major business segment for the periods indicated:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Digital payment services	925,813	20.2	1,362,049	26.3	1,406,177	27.2	795,430	30.2	549,725	23.3
Digital commercial solutions	181,418	63.7	179,237	64.8	217,767	89.4	121,393	84.5	106,406	81.3
Others	112,852	22.8	121,967	25.9	94,271	27.3	58,824	29.0	1,608	1.0
Total	1,220,083	22.8	1,663,253	28.1	1,718,215	29.9	975,647	32.7	657,739	24.8

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Other Income and Gains, net

Our other income and gains, net primarily consisted of bank interest income, financial guarantee income, government grants, gains on disposal of investments in associates and others. The following table sets forth a breakdown of our other income and gains, net both in absolute amount and as a percentage of our total other income and gains, net for the periods indicated:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Other income										
Bank interest income . . .	31,192	33.9	28,514	10.4	29,567	52.7	15,123	65.2	19,375	36.4
Financial guarantee										
income	28,393	30.9	3,878	1.4	2,900	5.2	1,588	6.8	1,217	2.3
Government grants	15,680	17.0	30,442	11.1	5,898	10.5	300	1.3	1,078	2.0
Rental income	4,685	5.1	6,945	2.5	4,478	8.0	1,823	7.9	3,639	6.8
Other interest income from										
financial assets at fair										
value through profit or										
loss	839	0.9	107	0.0	1,879	3.4	1,347	5.8	566	1.1
Dividend income	359	0.4	600	0.2	1,496	2.7	1,063	4.6	1,333	2.5
Others	7,884	8.5	3,252	1.3	1,917	3.4	1,291	5.6	916	1.8
Total other income.	89,032	96.7	73,738	26.9	48,135	85.9	22,535	97.2	28,124	52.9
Gains										
Foreign exchange										
gains, net	2,991	3.3	—	—	1,967	3.5	659	2.8	—	—
Gains on disposal of										
investments in										
associates, net*	—	—	200,696	73.1	5,951	10.6	—	—	25,044	47.1
Gains on disposal of items										
of property and										
equipment.	—	—	—	—	—	—	—	—	36	0.0
Total gains	2,991	3.3	200,696	73.1	7,918	14.1	659	2.8	25,080	47.1
Total other income and										
gains	<u>92,023</u>	<u>100.0</u>	<u>274,434</u>	<u>100.0</u>	<u>56,053</u>	<u>100.0</u>	<u>23,194</u>	<u>100.0</u>	<u>53,204</u>	<u>100.0</u>

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* Gains on the disposal of investments in associates during 2023 and 2025 arose primarily from the Group’s disposal of Bluefocus Intelligent Communications Group Co., Ltd. (“BlueFocus”)’s A shares through the stock exchange trading system.

Selling and Marketing Expenses

Our selling and marketing expenses consisted of employee salary, marketing and promotion expenses, travel and office expenses, rental expenses and other expenses.

The following table sets forth a breakdown of our selling and marketing expenses both in absolute amount and as a percentage of our total selling and marketing expenses for the periods indicated:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Employee salary	332,559	61.1	309,318	63.0	305,241	64.0	135,436	59.7	155,637	68.6
Marketing and promotion expenses	146,104	26.9	112,734	23.0	99,412	20.8	57,689	25.4	41,143	18.1
Travel and Office Expenses	32,194	5.9	44,480	9.1	47,978	10.1	23,080	10.2	19,015	8.4
Rental expenses	19,894	3.7	14,156	2.9	11,645	2.4	6,056	2.7	5,438	2.4
Other expenses	13,310	2.4	10,461	2.0	12,897	2.7	4,617	2.0	5,711	2.5
Total	544,061	100.0	491,149	100.0	477,173	100.0	226,878	100.0	226,944	100.0

Administrative Expenses

Our administrative expenses primarily consisted of employee salary, depreciation and amortization expenses, travel and office expenses, utilities and property management expenses.

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The following table sets forth a breakdown of our administrative expenses both in absolute amount and as a percentage of our total administrative expenses for the periods indicated:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Employee salary	103,669	43.4	101,043	37.3	101,050	40.0	51,869	40.3	52,884	45.0
Depreciation and										
amortization expenses .	76,849	32.2	98,881	36.5	73,732	29.2	43,656	33.9	24,501	20.8
Travel and office expenses	29,984	12.6	38,390	14.2	37,681	14.9	18,210	14.1	19,828	16.9
Utilities and property										
management expenses .	13,927	5.8	15,753	5.8	17,496	6.9	7,615	5.9	7,936	6.7
Taxes and Surcharges . . .	7,756	3.2	9,283	3.4	9,694	3.8	4,357	3.4	4,663	4.0
Rental expenses	806	0.3	1,590	0.6	3,310	1.3	1,625	1.3	2,081	1.8
Other expenses	5,862	2.5	5,911	2.2	9,667	3.9	1,493	1.1	5,705	4.8
Total	238,853	100.0	270,851	100.0	252,630	100.0	128,825	100.0	117,598	100.0

Research and Development Costs

Our research and development costs primarily consisted of employee salary, software development expenses, depreciation and amortization expenses and rental expenses.

The following table sets forth a breakdown of our research and development costs both in absolute amount and as a percentage of our total research and development costs for the periods indicated:

	Year Ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Employee salary	165,335	72.2	188,055	75.2	202,383	77.7	97,908	78.1	107,220	78.4
Software development										
expenses	29,143	12.7	29,235	11.7	31,514	12.1	16,811	13.4	16,954	12.4
Depreciation and										
amortization expenses . .	16,386	7.2	11,976	4.8	4,544	1.7	2,418	1.9	2,131	1.6
Rental expenses	10,614	4.6	10,137	4.1	8,687	3.3	4,221	3.4	7,547	5.5
Office expenses	4,774	2.1	7,162	2.9	6,095	2.3	2,808	2.2	2,938	2.1
Other expenses	2,838	1.2	3,382	1.3	7,327	2.9	1,159	1.0	6	—
Total	229,090	100.0	249,947	100.0	260,550	100.0	125,325	100.0	136,796	100.0

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Fair Value (Losses)/Gains on Financial Assets at Fair Value through Profit or Loss

Our fair value losses on financial assets at fair value through profit or loss primarily represented our equity investments in business entities. We recorded a fair value loss on financial assets at fair value through profit or loss of nil, RMB161.0 million and RMB152.2 million in 2022, 2023 and 2024, respectively. We recorded a fair value gain on financial assets at fair value through profit or loss of RMB65.5 million in the six months ended June 30, 2025.

Impairment Losses on Financial Instruments, net

Impairment losses on financial instruments, net mainly represented credit loss assessment and movement in allowance for the impairment on trade receivables, factoring receivables and other receivables. In 2022, 2023 and 2024, and six months ended June 30, 2025, our impairment losses on financial instruments net were RMB64.5 million, RMB49.9 million, RMB58.0 million, and RMB22.9 million, respectively.

Impairment Losses on Investments in Associates

Impairment losses on investments in associates primarily represented the write-down of our investments in associates. In 2022, 2023 and 2024, and six months ended June 30, 2025, our impairment losses on investments in associates were RMB78.4 million, RMB75.8 million, RMB39.0 million and nil, respectively.

Other Expenses, net

Our other expenses, net consisted of miscellaneous expenses and the amounts refunded to the pending account. In our digital payment services business, certain standard merchant transactions were reported to the clearing network using preferential merchant fee rates. In accordance with the relevant agreements, the amounts involved were refunded to a pending account. In 2022, 2023, 2024, and six months ended June 30, 2025, our other expenses, net were RMB1,405.1 million, RMB30.1 million, RMB37.8 million, and RMB1.4 million, respectively.

Finance Costs

Our finance costs consisted of interests on bank loans and interests on lease liabilities. In 2022, 2023, 2024, and six months ended June 30, 2025, our financial cost were RMB14.7 million, RMB22.0 million, RMB9.7 million, and RMB6.0 million, respectively.

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Income Tax Expense

Our income tax expense primarily consisted of current income tax and deferred income tax. In 2022, 2023 and 2024, and six months ended June 30, 2025, we recorded income tax expense of RMB121.0 million, RMB55.8 million, RMB67.7 million, and RMB52.8 million, respectively. The following summarizes the tax rates of our principal subsidiaries:

Mainland China

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China and the respective regulations (the “**EIT Law**”), the subsidiaries which operate in Mainland China are subject to EIT at a rate of 25% on the taxable income, except for those which are subject to tax concessions as set out below:

- Subsidiaries have been qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%.
- Subsidiaries have been qualified as Tibet-based enterprises employing local permanent residents are entitled to a preferential income tax rate of 9%.
- Subsidiaries have been qualified engaging in integrated circuit and software industry are eligible for the first two years taxable income at preferential tax rate of 0% and thereafter three years taxable incomes at a preferential tax rate of 12.5%.
- Certain subsidiaries with annual taxable income less than RMB1,000,000, which met the criteria as small scale and minimal profit enterprise, the income amount subject to tax was calculated at 25% of the actual annual taxable income, based on which this subsidiary was entitled to a reduced corporate income tax rate of 20% for the period from 1 January 2023 and expiring on 31 December 2027.
- Certain subsidiaries which met the criteria of small scale and minimal-profit enterprise, the portion of income with more than RMB1,000,000 but less than RMB3,000,000 subject to tax was calculated at 25% of the actual annual taxable income, based on which this subsidiary was entitled to a reduced corporate income tax rate of 20% for the period from year 2022 to 2024. For taxable income in excess of RMB3,000,000, the amount was subject to corporate income tax of 25%.

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Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% on the estimated assessable profits arising in Hong Kong.

Japan

The subsidiary incorporated in Japan is subject to Japan profits tax at the rate of 23% or 30.62% on the estimated assessable profits arising in Japan.

Singapore

The subsidiary which operates in Singapore is subject to profits tax at a rate of 17%.

Other Overseas Areas

Our other overseas subsidiaries are subject to income tax at rates ranging from 8.84% to 21%.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2025

Revenue

Our revenue decreased by 11.2% from RMB2,980.3 million in the six months ended June 30, 2024 to RMB2,647.1 million in the six months ended June 30, 2025, primarily due to our decreased revenue of digital payment services.

- **Digital payment services.** Our revenue from digital payment services decreased by 10.3% from RMB2,634.2 million in the six months ended June 30, 2024 to RMB2,362.8 million in the six months ended June 30, 2025, primarily due to changes in customer payment habits (shifting from bank card payments to QR code payments), accompanied by our enhanced merchant onboarding standards and stricter management of our existing customer base which resulted in a decrease in the average TPV;

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- **Digital commercial solutions.** Our revenue from digital commercial solutions decreased by 8.8% from RMB143.6 million in the six months ended June 30, 2024 to RMB130.9 million in the six months ended June 30, 2025, primarily because in June 2024 we recorded certain one-off digital marketing service revenue from cooperation with a foreign clearing institution; and
- **Others.** Our revenue from others decreased by 24.3% from RMB202.5 million in the six months ended June 30, 2024 to RMB153.3 million in the six months ended June 30, 2025, primarily due to our reduced sales volume of POS terminals amid a changing digital payment market featuring weaker demands for POS terminals.

Cost of Sales

Our cost of sales slightly decreased by 0.8% from RMB2,004.7 million in the six months ended June 30, 2024 to RMB1,989.4 million in the six months ended June 30, 2025, which was stable.

Gross Profit and Gross Profit Margin

Our total gross profit decreased by 32.6% from RMB975.6 million in the six months ended June 30, 2024 to RMB657.7 million in the six months ended June 30, 2025, primarily due to a decrease in our gross profit from digital payment services and others. Our total gross profit margin decreased from 32.7% in the six months ended June 30, 2024 to 24.8% in the six months ended June 30, 2025, primarily attributable to a decrease in our gross profit margin of digital payment services and others.

- **Digital payment services.** Our gross profit from digital payment services decreased by 30.9% from RMB795.4 million in the six months ended June 30, 2024 to RMB549.7 million in the six months ended June 30, 2025, primarily due to the decline in revenue in the six months ended 2025 and our decision to offer higher profit-sharing rates to channel partners in the six months ended 2025. Our gross profit margin of digital payment services decreased from 30.2% in the six months ended June 30, 2024 to 23.3% in the six months ended June 30, 2025, primarily due to our efforts to maintain our market share by offering higher commission rates to our channel partners despite our decreased revenue;
- **Digital commercial solutions.** Our gross profit from digital commercial solutions decreased slightly from RMB121.4 million in the six months ended June 30, 2024 to RMB106.4 million in the six months ended June 30, 2025. Our gross profit margin of

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digital commercial solutions decreased from 84.5% in the six months ended June 30, 2024 to 81.3% in the six months ended June 30, 2025, primarily due to the higher profit margin of the one-off project with one foreign clearing institution in June 2024; and

- **Others.** Our gross profit from others decreased from RMB58.8 million in the six months ended June 30, 2024 to RMB1.6 million in the six months ended June 30, 2025, primarily due to our initiative to adjust our hardware pricing. Our gross profit margin of others decreased from 29.0% in the six months ended June 30, 2024 to 1.0% in the six months ended June 30, 2025, primarily due to a decrease in the proportion of higher-margin services and our initiative to adjust our hardware pricing.

Other Income and Gains, Net

Our other income and gains, net increased by 129.3% from RMB23.2 million in the six months ended June 30, 2024 to RMB53.2 million in the six months ended June 30, 2025, primarily due to our increased bank interest income and increased gains from the disposal of our equity interest in BlueFocus.

Selling and Marketing Expenses

Our selling and marketing expenses remained stable at RMB226.9 million in the six months ended June 30, 2024 and in the six months ended June 30, 2025.

Administrative Expenses

Our administrative expenses decreased by 8.7% from RMB128.8 million in the six months ended June 30, 2024 to RMB117.6 million in the six months ended June 30, 2025, primarily due to the complete depreciation of our office equipment, which resulted in lower depreciation costs in the six months ended June 30, 2025.

Research and Development Costs

Our research and development costs increased by 9.2% from RMB125.3 million in the six months ended June 30, 2024 to RMB136.8 million in the six months ended June 30, 2025, primarily due to our increased R&D personnel costs.

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Fair Value (Losses)/Gains on Financial Assets at Fair Value through Profit or Loss

Our fair value gains on financial assets at fair value through profit or loss increased from nil in the six months ended June 30, 2024 to RMB65.5 million in the six months ended June 30, 2025, primarily due to the increased fair value of our equity investments.

Impairment Losses on Financial Instruments, Net

Our net impairment losses on financial instruments decreased from RMB24.7 million in the six months ended June 30, 2024 to RMB22.9 million in the six months ended June 30, 2025, primarily due to changes in the expected credit losses of our trade receivables.

Other Expenses, Net

Our net other expenses increased by 20.3% from RMB1.2 million in the six months ended June 30, 2024 to RMB1.4 million in the six months ended June 30, 2025, primarily due to an increase in foreign exchange losses, net, partially offset by losses on disposal of items of property and equipment.

Finance Costs

Our finance costs increased by 21.2% from RMB4.9 million in the six months ended June 30, 2024 to RMB6.0 million in the six months ended June 30, 2025, primarily due to our increased interest on bank loans and other borrowings.

Share of (losses)/profits of associates

Our share of profits of associates remained stable at RMB17.3 million in the six months ended June 30, 2024 and in the six months ended June 30, 2025.

Income Tax Expense

Our income tax expense decreased by 37.8% from RMB84.9 million in the six months ended June 30, 2024 to RMB52.8 million in the six months ended June 30, 2025, primarily due to our decreased taxable income.

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Profit for the Period

As a result of the foregoing, we recorded a profit of RMB419.6 million and RMB229.3 million in the six months ended June 30, 2024 and in the six months ended June 30, 2025, respectively.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2024

Revenue

Our revenue decreased slightly by 2.9% from RMB5,927.5 million in 2023 to RMB5,754.2 million in 2024, primarily due to our decreased revenue from others.

- ***Digital payment services.*** Our revenue from digital payment services decreased slightly by 0.3% from RMB5,179.6 million in 2023 to RMB5,165.5 million in 2024, primarily due the modest decline in the volume of digital payment transactions executed through us, which was in line with industry trend;
- ***Digital commercial solutions.*** Our revenue from digital commercial solutions decreased by 12.0% from RMB276.7 million in 2023 to RMB243.5 million in 2024, primarily due to our reduced digital marketing services; and
- ***Others.*** Our revenue from others decreased by 26.7% from RMB471.2 million in 2023 to RMB345.2 million in 2024, primarily due to our reduced sales volume of POS terminals amid a changing digital payment market featuring weaker demands for POS terminals.

Cost of Sales

Our cost of sales decreased by 5.4% from RMB4,264.3 million in 2023 to RMB4,035.9 million in 2024, primarily due to our decreased professional service expenses we paid to our channel partners and the decreased cost of sales of our hardware.

Gross Profit and Gross Profit Margin

Our gross profit increased slightly by 3.3% from RMB1,663.3 million in 2023 to RMB1,718.2 million in 2024, primarily due to our enhanced control of cost. Our overall gross profit margin increased slightly from 28.1% in 2023 to 29.9% in 2024, attributable to the increase in gross profit margins across our businesses.

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- **Digital payment services.** Our gross profit from digital payment services increased slightly from RMB1,362.0 million in 2023 to RMB1,406.2 million in 2024. Our gross profit margin of digital payment services increased from 26.3% in 2023 to 27.2% in 2024, primarily due to our decreased depreciation costs of our machinery equipment that we possessed and controlled;
- **Digital commercial solutions.** Our gross profit from digital commercial solutions increased by 21.5% from RMB179.2 million in 2023 to RMB217.8 million in 2024, primarily due to our adjustment to the product mix with a larger proportion of higher-margin products and services, despite lower revenue. Our gross profit margin of digital commercial solutions increased from 64.8% in 2023 to 89.4% in 2024, primarily due to the larger proportion of higher-margin products and services; and
- **Others.** Our gross profit from others decreased from RMB122.0 million in 2023 to RMB94.3 million in 2024, primarily due to the decreased sales volume of hardware. Our gross profit margin of others increased from 25.9% in 2023 to 27.3% in 2024, primarily due to lower unit procurement costs for hardware.

Other Income and Gains, Net

Our other income and gains, net decreased by 79.6% from RMB274.4 million in 2023 to RMB56.1 million in 2024. The decrease in our revenue was primarily driven by (i) our decreased gains on disposal of investments in associates, net in 2024 because we disposed BlueFocus A-shares in 2023; and (ii) decreased government grants.

Selling and Marketing Expenses

Our selling and marketing expenses decreased slightly by 2.8% from RMB491.1 million in 2023 to RMB477.2 million in 2024, primarily due to (i) our decreased employee salary as a result of strategic recruitment adjustments made with respect to our selling and marketing personnel; (ii) decreased marketing and promotion expenses caused by our decreased marketing activities; and (iii) decreased rental expenses as certain leases expired and were not renewed.

Administrative Expenses

Our administrative expenses decreased by 6.7% from RMB270.9 million in 2023 to RMB252.6 million in 2024, primarily due to lower depreciation and amortization expenses of office equipment.

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Research and Development Costs

Our research and development costs increased by 4.2% from RMB249.9 million in 2023 to RMB260.6 million in 2024, primarily due to our increased R&D personnel costs.

Fair Value (Losses)/Gains on Financial Assets at Fair Value through Profit or Loss

Our fair value losses on financial assets at fair value through profit or loss decreased by 5.5% from RMB161.0 million in 2023 to RMB152.2 million in 2024, primarily reflecting changes in the fair value of equity investments.

Impairment Losses on Financial Instruments, Net

Our impairment losses on financial instruments, net increased by 16.3% from RMB49.9 million in 2023 to RMB58.0 million in 2024, primarily due to changes in the expected credit losses of our trade receivables.

Impairment Losses on Investments in Associates

Our impairment losses on investments in associates decreased by 48.6% from RMB75.8 million in 2023 to RMB39.0 million in 2024, primarily due to changes in the amount of impairment recognized for our investment in our associates.

Other Expenses, Net

Our other expenses, net increased by 25.3% from RMB30.1 million in 2023 to RMB37.8 million in 2024, primarily due to the increased disposal losses of property and equipment.

Finance Costs

Our finance costs decreased by 56.0% from RMB22.0 million in 2023 to RMB9.7 million in 2024, primarily due to our decreased interest on bank loans and other borrowings.

Share of (losses)/profits of associates

Our share of losses of associates decreased by 7.5% from a loss of RMB74.0 million in 2023 to a loss of RMB68.5 million in 2024, primarily due to decreased losses recognized from our associates.

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Income Tax Expense

Our income tax expenses increased by 21.4% from RMB55.8 million in 2023 to RMB67.7 million in 2024, primarily due to our increased taxable income in 2024.

Profit For The Year

As a result of the foregoing, we recorded a profit of RMB457.1 million and a profit of RMB351.1 million in 2023 and 2024, respectively.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 10.6% from RMB5,361.1 million in 2022 to RMB5,927.5 million in 2023, primarily reflecting our increased revenue of digital payment services.

- **Digital payment services.** Our revenue from digital payment services increased by 13.1% from RMB4,581.1 million in 2022 to RMB5,179.6 million in 2023, primarily due to the increased amount of digital payment transactions executed through us resulted from the economic recovery after the COVID-19 pandemic;
- **Digital commercial solutions.** Our revenue from digital commercial solutions decreased slightly by 2.9% from RMB285.0 million in 2022 to RMB276.7 million in 2023, primarily due to our reduced credit card marketing services; and
- **Others.** Our revenue from others decreased by 4.8% from RMB495.1 million in 2022 to RMB471.2 million in 2023, primarily due to our reduced sales volume of POS terminals amid a changing digital payment market featuring weaker demands for POS terminals.

Cost of Sales

Our cost of sales increased slightly by 3.0% from RMB4,141.0 million in 2022 to RMB4,264.3 million in 2023, primarily due to our increased commission fees, partially offset by our decreased depreciation and amortization expenses.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 36.3% from RMB1,220.1 million in 2022 to RMB1,663.3 million in 2023, primarily due to our increased revenue and our enhanced control of cost. Our overall gross profit margin increased from 22.8% in 2022 to 28.1% in 2023, primarily attributable to the increase in our gross profit margin for digital payment services.

- **Digital payment services.** Our gross profit from digital payment services increased by 47.1% from RMB925.8 million in 2022 to RMB1,362.0 million in 2023, primarily due to a recovery in the consumer market after the COVID-19 pandemic leading to a volume growth in our digital payment services. Our gross profit margin of digital payment services increased from 20.2% in 2022 to 26.3% in 2023, primarily due to lower depreciation and amortization of our machinery equipment possessed and controlled by us in 2023;
- **Digital commercial solutions.** Our gross profit from digital commercial solutions decreased slightly from RMB181.4 million in 2022 to RMB179.2 million in 2023, primarily due to our reduced digital marketing services. Our gross profit margin of digital commercial solutions increased slightly from 63.7% in 2022 to 64.8% in 2023, which remained relatively stable; and
- **Others.** Our gross profit from others increased slightly from RMB112.9 million in 2022 to RMB122.0 million in 2023, primarily due to an increase in revenue from our hardware sales. Our gross profit margin of others increased slightly from 22.8% to 25.9%, primarily due to the decreased procurement expenses of hardware.

Other Income and Gains, Net

Our other income and gains, net increased by 198.3% from RMB92.0 million in 2022 to RMB274.4 million in 2023. The increase in our revenue was primarily driven by our increased government grants and increased gains from our disposal of BlueFocus’ A shares in 2023.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 9.7% from RMB544.1 million in 2022 to RMB491.1 million in 2023, primarily due to (i) our decreased employee salary as a result of strategic recruitment adjustments made with respect to our selling and marketing personnel; and (ii) decreased marketing and promotion expenses, caused by our decreased promotion activities.

Administrative Expenses

Our administrative expenses increased by 13.4% from RMB238.9 million in 2022 to RMB270.9 million in 2023, primarily due to our increased depreciation and amortization expenses with respect to our office equipment and travel and office expenses.

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Research and Development Costs

Our research and development costs increased by 9.1% from RMB229.1 million in 2022 to RMB249.9 million in 2023, primarily due to our increased R&D personnel costs.

Fair Value (Losses)/Gains on Financial Assets at Fair Value through Profit or Loss

We recorded fair value losses on financial assets at fair value through profit or loss increased from nil in 2022 to RMB161.0 million in 2023, primarily due to our increased fair value of equity investments.

Impairment Losses on Financial Instruments, Net

Our impairment losses on financial instruments net decreased by 22.7% from RMB64.5 million in 2022 to RMB49.9 million in 2023, primarily due to changes in the expected credit losses of our trade receivable and other receivables.

Impairment Losses on Investments in Associates

Our impairment losses on investments in associates decreased slightly by 3.3% from RMB78.4 million in 2023 to RMB75.8 million in 2024, primarily due to changes in the amount of impairment recognized for our investment in our associates.

Other Expenses, Net

Our other expenses, net decreased by 97.9% from RMB1,405.1 million in 2022 to RMB30.1 million in 2023, primarily because we refunded to the pending account in 2022.

Finance Costs

Our finance costs increased by 50.2% from RMB14.7 million in 2022 to RMB22.0 million in 2023, primarily due to our increased bank loans and other borrowings.

Share of (losses)/profits of associates

Our share of losses of associates of associates increased by 35.4% from RMB54.7 million in 2022 to RMB74.0 million in 2023, primarily due to increased profits recognized from our associates.

Income Tax Expense

Our income tax expense decreased by 53.9% from RMB121.0 million in 2022 to RMB55.8 million in 2023, primarily due to our decreased taxable income in 2023.

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Loss/Profit for the Year

As a result of the foregoing, we recorded a loss of RMB1,438.2 million and a profit of RMB457.1 million in 2022 and 2023, respectively.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total current assets	6,231,050	8,524,252	6,986,263	7,171,059
Total non-current assets	4,212,543	3,739,635	3,482,790	3,849,902
Total assets	10,443,593	12,263,887	10,469,053	11,020,961
Total current liabilities	6,743,554	8,450,415	7,049,612	7,604,025
Total non-current liabilities	350,274	64,093	28,220	55,286
Total liabilities	7,093,828	8,514,508	7,077,832	7,659,311
Net current assets/(liabilities)	(512,504)	73,837	(63,349)	(432,966)
Net assets	3,349,765	3,749,379	3,391,221	3,361,650
EQUITY				
Equity attributable to owners of the parent				
Share capital	800,020	800,020	788,083	788,083
Treasury shares	(599,984)	(204,825)	(100,133)	(100,133)
Reserves	3,147,905	3,152,963	2,702,192	2,793,055
Non-controlling interests	1,824	1,221	1,079	(119,355)
Total equity	3,349,765	3,749,379	3,391,221	3,361,650

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Non-current Assets and Liabilities

The following table sets out a breakdown of our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property and equipment	1,517,889	1,479,529	1,436,900	1,423,459
Investment properties	—	—	205,700	204,289
Right-of-use assets	20,684	19,271	21,060	37,211
Goodwill	—	—	—	294,198
Intangible assets	112,118	60,161	32,030	62,721
Investments in associates	1,743,466	1,479,785	1,425,202	1,406,963
Equity investments designated at fair value through other comprehensive income	18,000	18,000	18,000	40,402
Financial assets at fair value through profit or loss	578,896	440,167	256,632	316,369
Prepayments, other receivables and other assets	220,525	241,966	86,694	64,290
Deferred tax assets	965	756	572	—
Total non-current assets	4,212,543	3,739,635	3,482,790	3,849,902
Non-current liabilities				
Interest-bearing bank borrowings	268,900	—	—	5,000
Lease liabilities	9,163	7,439	10,641	15,718
Financial guarantee liabilities	2,207	1,808	1,796	1,881
Deferred tax liabilities	70,004	54,846	15,783	32,687
Total non-current liabilities	350,274	64,093	28,220	55,286

Property and Equipment

Our property and equipment primarily consisted of buildings, machinery equipment, transportation equipment, office equipment, electronic devices, other equipment and leasehold improvements. Our property and equipment decreased slightly from RMB1,517.9 million as of December 31, 2022 to RMB1,479.5 million as of December 31, 2023, primarily due to the depreciation and amortization of our assets, partially offset by our increased assets. Our property

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and equipment decreased slightly from RMB1,479.5 million as of December 31, 2023 to RMB1,436.9 million as of December 31, 2024, primarily due to the continued depreciation and amortization of our property and equipment, partially offset by our increased assets. Our property and equipment decreased from RMB1,436.9 million as of December 31, 2024 to RMB1,423.5 million as of June 30, 2025, primarily due to the continued depreciation and amortization of our property and equipment, partially offset by our increased assets.

Investment Properties

Our investment properties consisted of residential premises owned by us for renting to our employees. Our investment properties were nil, nil, RMB205.7 million and RMB204.3 million as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively. The increase of our investment properties from nil as of December 31, 2023 to RMB205.7 million as of December 31, 2024 was primarily due to the purchase of such residential premises. The slight decrease of our investment properties from RMB205.7 million as of December 31, 2024 to RMB204.3 million as of June 30, 2025 was primarily due to the depreciation and amortization of such residential premises.

Right-of-use Assets

Our right-of-use assets primarily consisted of leasehold properties. Our right-of-use assets decreased slightly from RMB20.7 million as of December 31, 2022 to RMB19.3 million as of December 31, 2023, primarily due to the depreciation and amortization of our leasehold properties. Our right-of-use assets increased slightly from RMB19.3 million as of December 31, 2023 to RMB21.1 million as of December 31, 2024, primarily due to the addition of new leasehold properties. Our right-of-use assets increased from RMB21.1 million as of December 31, 2024 to RMB37.2 million as of June 30, 2025, primarily due to new leasehold properties.

Goodwill

Our goodwill consisted of the excess of the purchase price over the fair value of our acquired business. Our goodwill remained nil as of December 31, 2022, 2023 and 2024. Our goodwill increased from nil as of December 31, 2024 to RMB294.2 million as of June 30, 2025 due to our acquisition of Tiancai Shanglong in 2025.

Investment in Associates

Our investment in associates referred to our investments in entities in which we have a long-term interest of the equity voting rights and over which we have significant influence. Our investment in associates decreased from RMB1,743.5 million as of December 31, 2022 to

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RMB1,479.8 million as of December 31, 2023, primarily due to our impairment loss of our investment in associates. Our investment in associates decreased slightly from RMB1,479.8 million as of December 31, 2023 to RMB1,425.2 million as of December 31, 2024. Our investment in associates decreased slightly from RMB1,425.2 million as of December 31, 2024 to RMB1,407.0 million as of June 30, 2025.

Equity Investments Designated at Fair Value through Other Comprehensive Income

Our equity investments designated at fair value through other comprehensive income represented our unlisted equity investments. Our equity investments designated at fair value through other comprehensive income were RMB18.0 million as of December 31, 2022, 2023 and 2024 and RMB40.4 million as of June 30, 2025, respectively, reflecting changes in the fair value of such equity investments.

Financial Assets at Fair Value through Profit or Loss (Non-Current)

Our financial assets at fair value through profit or loss represented our investments in financial assets. Our financial assets at fair value through profit or loss decreased from RMB578.9 million as of December 31, 2022 to RMB440.2 million as of December 31, 2023, primarily due to our decreased fund and non-listed equity investments, at fair value. Our financial assets at fair value through profit or loss decreased from RMB440.2 million as of December 31, 2023 to RMB256.6 million as of December 31, 2024, primarily due to our decreased non-listed equity investments, at fair value. Our financial assets at fair value through profit or loss increased from RMB256.6 million as of December 31, 2024 to RMB316.4 million as of June 30, 2025, primarily due to our increased fund and non-listed equity investments, at fair value.

Current Assets and Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Current assets:				
Inventories	8,880	5,685	5,371	9,217
Trade receivables	161,669	179,002	178,639	251,803
Factoring receivables.	591,216	679,364	388,476	323,460
Due from a related company	—	71	—	1,295
Prepayments, other receivables and				
other assets	292,238	247,518	195,965	214,847

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	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
Financial assets at fair value through profit or loss (“FVTPL”)	—	—	25,056	5,000
Pledged and restricted cash	4,554,171	6,644,154	5,575,950	5,672,290
Cash and cash equivalents	622,876	768,458	616,806	693,147
Total current assets	6,231,050	8,524,252	6,986,263	7,171,059
Current liabilities:				
Trade and bills payables	761,209	978,113	643,703	621,760
Other payables and accruals	5,148,669	6,958,935	5,858,666	6,113,464
Contract liabilities	43,367	60,177	77,792	171,059
Due to a related company	38,225	35,612	39,198	44,356
Interest-bearing bank borrowings	676,700	388,801	406,648	606,108
Lease liabilities	7,535	9,025	7,440	18,474
Tax payables	67,849	19,752	16,165	28,804
Total current liabilities	6,743,554	8,450,415	7,049,612	7,604,025
Net Current Assets/(Liabilities)	(512,504)	73,837	(63,349)	(432,966)

We recorded net current liabilities as of December 31, 2022 and 2024 and June 30, 2025. We recorded net current assets as of December 31, 2023.

Our net current liabilities of RMB512.5 million as of December 31, 2022 changed to net current assets of RMB73.8 million as of December 31, 2023, primarily due to an increase in pledged and restricted cash from RMB4,554.2 million to RMB6,644.2 million, partially offset by an increase in other payables and accruals from RMB5,148.7 million to RMB6,959.0 million.

Our net current assets of RMB73.8 million as of December 31, 2023 changed to net current liabilities of RMB63.3 million as of December 31, 2024, primarily due to a decrease in pledged and restricted cash from RMB6,644.2 million to RMB5,576.0 million, partially offset by a decrease in other payables and accruals from RMB6,959.0 million to RMB5,858.7 million.

Our net current liabilities of RMB63.3 million as of December 31, 2024 increased to RMB433.0 million as of June 30, 2025, primarily due to (i) an increase in other payables and accruals from RMB5,858.7 million to RMB6,113.5 million; and (ii) and increase in interest-bearing bank borrowings from RMB406.6 million to RMB606.1 million.

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Inventories

Our inventories primarily consisted of hardware. Our inventories decreased from RMB8.9 million as of December 31, 2022 to RMB5.7 million as of December 31, 2023, primarily due to a slowdown in sales and a corresponding reduction in inventory purchases. Our inventories decreased slightly from RMB5.7 million as of December 31, 2023 to RMB5.4 million as of December 31, 2024. Our inventory increased from RMB5.4 million as of December 31, 2024 to RMB9.2 million as of June 30, 2025, primarily due to the acquisition of Tiancai Shanglong, which brought in additional inventory.

The table below sets forth our inventories by nature as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Merchandized goods	8,880	5,685	5,371	9,217
Total	8,880	5,685	5,371	9,217

The following table sets forth a summary on the aging analysis of inventories as at the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	8,880	5,685	5,371	9,217
Total	8,880	5,685	5,371	9,217

We have implemented a systematic inventory management system. Our inventories are handled through formal receiving and dispatch procedures and are categorized by product model and type in designated zones within dry and well-ventilated warehouses. Any changes in inventory are promptly and accurately recorded in the ledger by warehouse managers, with daily and monthly reconciliations performed to ensure consistency between the ledger records physical counts. Any identified discrepancies, including surpluses or shortages, are promptly investigated, and necessary adjustments are made in accordance with our internal policies and approved procedures.

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The following table sets forth our inventory turnover days for the periods indicated:

	Year Ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Inventory turnover days ⁽¹⁾	0.9	0.6	0.5	0.7

Note:

- (1) We calculate inventory turnover days using the average of the beginning and ending balances of total inventories for a period, divided by the corresponding total cost of sales for the same period, multiplied by the number of days in such period.

During the Track Record Period, our turnover days of inventory were 0.9 days, 0.6 days, 0.5 days and 0.7 days, in each respective period, which remained relatively stable.

Trade Receivables

Our trade receivables primarily represented trade receivables from third parties, including our channel partners. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (third parties)	164,570	182,348	183,242	266,248
Less: Impairment losses	(2,901)	(3,346)	(4,603)	(14,445)
Trade receivables, net	161,669	179,002	178,639	251,803
Total trade receivables	161,669	179,002	178,639	251,803

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Our trade receivables increased from RMB161.7 million as of December 31, 2022 to RMB179.0 million as of December 31, 2023, which was in line with our business expansion. Our trade receivables remained relatively stable at RMB179.0 million as of December 31, 2023 and at RMB178.6 million as of December 31, 2024. Our trade and bills receivables increased from RMB178.6 million as of December 31, 2024 to RMB251.8 million as of June 30, 2025, primarily due to the consolidation of trade receivables brought in from our acquisition of Tiancai Shanglong.

We generally collect our fees directly from the transaction fund flows for our digital payment services. For trade receivables from our digital commercial solutions and others, our typical credit term is within one year.

The following table sets forth the aging analysis of our trade receivables based on revenue recognition as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	143,116	160,618	150,193	170,784
1 year to 2 years	15,589	13,367	22,581	32,973
2 to 3 years	2,683	4,552	3,913	37,578
3 to 4 years	210	445	1,933	7,242
4 to 5 years	71	20	19	3,207
Over 5 years	—	—	—	19
Total	161,669	179,002	178,639	251,803

The following table sets forth our trade receivables turnover days for the periods indicated:

	Year Ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	15.7	10.5	11.3	14.8

Note:

- (1) We calculate trade receivables turnover days using the average of the beginning and ending balances of total trade receivables for a period, divided by the corresponding total revenue for the same period, multiplied by the number of days in such period.

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Our trade receivables turnover days decreased from 15.7 days in 2022 to 10.5 days in 2023, primarily due to our enhanced control of trade receivables, and slightly increased to 11.3 days in 2024. Our trade receivables turnover days increased from 11.3 days in 2024 to 14.8 days in the six months ended June 30, 2025, primarily due to increased trade receivables resulted from our acquisition of Tiancai Shanglong.

As of 31 August 2025, RMB90.8 million, or 36.1%, of our trade receivables as of June 30, 2025 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our trade receivables.

Prepayments, Other Receivables and Other Assets (current and non-current)

Our prepayments, other receivables and other assets primarily consisted of receivables for default guarantee payments, value-added tax receivables and prepayments for long-term assets. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Receivables related to default				
guaranteed payments	277,735	192,185	211,291	216,114
Value-added tax receivables	127,044	189,428	124,586	126,214
Deposits	11,381	15,407	19,052	20,350
Prepayments to suppliers	13,345	8,774	16,187	24,443
Others	102,729	96,992	95,215	103,601
Impairment allowance	(239,996)	(255,268)	(270,366)	(275,875)
	292,238	247,518	195,965	214,847
Non-current:				
Receivables from disposal of equity				
investments at fair value through				
profit or loss	—	—	65,253	64,290
Prepayments for acquisition of				
property, equipment and investment				
properties	220,525	241,966	21,441	—
Total Prepayments, Other				
Receivables and Other Assets	512,763	489,484	282,659	279,137

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Our prepayments, other receivables and other assets decreased slightly from RMB512.8 million as of December 31, 2022 to RMB489.5 million as of December 31, 2023, primarily due to a decrease in receivables related to default guaranteed payments. Our prepayments, other receivables and other assets decreased from RMB489.5 million as of December 31, 2023 to RMB282.7 million as of December 31, 2024, primarily because prepayments for long-term assets were transferred to our investment properties. Our prepayments, other receivables and other assets remained relatively stable at RMB282.7 million as of December 31, 2024 and at RMB279.1 million as of June 30, 2025.

As of 31 August 2025, RMB6.1 million, or 2.8%, of our prepayments, other receivables and other assets as of June 30, 2025 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our other receivables and prepayments.

Pledged and restricted cash

We incurred pledged and restricted cash during the Track Record Period, primarily including (i) customer reserve funds; and (ii) deposits. Our pledged and restricted cash increased from RMB4,554.2 million as of December 31, 2022 to RMB6,644.2 million as of December 31, 2023, primarily due to an increase in customer reserve balances. Our pledged and restricted cash decreased from RMB6,644.2 million as of December 31, 2023 to RMB5,576.0 million as of December 31, 2024, primarily due to a decrease in customer reserve balances. Our pledged and restricted cash increased slightly from RMB5,576.0 million as of December 31, 2024 to RMB5,672.3 million as of June 30, 2025.

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB622.9 million as of December 31, 2022 to RMB768.5 million as of December 31, 2023, primarily due to increased cash flows from our business operations during the year, as well as increased proceeds from the disposal of our equity interest in BlueFocus. Our cash and cash equivalents decreased from RMB768.5 million as of December 31, 2023 to RMB616.8 million as of December 31, 2024, primarily due to the cash dividend we distributed in 2024. Our cash and cash equivalents increased from RMB616.8 million as of December 31, 2024 to RMB693.1 million as of June 30, 2025, primarily due to increased cash flows from our business operations.

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Trade and Bills Payables

Our trade and bills payables primarily represented trade payables and bills payables. Our trade and bills payables are normally settled on terms of within one year.

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	727,998	951,380	631,900	608,912
Bills payables	33,211	26,733	11,803	12,848
Total trade and bills payables	761,209	978,113	643,703	621,760

Our trade and bills payables increased from RMB761.2 million as of December 31, 2022 to RMB978.1 million as of December 31, 2023, primarily due to higher commission fees payable to channel partners. Our trade and bills payables decreased from RMB978.1 million as of December 31, 2023 to RMB643.7 million as of December 31, 2024, since we offer better credit terms to our channel partners in 2024. Our trade and bills payable decreased from RMB643.7 million as of December 31, 2024 to RMB621.8 million as of June 30, 2025, primarily due to lower transaction volumes and the resulting decrease in commission fees payable to channel partners.

As of 31 August 2025, RMB390.9 million, or 62.9%, of our trade and bills payables as of June 30, 2025 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our trade and bills payables.

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The following table sets forth the aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year.	657,896	868,777	538,065	515,546
After one year but within two years . .	56,760	65,426	54,142	55,701
After two years but within three years	15,791	25,012	26,748	21,556
After three years but within four years	16,771	6,875	11,014	15,709
After four years but within five years .	9,713	6,811	4,147	5,123
After five years.	4,278	5,212	9,587	8,125
Total.	761,209	978,113	643,703	621,760

The following table sets forth our trade and bills payables turnover days for the periods indicated:

	Year Ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade and bills payables turnover days ⁽¹⁾	71.5	74.4	73.3	58.0

Note:

- (1) We calculate trade and bills payables turnover days using the average of the beginning and ending balances of total trade payables for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period.

Our trade and bills payables turnover days increased slightly from 71.5 days in 2022 to 74.4 days in 2023, and decreased to 73.3 days in 2024, which remained relatively stable. Our trade and bills turnover days decreased from 73.3 days in 2024 to 58.0 days in the six months ended June 30, 2025, primarily due to our decreased trade and bills payables since we settled certain outstanding payables.

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Other Payables and Accruals

Our other payables and accruals primarily represented clearing settlement payables, deposits, payroll and welfare payable and other payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Clearing settlement payables to				
merchants	4,373,995	6,454,412	5,447,418	5,497,791
Deposits	170,103	159,415	140,587	162,728
Payroll and welfare payable	117,752	101,226	103,376	126,351
Payable to an equity holder previously				
holding equity interest in a				
subsidiary*	—	—	—	60,479
Repurchase liabilities for treasury				
shares issued under share incentive				
plan	—	204,823	100,131	10,276
Other tax payables	31,878	13,389	24,584	34,062
Accrued expenses	7,591	8,718	13,291	16,677
Dividends payable	—	—	500	2,784
Payables for acquisition of equity				
investment	3,057	3,057	—	—
Other payables*	444,293	13,895	28,779	202,316
Total	5,148,669	6,958,935	5,858,666	6,113,464

Our other payables and accruals increased from RMB5,148.7 million as of December 31, 2022 to RMB6,958.9 million as of December 31, 2023, primarily due to our increased clearing settlement payables, which is in line with our changes in customer reserve funds in restricted cash. Our other payables and accruals decreased from RMB6,958.9 million as of December 31, 2023 to RMB5,858.7 million as of December 31, 2024, primarily due to our decreased clearing settlement payables, which is in line with our changes in customer reserve funds in restricted cash. Our other payables and accruals increased from RMB5,858.7 million as of December 31, 2024 to RMB6,113.5 million as of June 30, 2025, primarily due to increased liabilities from our acquisition of Tiancai Shanglong.

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LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds of our business operations and capital contribution from shareholders. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and proceeds from equity and debt financing activities. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Cash Flows

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

	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Cash (used in)/generated from operations	(249,141)	468,535	980,015	719,830	155,501
Net cash flows (used in)/from operating activities	(356,876)	378,247	899,428	671,592	140,123
Net cash flows (used in)/from investing activities.	(842,280)	213,198	(221,610)	(137,035)	11,539
Net cash flows from/(used in) financing activities	873,063	(446,007)	(829,529)	(593,735)	(76,381)
Net (decrease)/increase in cash and cash equivalents. .	(326,093)	145,438	(151,711)	(59,178)	75,281
Cash and cash equivalents at the beginning of the year . .	948,189	622,876	768,458	768,458	616,806
Cash and cash equivalents at the end of the year/period	622,876	768,458	616,806	709,262	693,147

Net Cash Flows (used in)/from operating activities

Our cash from operating activities consists primarily of profit before income tax from the sales of our offerings, as adjusted by (i) non-cash and non-operating items such as depreciation of property and equipment; and (ii) changes in working capital.

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In the six months ended June 30, 2025, our net cash flows generated from operating activities was RMB140.1 million, primarily attributable to our profit before tax of RMB282.1 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of the depreciation of property and equipment of RMB56.0 million and impairment losses on financial instruments, net of RMB22.9 million, and (ii) changes in working capital, which primarily resulted from an increase in contract liabilities of RMB193.0 million and a decrease in factoring receivables of RMB55.3 million, partially offset by an increase in trade receivables of RMB132.1 million and an increase in pledged and restricted cash of RMB96.3 million.

In 2024, our net cash flows generated from operating activities was RMB899.4 million, primarily attributable to our profit before tax of RMB418.7 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of the depreciation of property and equipment of RMB130.7 million and fair value losses on disposal of financial assets/liabilities of RMB152.2 million; and (ii) changes in working capital, primarily consisting of a decrease in pledged and restricted cash of RMB1,068.2 million, partially offset by a decrease in other payables and accruals of RMB959.3 million.

In 2023, our net cash flows generated from operating activities was RMB378.2 million, primarily attributable to our profit before tax of RMB512.8 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of the depreciation of property and equipment of RMB169.2 million and fair value losses on equity instruments at fair value through profit or loss of RMB161.0 million; and (ii) changes in working capital, primarily consisting of an increase in other payables and accruals of RMB1,632.4 million, partially offset by an increase in pledged and restricted cash of RMB2,090.0 million.

In 2022, net cash used in operating activities was RMB356.9 million, primarily attributable to our loss before tax of RMB1,317.2 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of property and equipment of RMB313.8 million; and (ii) changes in working capital, primarily consisting of a decrease in other payables and accruals of RMB218.4 million and an increase in factoring receivables of RMB52.9 million, partially offset by a decrease in pledged and restricted cash of RMB944.2 million.

Net Cash Flows (used in)/from Investing Activities

In the six months ended June 30, 2025, net cash generated from investing activities was RMB11.5 million, primarily attributable to proceeds from disposal of investment in associates of RMB51.9 million and proceeds from disposal of financial assets at fair value through profit or loss of RMB20.0 million, partially offset by acquisition of subsidiaries of RMB49.8 million.

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In 2024, net cash used in investing activities was RMB221.6 million, primarily attributable to (i) purchases of financial assets at fair value through profit or loss of RMB25.0 million; (ii) investments in associates of RMB67.0 million; and (iii) purchases of property and equipment of RMB99.2 million.

In 2023, net cash generated from investing activities was RMB213.2 million, primarily attributable to proceeds from disposal of investment in associates of RMB429.6 million, partially offset by (i) purchases of property and equipment of RMB170.7 million; and (ii) investments in associates of RMB126.9 million.

In 2022, net cash used in investing activities was RMB842.3 million, primarily attributable to (i) purchases of items of property and equipment and investment properties of RMB343.2 million; (ii) purchase of equity investments at fair value through profit or loss of RMB252.0 million; and (iii) the purchase of financial assets at amortised cost of RMB191.9 million.

Net cash flows from/(used in) financing activities

By June 30, 2025, net cash used in financing activities was RMB76.4 million, primarily attributable to repayment of interest-bearing bank borrowings of RMB237.1 million and dividend paid of RMB155.3 million, partially offset by proceeds from new interest-bearing bank borrowings of RMB430.6 million.

In 2024, net cash used in financing activities was RMB829.5 million, primarily attributable to dividends paid of RMB714.7 million and repayment of interest-bearing bank borrowings of RMB458.0 million, partially offset by proceeds from new interest-bearing bank borrowings of RMB476.8 million.

In 2023, net cash used in financing activities was RMB446.0 million, primarily attributable to repayments of interest-bearing bank borrowings of RMB1,043.2 million, partially offset by proceeds from new interest-bearing bank borrowings of RMB488.3 million.

In 2022, net cash generated from financing activities was RMB873.1 million, primarily attributable to proceeds from new interest-bearing bank borrowings of RMB1,172.6 million, partially offset by repayments of interest-bearing bank borrowings of RMB266.8 million.

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INDEBTEDNESS

During the Track Record Period, our indebtedness included interest-bearing bank borrowings, lease liabilities and other payables. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)
CURRENT LIABILITIES					
Interest-bearing bank					
borrowings	676,700	388,801	406,648	606,108	530,750
Lease Liabilities	7,535	9,025	7,440	18,474	15,432
Other Payables: payable to an					
equity holder previously					
holding equity interest in a					
subsidiary	—	—	—	61,479	60,479
NON-CURRENT					
LIABILITIES					
Interest-bearing bank					
borrowings	268,900	—	—	5,000	5,000
Lease Liabilities	9,163	7,439	10,641	15,718	15,559

Interest-bearing bank borrowings

As of December 31, 2022, 2023 and 2024, June 30, 2025 and August 31, 2025, we had Interest-bearing bank borrowings of RMB945.6 million, RMB388.8 million, RMB406.6 million, RMB611.1 million, and RMB535.8 million, respectively.

FINANCIAL INFORMATION

The following table sets out our interest-bearing bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)
Current					
Bank borrowings — secured .	566,700	320,906	177,025	280,671	225,937
Bank borrowings —					
unsecured	110,000	67,895	229,623	325,437	304,813
Non-current					
Bank borrowings — secured .	268,900	—	—	—	—
Bank borrowings —					
unsecured	—	—	—	5,000	5,000
Total	945,600	388,801	406,648	611,108	535,750

Our secured bank borrowings bear interest rate at 2.5% and 2.45% per annum. As of 31 December 2022, 2023, 2024, 30 June 2025 and 31 August 2025, our bank borrowings secured by pledges of our property and equipment, with aggregate carrying amounts of approximately RMB662.5 million, RMB384.3 million, RMB376.1 million, RMB372.0 million and RMB370.6 million, respectively.

Unsecured and unguaranteed bank borrowings bear interest rates from 2.3% to 3.95%.

The Directors confirmed that there has not been any material changes in our indebtedness since the Latest Practicable Date to the date of this document. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain further financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities decreased slightly from RMB16.7 million as of December 31, 2022 to RMB16.5 million as of December 31, 2023. Our lease liabilities increased from RMB16.5 million as of December 31, 2023 to RMB18.1 million as of December 31, 2024, primarily due to an increase in leased area. Our lease liabilities increased from RMB18.1 million as of December 31, 2024 to RMB34.2 million as of June 30, 2025, primarily due to the addition of lease liabilities from Tiancai Shanglong following its consolidation during the period.

FINANCIAL INFORMATION

Other payables

Other payables primarily represented payable to an equity holder previously holding equity interest in a subsidiary, which are unsecured and repayable on demand.

Indebtedness Statement

Save as disclosed above, as of December 31, 2022, 2023, 2024, and June 30, 2025, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since June 30, 2025 and up to the Latest Practicable Date.

CAPITAL COMMITMENTS

As of June 30, 2025, we had no capital commitments.

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of transactions with related parties in connection with the purchase and sale of goods, the receipt and rendering of services and others. See Note 42 to the Accountants’ Report set out in Appendix I to this Document for further details about our related party transactions during the Track Record Period.

Our Directors are of the view that each of the related party transactions set out in Note 42 to the Accountants’ Report in Appendix I to this Document was conducted on an arm’s length basis and would not distort our track record results or cause our historical results to be not reflective of our future performance.

PROPERTY INTERESTS AND VALUATION OF PROPERTIES

APA, an independent property valuer, has valued our selected property interests as of July 31, 2025. For details of the valuation, see Appendix III to this document.

The following table sets forth a reconciliation of the fair value of the selected property interests as of July 31, 2025 and their respective net book value as of June 30, 2025 included in the Accountants’ Report as set out in Appendix I to this document.

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	<i>RMB (million)</i>
Net book value of our selective property as of June 30, 2025	204.3
Less: depreciation in relation to our property and equipment during the period	
from June 30, 2025 to July 31, 2025	-0.2
Net book value as of July 31, 2025	204.1
Valuation surplus as of July 31, 2025	5.2
Valuation as of July 31, 2025 as set out in Appendix III to this document	<u>209.3</u>

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of or for the Year Ended December 31,			As of or for the six months ended June 30,
	2022	2023	2024	2025
Gross profit margin ⁽¹⁾	22.8%	28.1%	29.9%	24.8%
Current ratio ⁽²⁾	0.9	1.0	1.0	0.9

Notes:

- (1) Represents gross profit for the year/period divided by revenue for the same year, expressed as a percentage.
- (2) Current ratio is calculated based on the current assets divided by current liabilities.

Gross Profit Margin

In 2022, 2023, 2024 and the six months ended June 30, 2025, our gross profit margin was 22.8%, 28.1%, 29.9% and 24.8%, respectively. See “— Key Components of Our Consolidated Statement of Profit or Loss” in this section for factors affecting our gross profit margin during the respective periods.

Current Ratio

Our current ratio increased from 0.9 as of December 31, 2022 to 1.0 as of December 31, 2023, primarily due to the repayment of short-term borrowings, which reduced our current liabilities. Our current ratio remained stable at 1.0 as of December 31, 2023 and 2024. Our current ratio decreased from 1.0 as of December 31, 2024 to 0.9 as of June 30, 2025, primarily due to an increase in short-term borrowings, which raised our current liabilities.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period primarily consisted of the purchase of property and equipment and intangible assets and office renovations, right-of-use assets and investment properties, among others. Our capital expenditures were RMB452.3 million, RMB178.7 million, RMB354.6 million and RMB55.2 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See “Future Plans and Use of [REDACTED] — Use of [REDACTED].” We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operational activities and [REDACTED] from the [REDACTED].

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks, including foreign currency risk, credit risk, liquidity risk and equity price risk. See Note 45 to the Accountants’ Report in Appendix I to this document for a detailed description of our financial risk management.

Foreign Currency Risks

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units’ functional currencies.

Credit Risk

We performed an impairment analysis at the end of each of the Track Record Period using a provision matrix to measure expected credit losses. For details, see Note 45 to the Accountants’ Report in Appendix I.

FINANCIAL INFORMATION

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

Equity Price Risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. We are exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss and equity investments at fair value through other comprehensive income as at 31 December 2022, 2023, 2024 and 30 June 2025.

Capital Management

The primary objective of our capital management is to ensure that we maintain a strong credit profile and healthy capital ratios in order to support our business and maximise shareholders’ value.

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

DIVIDENDS AND DIVIDEND POLICY

In 2024 and six months ended June 30, 2025, we paid dividends of RMB720.0 million and RMB157.6 million, respectively.

After completion of the [REDACTED], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

FINANCIAL INFORMATION

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See “Risk Factors — Risks Relating to the [REDACTED] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.” in this document.

DISTRIBUTABLE RESERVES

As of June 30, 2025, we had distributable reserves of RMB892.1 million which were available for distribution to our Shareholders/ we did not have any distributable reserves.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including our net operating cash flow, cash and cash equivalents on hand and loan and credit facilities and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document.

[REDACTED]

Assuming an [REDACTED] of [REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range stated in this Document), the [REDACTED], [REDACTED], together with the Stock Exchange [REDACTED], SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED], which are payable by us are estimated to be approximately [REDACTED] (equivalent to [REDACTED]), of which [REDACTED] are expected to be charged to our consolidated statements of comprehensive income, and [REDACTED] are expected to be deducted from equity following the [REDACTED]. The [REDACTED] consist of [REDACTED] [REDACTED]-related expenses and [REDACTED] non-[REDACTED]-related expenses (including fees and expenses of legal advisors and the reporting accountant of [REDACTED] and other fees and expenses of [REDACTED]), representing approximately [REDACTED] of our [REDACTED] from the [REDACTED]. The [REDACTED] above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

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[REDACTED]

See “Appendix II — [REDACTED].”

NO MATERIAL ADVERSE CHANGE

Save as disclosed in “Summary — Recent Developments and No Material Adverse Change” our Directors confirm that, since June 30, 2025 (being the date on which the latest audited consolidated financial information of our Group was prepared) and up to the date of this document, there has been no material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial information included in the Accountants’ Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

Please see “Business — Our Strategies” for further details of our future plans.

[REDACTED]

Assuming an [REDACTED] of [REDACTED] per H Share (being the [REDACTED] of the stated range of the [REDACTED] of between [REDACTED] and [REDACTED] per H Share), we estimate that we will receive [REDACTED] (after deducting the [REDACTED] and other estimated expenses payable by us) of approximately [REDACTED] from the [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED] (assuming the [REDACTED] is exercised in full), from the [REDACTED].

If the [REDACTED] is fixed at [REDACTED] per H Share, being the high end of the stated [REDACTED] range, our [REDACTED] will be (i) increased to approximately [REDACTED], assuming the [REDACTED] is not exercised; and (ii) increased to approximately [REDACTED], assuming the [REDACTED] is exercised in full. If the [REDACTED] is fixed at [REDACTED] per H Share, being the low end of the stated [REDACTED] range, our [REDACTED] will be (i) decreased to approximately [REDACTED], assuming the [REDACTED] is not exercised; and (ii) decreased to approximately [REDACTED], assuming the [REDACTED] is exercised in full.

We expect to use the [REDACTED] from the [REDACTED] to strengthen our capital base to support the ongoing growth of our business. Specifically:

(a) Accelerating Licensing Deployment and Expanding Overseas Markets

Approximately [REDACTED] or [REDACTED] of the [REDACTED] will be used on expansion of overseas market, license applications and localization initiatives, with the aim of broadening our global business operations and enhancing our international service capabilities. The planned allocation is set out below:

- ***Overseas Market Development and Local Operation.*** Approximately [REDACTED] or [REDACTED] will be allocated to strengthening our presence in overseas markets, particularly in Hong Kong, Japan, Southeast Asia, the Americas and Europe. The proceeds will be used to support the establishment of localized teams, office leasing and ongoing operational expenses, ensuring compliant and efficient execution in our target markets.

FUTURE PLANS AND USE OF [REDACTED]

To enhance our brand visibility, we also plan to launch a series of marketing campaigns and collaborate with local partners to further strengthen our competitiveness and influence in the global digital payment services market.

- ***Global License Applications.*** Approximately [REDACTED] or [REDACTED] will be used for one-off investments in global licensing applications, covering registered capital contributions, local technical adaptation and other related costs in target markets. We plan to further expand the geographical coverage of our licensed services. Details of our additional licensing implementation plans are set out in the table below.

(b) Strengthening Technology Capabilities for a Global, Full-Process Product System

Approximately [REDACTED], or [REDACTED] of the [REDACTED] will be used to strengthen our comprehensive technical capabilities in key global markets. This includes continued investment in the research and development of cutting-edge technologies such as AI, blockchain and big data, with a focus on building and enhancing technology platforms and systems both domestically and internationally. These efforts aim to fully develop and continuously optimize our global operating capabilities. The detailed allocation and implementation plan are set out below:

- ***Investment in Advanced Technology R&D.*** Approximately [REDACTED], or [REDACTED], will be allocated to the research and development of advanced technologies relevant to our core business, including AI, blockchain and other next-generation information technologies. We plan to strengthen the foundational capabilities of next-generation business systems and build a global technology platform for shared capabilities. By establishing AI, data and business technology platforms, we aim to enable resource sharing and data connectivity, optimize and reengineer business processes based on AI technologies, enhance overall technical capabilities, and support the secure and efficient operation of our global business.
- ***Overseas Technology Platform Development.*** Approximately [REDACTED], or [REDACTED], will be allocated to the development of technology platforms and system infrastructure supporting our overseas operations. We plan to establish dedicated R&D centers for overseas businesses and build a unified global payment platform that supports multiple payment methods, currencies, channels, languages and time zones. The platform will be compatible with major and emerging payment instruments, including credit cards, e-wallets, e-CNY and Web3-based payments, enabling unified deployment and synchronized updates across global nodes.

FUTURE PLANS AND USE OF [REDACTED]

We also plan to establish a dedicated risk control technology center for overseas payment businesses, integrating major global databases for AML and risk management to strengthen our international compliance capabilities. Leveraging advanced technologies such as knowledge graphs, graph computing and large models, we aim to further enhance our risk control and AML effectiveness and achieve comprehensive global risk coverage.

- ***Advancing Digital Payment Services and End-to-End Business Digital Solutions.*** Approximately [REDACTED], or [REDACTED], will be allocated to upgrading and enhancing our major digital payment application systems, including our core payment transaction system, open digital platform, value-added service systems, clearing and settlement platform and risk control system. These initiatives aim to strengthen transaction processing and risk management capabilities.

In addition, we plan to develop more end-to-end business digital solutions and launch new SaaS offerings tailored to a wider range of industries, driving rapid growth of our digital commercial solutions business and further consolidating our leading position in the Asian market.

- ***Enhanced Technology Infrastructure.*** Approximately [REDACTED], or [REDACTED], will be allocated to strengthening our technology infrastructure to enhance system security, stability and high availability. We plan to align with standards adopted by major financial institutions and reinforce our hybrid multi-cloud computing architecture. Through a distributed system design, we aim to achieve elastic scalability to meet diverse computing and storage needs across different business scenarios.

We will further enhance our data processing foundation by improving distributed databases, unified data lakehouse architecture, and real-time data processing frameworks, enabling efficient storage and analysis of massive datasets. In addition, we will continue to develop unified monitoring and SRE management platforms to ensure system availability, fault tolerance and service continuity.

(c) Strategic Investment and Acquisitions

Approximately [REDACTED], or [REDACTED], will be allocated to strategic investments and acquisitions over the next five years. We plan to identify and invest in high-quality digital payment, digital service and advanced technology companies globally, with the aim of diversifying and upgrading our products, services and customer base. Through accelerated iteration and technological innovation, we seek to build globally aligned operational capabilities to effectively support the expansion of our international business scale.

FUTURE PLANS AND USE OF [REDACTED]

As of the Latest Practicable Date, we had not identified any specific targets for strategic investments or acquisitions.

(d) Working Capital and General Corporate Purposes

Approximately [REDACTED], or [REDACTED], of the [REDACTED] is expected to be used for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the high point or the low point of the indicative [REDACTED] range, the [REDACTED] of the [REDACTED] will increase or decrease by approximately [REDACTED], respectively. Under such circumstances, we will increase or decrease the allocation of the [REDACTED] to the above purposes on a pro-rata basis. If the [REDACTED] is exercised in full, the additional [REDACTED] that we will receive will be approximately [REDACTED], assuming an [REDACTED] of [REDACTED] per H Share, being the [REDACTED] of the proposed [REDACTED] range. If the [REDACTED] is exercised, we intend to apply such additional [REDACTED] for the above uses on a pro-rata basis.

To the extent that the [REDACTED] from the [REDACTED] are not immediately applied to the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will only deposit those [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions in Hong Kong or China (as defined under the SFO or applicable laws and regulations in China) so long as it is deemed to be in the best interests of our Company. In this event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LAKALA PAYMENT CO., LTD., AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Lakala Payment Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-17, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025, and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages [I-4] to [I-171] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [DATE] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be

APPENDIX I

ACCOUNTANTS’ REPORT

identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Certified Public Accountants

Hong Kong

[Date]

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ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
REVENUE	5	5,361,111	5,927,533	5,754,157	2,980,328	2,647,095
Cost of sales	7	(4,141,028)	(4,264,280)	(4,035,942)	(2,004,681)	(1,989,356)
Gross profit		1,220,083	1,663,253	1,718,215	975,647	657,739
Other income and gains, net.	5	92,023	274,434	56,053	23,194	53,204
Selling and marketing expenses.		(544,061)	(491,149)	(477,173)	(226,878)	(226,944)
Administrative expenses		(238,853)	(270,851)	(252,630)	(128,825)	(117,598)
Research and development costs	7	(229,090)	(249,947)	(260,550)	(125,325)	(136,796)
Fair value (losses)/gains on financial assets at fair value through profit or loss	7	—	(161,003)	(152,222)	—	65,466
Impairment losses on financial instruments, net	7	(64,528)	(49,905)	(58,032)	(24,672)	(22,935)
Impairment losses on investments in associates	7	(78,399)	(75,834)	(38,973)	—	—
Other expenses, net	6	(1,405,073)	(30,140)	(37,764)	(1,155)	(1,390)
Finance costs	8	(14,667)	(22,034)	(9,697)	(4,911)	(5,952)
Share of (losses)/profits of associates	7	(54,676)	(74,008)	(68,482)	17,327	17,284
(LOSS)/PROFIT BEFORE TAX		(1,317,241)	512,816	418,745	504,402	282,078
Income tax	11	(120,986)	(55,756)	(67,688)	(84,852)	(52,795)
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(1,438,227)	457,060	351,057	419,550	229,283
Attributable to:						
Owners of the parent.		(1,436,971)	457,663	351,199	419,499	229,361
Non-controlling interests		(1,256)	(603)	(142)	51	(78)
		(1,438,227)	457,060	351,057	419,550	229,283
(LOSS)/EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic (<i>RMB</i>)		(1.84)	0.59	0.45	0.54	0.30
Diluted (<i>RMB</i>)		(1.84)	0.59	0.45	0.54	0.30

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(LOSS)/PROFIT FOR THE					
YEAR/PERIOD	(1,438,227)	457,060	351,057	419,550	229,283
OTHER COMPREHENSIVE					
INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	780	145	59	(17)	76
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	780	145	59	(17)	76
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	19,042
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	—	—	—	—	19,042
OTHER COMPREHENSIVE					
INCOME/(LOSS) FOR THE					
YEAR/PERIOD, NET OF TAX	780	145	59	(17)	19,118
TOTAL COMPREHENSIVE					
(LOSS)/INCOME FOR THE					
YEAR/PERIOD	<u>(1,437,447)</u>	<u>457,205</u>	<u>351,116</u>	<u>419,533</u>	<u>248,401</u>
Attributable to:					
Owners of the parent	(1,436,191)	457,808	351,258	419,482	248,479
Non-controlling interests.	(1,256)	(603)	(142)	51	(78)
	<u>(1,437,447)</u>	<u>457,205</u>	<u>351,116</u>	<u>419,533</u>	<u>248,401</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property and equipment	14	1,517,889	1,479,529	1,436,900	1,423,459
Investment properties.	15	—	—	205,700	204,289
Right-of-use assets	16	20,684	19,271	21,060	37,211
Goodwill	17	—	—	—	294,198
Intangible assets	18	112,118	60,161	32,030	62,721
Investments in associates	19	1,743,466	1,479,785	1,425,202	1,406,963
Equity investments designated at fair value through other comprehensive income	21	18,000	18,000	18,000	40,402
Financial assets at fair value through profit or loss	22	578,896	440,167	256,632	316,369
Prepayments, other receivables and other assets.	27	220,525	241,966	86,694	64,290
Deferred tax assets	23	965	756	572	—
Total non-current assets		4,212,543	3,739,635	3,482,790	3,849,902
CURRENT ASSETS					
Inventories	26	8,880	5,685	5,371	9,217
Trade receivables	24	161,669	179,002	178,639	251,803
Factoring receivables	25	591,216	679,364	388,476	323,460
Due from a related company. .		—	71	—	1,295
Prepayments, other receivables and other assets.	27	292,238	247,518	195,965	214,847
Financial assets at fair value through profit or loss	22	—	—	25,056	5,000
Pledged and restricted cash. . .	28	4,554,171	6,644,154	5,575,950	5,672,290
Cash and cash equivalents . . .	28	622,876	768,458	616,806	693,147
Total current assets		6,231,050	8,524,252	6,986,263	7,171,059

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ACCOUNTANTS’ REPORT

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES					
Trade and bills payables.	29	761,209	978,113	643,703	621,760
Other payables and accruals . .	30	5,148,669	6,958,935	5,858,666	6,113,464
Contract liabilities.	31	43,367	60,177	77,792	171,059
Due to related companies		38,225	35,612	39,198	44,356
Interest-bearing bank borrowings	32	676,700	388,801	406,648	606,108
Lease liabilities.	16	7,535	9,025	7,440	18,474
Tax payables		67,849	19,752	16,165	28,804
Total current liabilities.		6,743,554	8,450,415	7,049,612	7,604,025
NET CURRENT ASSETS/(LIABILITIES) . .					
		(512,504)	73,837	(63,349)	(432,966)
TOTAL ASSETS LESS CURRENT LIABILITIES .					
		3,700,039	3,813,472	3,419,441	3,416,936
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	32	268,900	—	—	5,000
Lease liabilities.	16	9,163	7,439	10,641	15,718
Financial guarantee liabilities .	33	2,207	1,808	1,796	1,881
Deferred tax liabilities	23	70,004	54,846	15,783	32,687
Total non-current liabilities .		350,274	64,093	28,220	55,286
Net assets		3,349,765	3,749,379	3,391,221	3,361,650
EQUITY					
Equity attributable to owners of the parent					
Share capital	34	800,020	800,020	788,083	788,083
Treasury shares.	35	(599,984)	(204,825)	(100,133)	(100,133)
Reserves	36	3,147,905	3,152,963	2,702,192	2,793,055
		3,347,941	3,748,158	3,390,142	3,481,005
Non-controlling interests		1,824	1,221	1,079	(119,355)
Total equity.		3,349,765	3,749,379	3,391,221	3,361,650

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital and other reserve*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	800,020	(599,984)	2,005,581	(317)	(1,036)	414,747	2,168,435	4,787,446	3,080	4,790,526
Loss for the year	—	—	—	—	—	—	(1,436,971)	(1,436,971)	(1,256)	(1,438,227)
Other comprehensive income for the year	—	—	—	—	780	—	—	780	—	780
Total comprehensive income/(loss) for the year	—	—	—	—	780	—	(1,436,971)	(1,436,191)	(1,256)	(1,437,447)
Deregistration of an associate	—	—	(3,314)	—	—	—	—	(3,314)	—	(3,314)
At 31 December 2022	<u>800,020</u>	<u>(599,984)</u>	<u>2,002,267</u>	<u>(317)</u>	<u>(256)</u>	<u>414,747</u>	<u>731,464</u>	<u>3,347,941</u>	<u>1,824</u>	<u>3,349,765</u>

Year ended 31 December 2023

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital and other reserve*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	800,020	(599,984)	2,002,267	(317)	(256)	414,747	731,464	3,347,941	1,824	3,349,765
Profit for the year	—	—	—	—	—	—	457,663	457,663	(603)	457,060
Other comprehensive income for the year	—	—	—	—	145	—	—	145	—	145
Total comprehensive income for the year	—	—	—	—	145	—	457,663	457,808	(603)	457,205
Repurchase of ordinary shares	—	(57,591)	—	—	—	—	—	(57,591)	—	(57,591)
Treasury shares granted under share incentive plan	—	452,750	(452,750)	—	—	—	—	—	—	—
At 31 December 2023	<u>800,020</u>	<u>(204,825)</u>	<u>1,549,517</u>	<u>(317)</u>	<u>(111)</u>	<u>414,747</u>	<u>1,189,127</u>	<u>3,748,158</u>	<u>1,221</u>	<u>3,749,379</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital and other reserve*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	800,020	(204,825)	1,549,517	(317)	(111)	414,747	1,189,127	3,748,158	1,221	3,749,379
Profit for the year	—	—	—	—	—	—	351,199	351,199	(142)	351,057
Other comprehensive income for the year	—	—	—	—	59	—	—	59	—	59
Total comprehensive income for the year	—	—	—	—	59	—	351,199	351,258	(142)	351,116
Cancellation of treasury shares	(11,937)	98,723	(86,786)	—	—	—	—	—	—	—
Dividend adjustment to treasury shares .	—	5,969	4,775	—	—	—	—	10,744	—	10,744
Dividend	—	—	—	—	—	—	(720,018)	(720,018)	—	(720,018)
At 31 December 2024	<u>788,083</u>	<u>(100,133)</u>	<u>1,467,506</u>	<u>(317)</u>	<u>(52)</u>	<u>414,747</u>	<u>820,308</u>	<u>3,390,142</u>	<u>1,079</u>	<u>3,391,221</u>

Six months ended 30 June 2024 (unaudited)

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital and other reserve*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)										
At 1 January 2024	800,020	(204,825)	1,549,517	(317)	(111)	414,747	1,189,127	3,748,158	1,221	3,749,379
Profit for the period	—	—	—	—	—	—	419,499	419,499	51	419,550
Other comprehensive loss for the period	—	—	—	—	(17)	—	—	(17)	—	(17)
Total comprehensive income for the period	—	—	—	—	(17)	—	419,499	419,482	51	419,533
Dividend	—	—	—	—	—	—	(400,009)	(400,009)	—	(400,009)
At 30 June 2024	<u>800,020</u>	<u>(204,825)</u>	<u>1,549,517</u>	<u>(317)</u>	<u>(128)</u>	<u>414,747</u>	<u>1,208,617</u>	<u>3,767,631</u>	<u>1,272</u>	<u>3,768,903</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Six months ended 30 June 2025

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital and other reserve*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000 (note 36)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	788,083	(100,133)	1,467,506	(317)	(52)	414,747	820,308	3,390,142	1,079	3,391,221
Profit for the period	—	—	—	—	—	—	229,361	229,361	(78)	229,283
Other comprehensive income for the year:										
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	19,042	—	—	—	19,042	—	19,042
Exchange differences related to foreign operations	—	—	—	—	76	—	—	76	—	76
Total comprehensive income for the year	—	—	—	19,042	76	—	229,361	248,479	(78)	248,401
Acquisition of subsidiaries (note 39) . .	—	—	—	—	—	—	—	—	(120,356)	(120,356)
Dividend	—	—	—	—	—	—	(157,616)	(157,616)	—	(157,616)
At 30 June 2025	<u>788,083</u>	<u>(100,133)</u>	<u>1,467,506</u>	<u>18,725</u>	<u>24</u>	<u>414,747</u>	<u>892,053</u>	<u>3,481,005</u>	<u>(119,355)</u>	<u>3,361,650</u>

* These reserve accounts comprise the consolidated reserves of RMB3,147,905,000, RMB3,152,963,000, RMB2,702,192,000 and RMB2,793,055,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM						
OPERATING ACTIVITIES						
(Loss)/profit before tax.		(1,317,241)	512,816	418,745	504,402	282,078
Adjustments for:						
Depreciation of property and						
equipment	14	313,750	169,221	130,736	62,317	56,003
Amortisation of intangible assets. . .	18	41,352	56,918	28,448	21,300	4,352
Depreciation of right-of-use assets. .	16	20,168	14,639	22,197	7,442	7,933
Depreciation of investment						
properties	15	—	—	2,079	—	1,411
Share of losses/(profits) of						
associates		54,676	74,008	68,482	(17,327)	(17,284)
Impairment losses on investments in						
associates		78,399	75,834	38,973	—	—
Losses/(gains) on disposal of items						
of property and equipment	7	4,619	2,124	11,430	723	(36)
Impairment losses on financial						
instruments, net.		64,528	49,905	58,032	24,672	22,935
Losses/(gains) on disposal of						
investments in associates, net . . .		4,722	(200,696)	(5,951)	—	(25,044)
Fair value losses/(gains) on equity						
instruments at fair value through						
profit or loss.	7	—	161,003	152,222	—	(65,466)
Other interest income from financial						
assets at fair value through profit						
or loss	5	(839)	(107)	(1,879)	(1,347)	(566)
Interest income	5	(31,192)	(28,514)	(29,567)	(15,123)	(19,375)
Dividend income	5	(359)	(600)	(1,496)	(1,063)	(1,333)
Finance costs.	8	14,667	22,034	9,697	4,911	5,952
		(752,750)	908,585	902,148	590,907	251,560

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Increase in inventories	(69,856)	(15,994)	(18,500)	(15,707)	(33,298)
Decrease/(increase) in trade receivables	75,274	(20,051)	(894)	(11,136)	(132,138)
(Increase)/decrease in factoring receivables	(52,902)	(121,039)	249,650	(16,465)	55,257
(Increase)/decrease in prepayments, other receivables and other assets .	(2,869)	(58,662)	55,561	29,657	(97,147)
Decrease/(increase) in pledged and restricted cash	944,174	(2,089,983)	1,068,204	77,611	(96,340)
(Decrease)/increase in trade and bills payables	(96,334)	216,904	(334,410)	126,058	2,601
(Decrease)/increase in other payables and accruals	(218,357)	1,632,364	(959,347)	(60,336)	11,895
Increase/(decrease) in contract liabilities	16,489	16,810	17,615	(741)	193,026
(Decrease)/increase in financial guarantee contract liabilities	(92,010)	(399)	(12)	(18)	85
Cash (used in)/generated from operations	(249,141)	468,535	980,015	719,830	155,501
Interest received	31,192	28,514	29,567	15,123	19,375
Income tax paid	(138,927)	(118,802)	(110,154)	(63,361)	(34,753)
Net cash flows (used in)/from operating activities	(356,876)	378,247	899,428	671,592	140,123

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
CASH FLOWS FROM					
INVESTING ACTIVITIES					
Other interest income from financial assets at fair value through profit or loss	839	107	1,879	1,347	566
Proceeds from disposal of investment in associates	1,895	429,595	9,161	936	51,861
Dividends income	6,494	4,800	9,335	7,106	11,190
Acquisition of subsidiaries	(33,584)	879	—	—	(49,849)
Purchase of financial assets at fair value through profit or loss	—	—	(25,000)	—	—
Purchase of equity investments at fair value through profit or loss	(252,000)	(20,000)	(40,955)	(39,266)	—
Purchase of financial assets at amortised cost	(191,854)	—	(19,106)	(11,799)	(4,823)
Settlements of financial assets at amortised cost	—	85,550	—	—	—
Proceeds from disposal of equity investments at fair value through profit or loss	13,024	3,726	7,015	5,074	8,539
Refund from prepaid equity investments	50,000	—	—	—	—
Proceeds from disposal of financial assets at fair value through profit or loss	—	—	—	—	20,000
Capital investments in associates	(100,999)	(126,880)	(66,977)	(3,600)	(600)
Purchases of items of property and equipment and investment properties	(343,238)	(170,715)	(99,240)	(98,696)	(33,358)
Proceeds from disposal of items of property and equipment	7,153	6,136	2,278	1,863	8,013
Net cash flows/(used in) from investing activities	(842,280)	213,198	(221,610)	(137,035)	11,539

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ACCOUNTANTS’ REPORT

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES					
New interest-bearing bank borrowings	1,172,625	488,281	476,842	137,646	430,598
Proceeds from treasury shares issued under incentive plan	—	204,823	—	—	—
Repayment of interest-bearing bank borrowings	(266,774)	(1,043,196)	(457,989)	(228,042)	(237,065)
Lease payments	(19,562)	(15,288)	(25,009)	—	(8,238)
Interest paid	(13,226)	(23,036)	(9,907)	(4,607)	(6,122)
Dividend paid	—	—	(714,743)	(400,009)	(155,332)
Treasury shares repurchased under incentive plan	—	—	(98,723)	(98,723)	(89,855)
Decrease in other payables and accruals	—	—	—	—	(23,597)
Capital contribution from non-controlling equity holders	—	—	—	—	13,230
Treasury shares repurchased	—	(57,591)	—	—	—
Net cash flows from/(used in) financing activities	873,063	(446,007)	(829,529)	(593,735)	(76,381)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(326,093)	145,438	(151,711)	(59,178)	75,281
Cash and cash equivalents at beginning of year/period	948,189	622,876	768,458	768,458	616,806
Effect of foreign exchange rate changes, net	780	144	59	(18)	1,060
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	622,876	768,458	616,806	709,262	693,147
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	5,177,047	7,412,612	6,192,756	6,207,601	6,365,437
Less: pledged and restricted cash.	4,554,171	6,644,154	5,575,950	5,498,339	5,672,290
Cash and cash equivalents as stated in the statements of financial position and the statements of cash flows	622,876	768,458	616,806	709,262	693,147

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property and equipment	14	212,712	174,465	130,022	107,646
Right-of-use assets	16	15,215	16,782	15,055	58,079
Intangible assets	18	12,828	10,537	8,434	7,371
Investments in subsidiaries . . .	20	2,442,059	2,547,271	2,691,207	3,044,002
Investments in associates	19	1,854,211	1,543,928	1,453,801	1,436,030
Equity investments designated at fair value through other comprehensive income	21	18,000	18,000	18,000	40,402
Financial assets at fair value through profit or loss	22	398,896	406,923	223,310	283,047
Prepayments, other receivables and other assets.	27	—	—	65,253	64,290
Deferred tax assets	23	331	400	572	—
Total non-current assets		4,954,252	4,718,306	4,605,654	5,040,867
CURRENT ASSETS					
Inventories	26	3,131	1,570	722	1,953
Trade receivables	24	114,019	148,641	135,971	157,701
Due from subsidiaries		483,294	674,591	690,591	730,208
Prepayments, other receivables and other assets.	27	107,304	149,850	104,544	101,968
Financial assets at fair value through profit or loss	22	—	—	25,056	—
Pledged and restricted cash. . .	28	4,518,330	6,610,048	5,559,462	5,654,656
Cash and cash equivalents . . .	28	377,089	484,362	311,062	288,037
Total current assets		5,603,167	8,069,062	6,827,408	6,934,523

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		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES					
Trade and bills payables.	29	895,671	917,138	642,498	802,638
Other payables and accruals . .	30	5,080,721	6,896,063	5,796,104	5,841,911
Contract liabilities.	31	39,224	53,558	71,664	72,537
Due to subsidiaries		677,384	648,280	744,347	775,995
Interest-bearing bank borrowings	32	443,100	180,195	406,648	590,701
Lease liabilities.	16	6,704	7,953	3,493	27,208
Tax payables		54,088	—	13,089	26,601
Total current liabilities.		7,196,892	8,703,187	7,677,843	8,137,591
NET CURRENT LIABILITIES.					
		(1,593,725)	(634,125)	(850,435)	(1,203,068)
TOTAL ASSETS LESS CURRENT LIABILITIES .					
		3,360,527	4,084,181	3,755,219	3,837,799
NON-CURRENT LIABILITIES					
Lease liabilities.	16	5,767	6,137	9,396	29,162
Deferred tax liabilities	23	68,772	54,473	15,661	14,628
Total non-current liabilities .		74,539	60,610	25,057	43,790
Net assets		3,285,988	4,023,571	3,730,162	3,794,009
EQUITY					
Share capital	34	800,020	800,020	788,083	788,083
Treasury shares.	35	(599,984)	(204,825)	(100,133)	(100,133)
Reserves	36	3,085,952	3,428,376	3,042,212	3,106,059
Total equity.		3,285,988	4,023,571	3,730,162	3,794,009

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in the People’s Republic of China (“**Mainland China**”). The Company’s ordinary shares were listed on the Shenzhen Stock Exchange on 25 April 2019. The registered office of the Company is located at Room 606, 6/F, Building D1, Zhongguancun One, Bei Qing Road, Haidian District, Beijing, China.

During the Relevant Periods, the Company and its subsidiaries were involved in the provision of digital payment services and digital commercial solutions.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, the particulars of principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
拉卡拉雲商網絡有限公司 (Lakara Cloud Business Network Co., Ltd.)	(3)	PRC/Mainland China/25 July 2016	RMB400,000,000	100%	—	Provision of technology solutions and ancillary business support services
廣州贏達信息諮詢有限公司 (Guangzhou Yingda Information Consulting Co., Ltd.)	(4)	PRC/Mainland China/15 January 2019	RMB320,000,000	100%	—	Provision of business support services
廣州潤信商業保理有限責任公司 (Guangzhou Runxin Commercial Factoring Co., Ltd. (“ Guangzhou Runxin ”))	(4)	PRC/Mainland China/5 January 2021	RMB200,000,000	100%	—	Provision of commercial factoring services
拉卡拉數字科技有限公司 (Lakala Digital Technology Co., Ltd.) .	(4)	PRC/Mainland China/20 July 2023	RMB60,000,000	100%	—	Provision of software development, technical services and technical development

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Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
北京拉卡拉雲閃科技有限 公司 (Beijing Lakala Yunshan Technology Co., Ltd.).	(4)	PRC/Mainland China/20 April 2016	RMB400,000,000	100%	—	Provision of engineering design, technology solutions services
拉卡拉雲超科技有限公司 (Lakala Yunchao Technology Co., Ltd.) .	(4)	PRC/Mainland China/13 July 2021	RMB10,000,000,000	100%	—	Provision of software development, technical services and technical development
天津市天財商龍科技發展 有限公司 (Tiancai Shanglong Technology Co., Ltd. (“Tiancai Shanglong”)).	(1),(4)	PRC/Mainland China/7 March 2025	RMB10,000,000	35.7% ⁽²⁾	—	Provision of software development, technical services, technical development

The English names of all group companies registered in the Chinese Mainland represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes:

- (1) The Group acquired Tiancai Shanglong during six months ended 30 June 2025. Further details of this acquisition are set out in note 38 to the Historical Financial information.
- (2) The Group is able to exercise voting rights of 51.4% in board of directors and shareholders’ meeting and accordingly Tiancai Shanglong is accounted for as a subsidiary.
- (3) The statutory financial statements of this entity for the years ended 31 December 2022 and 2023 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by Huajian Certified Public Accountants (Shenzhen) Limited Liability Company (華健會計師事務所(深圳)有限責任公司), certified public accountants registered in the Mainland China. The audit of this entity for the year ended 31 December 2024 is still in progress, and no audited financial statements for the year ended 31 December 2024 have been prepared.
- (4) No audited financial statements have been prepared for these entities since their dates of incorporation/establishment.

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2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Basis of presentation

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 30 June 2025, the Group had net current liabilities of approximately RMB432,966,000. Having taken into available banking facilities as at 30 June 2025, and together with the operating cashflow forecast generated which covers a period of not less than twelve months from 30 June 2025 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information for the Relevant Periods on a going concern basis.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>

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Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
<i>Annual improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements.

The Group has already commenced an assessment of the impact of these new and revised IFRS Accounting Standards, 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 financial position of the Group is expected when other new and revised IFRS Accounting Standards become effective.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

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The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or

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(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major

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inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	1.90% to 3.17%
Machinery equipment	19.00% to 50.00%
Transportation equipment	11.88%
Office equipment	31.67%
Electronic devices	31.67%
Others	9.50% to 31.67%
Leasehold improvements	20.00% to 33.33%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property and equipment when completed and ready for use.

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties include buildings leased out.

An investment property is measured initially at cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognised in profit or loss as incurred.

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The Group uses the cost model for the subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings and land use rights.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from the sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes is recognised in profit or loss for the current period.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Software	5 to 10 years
Business licence	10 years
Others	5 years

Research and development costs

All research costs are charged to profit or loss as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings.	1.08 to 5 years
Office equipment.	1.08 to 3.75 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount

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of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. 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 term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the

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case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost including trade receivables, factoring receivables, due from related companies and financial assets included in prepayments, other receivables and other assets, are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss including unlisted funds, unlisted equity investments and wealth management assets, are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

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The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Factoring receivables and financial assets included in prepayments, other receivables and other assets are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Furthermore, for receivables arising from default guarantee payments, where credit risk has existed since initial recognition, are classified in stage 2 at initial recognition and are not eligible for stage 1 classification.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance

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based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as trade and bills payables, other payables and accruals, due to related companies, interest-bearing bank borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (Payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- (i) the amount of the loss allowance determined in accordance with IFRS 9; and

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- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

The Group’s inventories are merchandized goods.

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Treasury shares and Share repurchase

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

The payment and transaction costs incurred on the repurchase of the Group’s own equity instruments are accounted for as a deduction from equity. Other than share-based payments, the issuance (including refinancing), repurchase, sale or cancellation of the Group’s own equity instruments shall be accounted for as equity transactions.

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Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, which are repayable on demand and form an integral part of the Group’s cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the Group has fulfilled its performance obligations in the contracts, that is, when the customer obtains control of relevant goods or services. Control of relevant goods or services refers to the ability to direct the use of the goods or the provision of the services, and obtain substantially all of the remaining benefits from the goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Consideration payable to a customer is recorded as a reduction of the arrangement’s transaction price, thereby reducing the amount of revenue recognised, unless the payment is for a distinct good or service received from the customer. Any excess over this reduction is recognised in profit or loss.

The Group provides digital payment services and digital commercial solutions to assist customers receive, process and settle payments through point of sale (“POS”), internet and mobile payment scenarios.

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(a) Revenue from provision of services

Digital payment services

The Group derives revenues primarily from fees charged to merchants on a transaction basis. The Group has assessed that there is a single performance obligation in the contract and revenue is recognised at the point in time, upon completion of the payment services for each transaction.

Service revenue is recognised for each payment transaction handled by the Group at an amount calculated based on the total payment value transacted by the consumers applying respective service fee rates, net of service fees levied by the Group’s various payment networks providers. The payment networks providers have unilateral rights to monitor their service fee rates.

The service fee rates are determined based on the agreements entered into between the Group and the merchants.

The Group considers it is the principal in the provision of digital payment services as the Group:

- (i) is the primary obligor in the transaction arrangement;
- (ii) has discretion in establishing the selling price, i.e., service fee charged rates;
- (iii) has discretion to select merchants and channel partners for promotion of the Group’s digital payment services; and
- (iv) has involvement in the determination of service specifications.

The Group shares its service revenue with channel partners in accordance with the service agreements entered into with them and the related commissions payable to the distribution channels are recognised as the cost of revenue of the payment services.

Digital commercial solutions and other services

The Group provides digital commercial solutions and membership services to customers.

Revenues from digital commercial solutions are primarily recognised at the point in time when services are rendered, while member services income provided to customers is recognised on a time proportion basis over the service terms.

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(b) Others

Revenue from others is primarily derived from the sale of payment terminals and is recognised when the customer obtains control of payment terminals, typically upon acceptance of the payment terminal.

Revenue from other sources

Factoring income

Factoring income is primarily interest income which is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the factoring receivable to their net carrying amounts.

Other income

Income from guarantee is recognised over the term of the guarantee.

Bank interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Dividend income is recognised when the shareholders’ right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

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Share-based payments

The Company operates a number of share-based compensation plans (including share option schemes and share award scheme) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“**equity-settled transactions**”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer based on a recent transaction price, further details of which are given in note 37 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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Where the terms of an equity-settled share-based award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee’s spouse, children and dependents, family members of deceased employees and other beneficiaries are also considered employee benefits.

Pension schemes

The employees of the Company and the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension schemes operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the Mainland China. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each reporting period.

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Termination benefits

The Group provides termination benefits to employees and recognises an employee benefit liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognises costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

The Company’s dividends are recognised as liabilities upon approval by the shareholders’ general meeting. Details of the Company’s dividends are disclosed in note 12 to the Historical Financial Information.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair

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value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition — gross or net basis presentation

The determination of revenues should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. In determining whether the Group acts as the principal or an agent, the Group follows the accounting guidance for principal-agent considerations in IFRS 15.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on financial instruments

The Group uses a provision matrix to calculate ECLs for trade receivables, factoring receivables and other receivables. Additionally, ECLs related to the subsequent measurement of financial guarantee liabilities must be calculated.

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in

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the future. The information about the ECLs on the Group’s trade receivables, factoring receivables and other receivables is set out in note 24, note 25 and note 27 to the Historical Financial Information, respectively.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are set out in note 23 to the Historical Financial Information.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the end of each reporting period. Non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of unlisted funds and unlisted equity investments

The unlisted funds and unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 44 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price

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multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. Further details are included in note 21 and note 22 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group’s chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management monitors the results of the Group’s operating segment separately for the purpose of making decisions about resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

Since almost all of the Group’s non-current assets were located in Mainland China and almost all of the revenue of the Group is derived from operations in Mainland China during the Relevant Periods, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group’s revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue from contracts with customers. .	5,304,496	5,857,406	5,714,683	2,953,717	2,636,678
Revenue from other sources.	56,615	70,127	39,474	26,611	10,417
Total.	5,361,111	5,927,533	5,754,157	2,980,328	2,647,095

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Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Types of products or services					
Digital payment services	4,581,074	5,179,588	5,165,496	2,634,192	2,362,824
Digital commercial solutions	284,981	276,730	243,464	143,619	130,944
Others	438,441	401,088	305,723	175,906	142,910
Total.	5,304,496	5,857,406	5,714,683	2,953,717	2,636,678
Timing of revenue recognition					
Goods or services transferred at a					
point in time	5,291,278	5,822,075	5,683,971	2,937,410	2,616,197
Services transferred over time	13,218	35,331	30,712	16,307	20,481
Total.	5,304,496	5,857,406	5,714,683	2,953,717	2,636,678

The following table shows the amounts of revenue recognised during the Relevant Periods and six months ended 30 June 2024 that were included in the contract liabilities at the beginning of each reporting period.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue recognised that was included in					
contract liabilities at the beginning of					
the reporting period	40,473	40,165	59,998	29,999	36,684

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(b) *Performance obligations*

Revenue from the digital payment services

The Group’s performance obligations are related to payment services and other value-added services. For payment services, the performance obligation is satisfied at the point in time when the transaction is processed. The majority of the transaction service contracts do not have a fixed term. The Group has elected the practical expedient to not to disclose the remaining performance obligations for this type of contracts.

Revenue from the digital commercial solutions

The performance obligation mostly is satisfied at the point in time as services are rendered, and payment is generally due within one year from delivery, except for new customers, where payment in advance is normally required.

For revenue recognised on a time proportion basis over the service terms, payment in advance is normally required. All amounts of transaction prices allocated to the performance obligations for the provision of the services are expected to be recognised as revenue within two years.

Revenue from others

The performance obligation is satisfied upon customers acceptance of the payment terminals and payment is generally due within one year from delivery, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) (and excluding digital payment services) are expected to be recognised as revenue for the Relevant Periods and six months ended 30 June 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Amounts expected to be recognised as revenue:					
Within one year.	43,367	60,177	77,792	77,053	171,059

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An analysis of other income and gains, net is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income					
Bank interest income	31,192	28,514	29,567	15,123	19,375
Financial guarantee income	28,393	3,878	2,900	1,588	1,217
Government grants	15,680	30,442	5,898	300	1,078
Rental income	4,685	6,945	4,478	1,823	3,639
Other interest income from financial assets at fair value through profit or loss	839	107	1,879	1,347	566
Dividend income	359	600	1,496	1,063	1,333
Others	7,884	3,252	1,917	1,291	916
Total other income.	89,032	73,738	48,135	22,535	28,124
Gains					
Foreign exchange gains, net.	2,991	—	1,967	659	—
Gains on disposal of investments in associates, net.	—	*200,696	5,951	—	25,044
Gains on disposal of items of property and equipment	—	—	—	—	36
Total gains.	2,991	200,696	7,918	659	25,080
Total other income and gains, net	92,023	274,434	56,053	23,194	53,204

* Gains on the disposal of investments in an associate in 2023 arose from the Group’s disposal of its shareholding in 北京藍色光標數據科技集團股份有限公司 (“Bluefocus Intelligent Communications Group Co., Ltd.”) (“Bluefocus”), a company listing in Shenzhen Stock Exchange.

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6. OTHER EXPENSES, NET

An analysis of other expenses, net is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other expenses					
Foreign exchange losses, net	—	2,378	—	—	493
Losses on disposal of associates, net . . .	4,722	—	—	—	—
Losses on disposal of items of property and equipment	4,619	2,124	11,430	723	—
Donation	16,816	16,810	16,700	—	—
Penalties	60	8,784	9,021	139	—
Others*	1,378,856	44	613	293	897
Total.	1,405,073	30,140	37,764	1,155	1,390

* Certain standard merchant transactions were reported to the clearing network using preferential merchant fee rates. And in accordance with the relevant agreements, the amounts involved were refunded.

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7. (LOSS)/PROFIT BEFORE TAX

The Group’s profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of goods sold or services provided*		4,141,028	4,264,280	4,035,942	2,004,681	1,989,356
Depreciation of property and equipments.	14	313,750	169,221	130,736	62,317	56,003
Depreciation of investment properties	15	—	—	2,079	—	1,411
Depreciation of right-of-use assets	16	20,168	14,639	22,197	7,442	7,933
Amortisation of intangible assets	18	41,352	56,918	28,448	21,300	4,352
Research and development costs*		229,090	249,947	260,550	125,325	136,796
Lease payments not included in the measurement of lease liabilities		16,699	16,464	18,081	9,041	7,518
Employee benefit expense (including directors’ and supervisors’ remuneration (note 9)):						
Wages and salaries		384,985	399,083	403,830	215,201	285,831
Pension scheme contributions and social welfare		217,401	201,072	204,554	74,025	100,464
Share of losses/(profits) of associates		54,676	74,008	68,482	(17,327)	(17,284)
Fair value losses/(gains) on equity instruments at fair value through profit or loss.		—	161,003	152,222	—	(65,466)
Impairment losses on financial assets, net		64,528	49,905	58,032	24,672	22,935
Impairment losses on investments in associates		78,399	75,834	38,973	—	—
Loss/(gains) on disposal of items of property and equipment		4,619	2,124	11,430	723	(36)
Loss/(gains) on disposal of investments in associate		4,722	(200,696)	(5,951)	—	(25,044)

* Cost of goods sold or services provided and research and development costs include expenses relating to employee’s costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

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8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank borrowings.	13,600	21,152	8,901	4,488	5,687
Interest on lease liabilities.	1,067	882	796	423	265
Total.	14,667	22,034	9,697	4,911	5,952

9. DIRECTORS’ AND SUPERVISORS’ REMUNERATION

Directors’ and supervisors’ remuneration for the Relevant Periods and the six months ended 30 June 2024, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	450	450	462	225	375
Other emoluments:					
Salaries, bonuses, allowances and					
benefits in kind.	10,556	12,170	12,126	5,981	4,418
Share-based payment expenses	—	—	—	—	—
Pension scheme contributions.	774	831	864	442	301
Subtotal.	11,330	13,001	12,990	6,423	4,719
Total.	11,780	13,451	13,452	6,648	5,094

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(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2024 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Ms. Wang Xiaolan	150	150	144	75	—
Mr. Li Yan	150	150	144	75	—
Mr. Cai Shutao	150	150	144	75	—
Mr. Liu Erkui	—	—	10	—	125
Mr. Zhang Yanlong	—	—	10	—	125
Ms. Chen Leixi	—	—	10	—	125
Total.	450	450	462	225	375

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

- (i) On 23 November 2016, Ms. Wang Xiaolan was appointed as an independent non-executive director of the Company and resigned on 18 December 2024.
- (ii) On 23 November 2016, Ms. Li Yan was appointed as an independent non-executive director of the Company and resigned on 18 December 2024.
- (iii) On 23 November 2016, Ms. Cai Shutao was appointed as an independent non-executive director of the Company and resigned on 18 December 2024.
- (iv) On 18 December 2024, Mr. Liu Erkui was appointed as an independent non-executive director of the Company.
- (v) On 18 December 2024, Mr. Zhang Yanlong was appointed as an independent non-executive director of the Company.
- (vi) On 18 December 2024, Ms. Chen Leixi was appointed as an independent non-executive director of the Company.

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(b) Executive directors, non-executive directors and supervisors

		Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Total remuneration
	Fees		
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2022			
Executive directors:			
Mr. Sun Taoran	—	5,263	5,263
Mr. Chen Lie.	—	3,009	3,009
Mr. Li Peng.	—	—	—
Mr. Shu Shizhong	—	1,532	1,532
Mr. Wang Guoqiang (CEO).	—	—	—
Subtotal.	—	9,804	9,804
Non-executive directors:			
Ms. Wang Xiaolan.	150	—	150
Mr. Li Yan	150	—	150
Mr. Cai Shutao	150	—	150
Subtotal.	450	—	450
Supervisors:			
Ms. Kou Ying	—	693	693
Ms. Niu Qin	—	335	335
Ms. Zhu Jie.	—	498	498
Subtotal.	—	1,526	1,526
Total	450	11,330	11,780

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		Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Total remuneration
	Fees		
	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023			
Executive directors:			
Mr. Sun Taoran	—	5,288	5,288
Mr. Shu Shizhong	—	1,190	1,190
Mr. Li Peng.	—	—	—
Mr. Wang Guoqiang (CEO).	—	4,981	4,981
Subtotal.	—	11,459	11,459
Non-executive directors:			
Ms. Wang Xiaolan.	150	—	150
Mr. Li Yan	150	—	150
Mr. Cai Shutao	150	—	150
Subtotal.	450	—	450
Supervisors:			
Ms. Kou Ying	—	705	705
Ms. Niu Qin	—	335	335
Ms. Zhu Jie.	—	502	502
Subtotal.	—	1,542	1,542
Total.	450	13,001	13,451

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		Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Total remuneration
	Fees		
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2024			
Executive directors:			
Mr. Sun Taoran	—	5,305	5,305
Mr. Shu Shizhong	—	1,096	1,096
Mr. Li Peng.	—	—	—
Mr. Wang Guoqiang (CEO).	—	4,998	4,998
Subtotal.	—	11,399	11,399
Non-executive directors:			
Ms. Wang Xiaolan.	144	—	144
Mr. Li Yan	144	—	144
Mr. Cai Shutao	144	—	144
Mr. Liu Erkui	10	—	10
Mr. Zhang Shuanlong	10	—	10
Ms. Chen Leixi	10	—	10
Subtotal.	462	—	462
Supervisors:			
Ms. Kou Ying	—	692	692
Ms. Niu Qin	—	378	378
Ms. Zhu Jie.	—	509	509
Ms. Wen Jin	—	12	12
Subtotal.	—	1,591	1,591
Total.	462	12,990	13,452

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		Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Total remuneration
	Fees		
	RMB’000	RMB’000	RMB’000
(unaudited)			
Six months ended 30 June 2024			
Executive directors:			
Mr. Sun Taoran	—	2,723	2,723
Mr. Shu Shizhong	—	623	623
Mr. Li Peng	—	—	—
Mr. Wang Guoqiang (CEO)	—	2,330	2,330
Subtotal.	—	5,676	5,676
Non-executive directors:			
Ms. Wang Xiaolan	75	—	75
Mr. Li Yan	75	—	75
Mr. Cai Shutao	75	—	75
Subtotal.	225	—	225
Supervisors:			
Ms. Kou Ying	—	334	334
Ms. Niu Qin	—	176	176
Ms. Zhu Jie	—	237	237
Subtotal.	—	747	747
Total	225	6,423	6,648

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	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Six months ended 30 June 2025			
Executive directors:			
Mr. Sun Taoran	—	2,724	2,724
Mr. Li Peng	—	—	—
Mr. Wang Guoqiang (CEO)	—	1,334	1,334
Subtotal	—	4,058	4,058
Non-executive directors:			
Mr. Liu Erkui	125	—	125
Mr. Zhang Yanlong	125	—	125
Ms. Chen Leixi	125	—	125
Subtotal	375	—	375
Supervisors:			
Ms. Wen Jin	—	238	238
Ms. Niu Qin	—	194	194
Ms. Zhu Jie	—	229	229
Subtotal	—	661	661
Total	375	4,719	5,094

- (i) On 1 December 2015, Mr. Sun Taoran was appointed as an executive director of the Company.
- (ii) On 27 October 2021, Mr. Chen Lie was appointed as an executive director of the Company and resigned on 1 December 2022.
- (iii) On 1 December 2015, Mr. Li Peng was appointed as an executive director of the Company.
- (iv) On 16 January 2019, Mr. Shu Shizhong was appointed as an executive director of the Company and resigned on 29 November 2024.

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- (v) On 21 December 2022, Mr. Wang Guoqiang was appointed as an executive director of the Company. During the relevant period, Mr. Wang Guoqiang served as Chief Executive Officer of the Company.
- (vi) On 23 November 2016, Ms. Kou Ying was appointed as a supervisor of the Company and resigned on 18 December 2024.
- (vii) On 23 November 2016, Ms. Niu Qin was appointed as a supervisor of the Company.
- (viii) On 27 October 2021, Ms. Zhu Jie was appointed as a supervisor of the Company.
- (ix) On 18 December 2024, Ms. Wen Jin was appointed as a supervisor of the Company.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included two, three, three, and two and three directors of the Company during the Relevant Periods and six months ended 30 June 2024, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining three, two, two, three and two highest paid employees during the Relevant Periods and six months ended 30 June 2024, respectively, who are not directors of the Company are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, wages, bonuses and benefits in kind (including contributions to pension plans).	15,259	11,519	11,848	5,966	3,568

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The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(unaudited)	
HKD nil to HKD 3,000,000	—	—	—	2	3
HKD3,000,001 to HKD3,500,000	2	1	—	—	—
HKD3,500,001 to HKD4,000,000	—	—	1	—	—
HKD4,500,001 to HKD5,000,000	—	—	1	—	—
HKD5,000,001 to HKD5,500,000	1	1	—	—	—
Total.	3	2	2	2	3

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

Mainland China

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China and the respective regulations (the “**EIT Law**”), the subsidiaries which operate in Mainland China are subject to EIT at a rate of 25% on the taxable income, except for those which are subject to tax concessions as set out below:

- Subsidiaries have been qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%.
- Subsidiaries have been qualified as Tibet-based enterprises employing local permanent residents are entitled to a preferential income tax rate of 9%.
- Subsidiaries have been qualified engaging in integrated circuit and software industry are eligible for the first two years taxable income at preferential tax rate of 0% and thereafter three years taxable incomes at a preferential tax rate of 12.5%.
- Certain subsidiaries with annual taxable income less than RMB1,000,000, which met the criteria as small scale and minimal profit enterprise, the income amount subject to tax was calculated at 25% of the actual annual taxable income, based on which this subsidiary was entitled to a reduced corporate income tax rate of 20% for the period from 1 January 2023 and expiring on 31 December 2027.

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- Certain subsidiaries which met the criteria of small scale and minimal-profit enterprise, the portion of income with more than RMB1,000,000 but less than RMB3,000,000 subject to tax was calculated at 25% of the actual annual taxable income, based on which this subsidiary was entitled to a reduced corporate income tax rate of 20% for the period from year 2022 to 2024. For taxable income in excess of RMB3,000,000, the amount was subject to corporate income tax of 25%.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% on the estimated assessable profits arising in Hong Kong.

Japan

The subsidiary incorporated in Japan is subject to Japan profits tax at the rate of 23% or 30.62% on the estimated assessable profits arising in Japan.

Singapore

The subsidiary which operates in Singapore is subject to profits tax at a rate of 17%.

Other overseas areas

The Company’s other overseas subsidiaries are subject to income tax at rates ranging from 8.84% to 21%.

The income tax expense of the Group for the Relevant Periods and the six months ended 30 June 2024 is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current income tax	112,119	70,705	106,567	91,459	47,392
Deferred income tax	8,867	(14,949)	(38,879)	(6,607)	5,403
Total.	120,986	55,756	67,688	84,852	52,795

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A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory tax rate for the countries in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Loss)/Profit before tax	(1,317,241)	512,816	418,745	504,402	282,078
Tax at the preferential tax rate of 15% . .	(197,586)	76,922	62,812	75,660	42,312
Effect of different tax rates	3,588	8,843	260	5,753	980
Adjustments in respect of current tax of previous periods	37	—	5,199	5,199	5,362
Tax effect of share of profit or loss of associates	8,201	11,101	10,272	(2,599)	(2,593)
Expenses not deductible for tax	298,737	5,991	6,264	3,133	4,142
Tax losses and temporary differences not recognised	26,861	29,373	6,496	4,316	12,379
Tax losses and deductions utilised from previous period	—	(52,547)	—	—	—
Additional deduction of research and development costs	(18,852)	(23,927)	(23,615)	(6,610)	(9,787)
Tax charge at the Group’s effective tax rate	120,986	55,756	67,688	84,852	52,795

12. DIVIDENDS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Dividends attributable to the year/period:					
Interim dividend (<i>note (1)</i>)	—	—	320,009	—	—
Final dividend (<i>note (2) and note (3)</i>). . .	—	—	400,009	400,009	157,616
	—	—	720,018	400,009	157,616

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Notes:

- (1) On 9 August 2024, the Company declared a cash dividend for the first half of 2024, amounting to RMB4 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 800,019,942 as at 30 June 2024.
- (2) On 25 April 2025, the Company declared a cash dividend for year 2024, amounting to RMB2 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 788,082,442 as at 31 December 2024.
- (3) On 22 April 2024, the Company declared a cash dividend for 2023, amounting to RMB5 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 800,019,942 as at 31 December 2023.

13. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2024.

The calculation of the diluted (loss)/earnings per share amounts for the years/periods is based on the (loss)/profit for the year/period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the years/periods, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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The following reflects the income and share data used in the basic (loss)/earnings per share computation:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(unaudited)	
(Loss)/earnings:					
(Loss)/profit attributable to ordinary equity holders of the parent (RMB’000), used in the basic earnings/(losses) per share calculation .	(1,436,971)	457,663	351,199	419,499	229,361
Shares:					
Weighted average number (’000) of ordinary shares outstanding during the year/period used in the basic earnings per share calculation	779,855	778,367	776,665	776,665	776,665
(Loss)/earnings per share					
Basic and diluted (RMB).	(1.84)	0.59	0.45	0.54	0.30

The weighted average number of shares has taken into account the effect of treasury shares held.

For the treasury shares granted under the Group’s share incentive plans, there is no effect on the diluted earnings per share because the performance target was not met at each balance sheet date.

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14. PROPERTY AND EQUIPMENT

The Group

31 December 2022

	Buildings	Machinery equipment	Transportation equipment	Office equipment	Electronic devices	Others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022								
Cost	1,053,323	1,300,448	41,697	13,942	19,900	104,555	6,927	2,540,792
Accumulated depreciation	(57,214)	(923,356)	(20,353)	(11,633)	(11,335)	(35,857)	(2,697)	(1,062,445)
Net carrying amount	996,109	377,092	21,344	2,309	8,565	68,698	4,230	1,478,347
At 1 January 2022, net of								
accumulated depreciation	996,109	377,092	21,344	2,309	8,565	68,698	4,230	1,478,347
Additions	308,505	121,462	1,965	79	958	47	2,085	435,101
Acquisition of subsidiaries (note 39) . .	—	3	—	16	268	—	327	614
Disposals	—	(82,278)	(13)	(25)	(107)	—	—	(82,423)
Depreciation provided during the year								
(note 7)	(21,872)	(270,908)	(4,995)	(78)	(1,584)	(11,163)	(3,150)	(313,750)
At 31 December 2022, net of								
accumulated depreciation	1,282,742	145,371	18,301	2,301	8,100	57,582	3,492	1,517,889
At 31 December 2022								
Cost	1,361,828	809,037	43,455	13,922	20,183	104,602	9,339	2,362,366
Accumulated depreciation	(79,086)	(663,666)	(25,154)	(11,621)	(12,083)	(47,020)	(5,847)	(844,477)
Net carrying amount	1,282,742	145,371	18,301	2,301	8,100	57,582	3,492	1,517,889

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ACCOUNTANTS’ REPORT

31 December 2023

	Buildings	Machinery equipment	Transportation equipment	Office equipment	Electronic devices	Others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023, net of								
accumulated depreciation	1,282,742	145,371	18,301	2,301	8,100	57,582	3,492	1,517,889
Additions	—	103,956	11,175	1,795	960	40,191	224	158,301
Acquisition of a subsidiary (note 39) . .	—	—	—	—	9	—	—	9
Disposals	—	(25,273)	(2,005)	(27)	(102)	(42)	—	(27,449)
Depreciation provided during the year								
(note 7)	(27,917)	(120,939)	(4,947)	(774)	(1,463)	(10,706)	(2,475)	(169,221)
At 31 December 2023, net of								
accumulated depreciation	<u>1,254,825</u>	<u>103,115</u>	<u>22,524</u>	<u>3,295</u>	<u>7,504</u>	<u>87,025</u>	<u>1,241</u>	<u>1,479,529</u>
At 31 December 2023								
Cost	1,361,828	649,825	45,078	15,468	20,291	144,713	9,563	2,246,766
Accumulated depreciation	<u>(107,003)</u>	<u>(546,710)</u>	<u>(22,554)</u>	<u>(12,173)</u>	<u>(12,787)</u>	<u>(57,688)</u>	<u>(8,322)</u>	<u>(767,237)</u>
Net carrying amount	<u>1,254,825</u>	<u>103,115</u>	<u>22,524</u>	<u>3,295</u>	<u>7,504</u>	<u>87,025</u>	<u>1,241</u>	<u>1,479,529</u>

31 December 2024

	Buildings	Machinery equipment	Transportation equipment	Office equipment	Electronic devices	Others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024, net of								
accumulated depreciation	1,254,825	103,115	22,524	3,295	7,504	87,025	1,241	1,479,529
Additions	25,193	63,292	7,676	293	1,397	20,746	2,032	120,629
Disposals	—	(31,655)	(829)	19	(57)	—	—	(32,522)
Depreciation provided during the year								
(note 7)	(27,902)	(77,934)	(5,072)	(1,728)	(1,174)	(15,585)	(1,341)	(130,736)
At 31 December 2024, net of								
accumulated depreciation	<u>1,252,116</u>	<u>56,818</u>	<u>24,299</u>	<u>1,879</u>	<u>7,670</u>	<u>92,186</u>	<u>1,932</u>	<u>1,436,900</u>
At 31 December 2024								
Cost	1,387,020	372,784	48,119	15,678	20,753	165,459	11,595	2,021,408
Accumulated depreciation	<u>(134,904)</u>	<u>(315,966)</u>	<u>(23,820)</u>	<u>(13,799)</u>	<u>(13,083)</u>	<u>(73,273)</u>	<u>(9,663)</u>	<u>(584,508)</u>
Net carrying amount	<u>1,252,116</u>	<u>56,818</u>	<u>24,299</u>	<u>1,879</u>	<u>7,670</u>	<u>92,186</u>	<u>1,932</u>	<u>1,436,900</u>

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30 June 2025

	Buildings	Machinery equipment	Transportation equipment	Office equipment	Electronic devices	Others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025, net of								
accumulated depreciation	1,252,116	56,818	24,299	1,879	7,670	92,186	1,932	1,436,900
Additions	21,372	9,051	1,982	10,895	515	—	230	44,045
Acquisition of subsidiaries (note 39) . .	—	—	54	3,161	—	249	215	3,679
Disposals	—	(5,103)	—	(3)	(38)	(18)	—	(5,162)
Depreciation provided during the period								
(note 7)	(14,159)	(17,466)	(3,126)	(11,361)	(550)	(8,551)	(790)	(56,003)
At 30 June 2025, net of								
accumulated depreciation	<u>1,259,329</u>	<u>43,300</u>	<u>23,209</u>	<u>4,571</u>	<u>7,597</u>	<u>83,866</u>	<u>1,587</u>	<u>1,423,459</u>
At 30 June 2025								
Cost.	1,408,392	387,271	49,855	29,672	21,207	165,593	12,040	2,074,030
Accumulated depreciation	<u>(149,063)</u>	<u>(343,971)</u>	<u>(26,646)</u>	<u>(25,101)</u>	<u>(13,610)</u>	<u>(81,727)</u>	<u>(10,453)</u>	<u>(650,571)</u>
Net carrying amount	<u>1,259,329</u>	<u>43,300</u>	<u>23,209</u>	<u>4,571</u>	<u>7,597</u>	<u>83,866</u>	<u>1,587</u>	<u>1,423,459</u>

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group’s property and equipment of RMB662,482,000, RMB384,314,000 and RMB376,100,000 and RMB371,992,000 were pledged to secure bank borrowings of the Group, respectively (note 40).

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The Company

31 December 2022

	Machinery equipment	Transportation equipment	Office equipment	Electronic devices	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022						
Cost	1,787,030	30,127	2,684	10,133	629	1,830,603
Accumulated depreciation.	(1,264,379)	(15,299)	(1,978)	(8,384)	—	(1,290,040)
Net carrying amount	<u>522,651</u>	<u>14,828</u>	<u>706</u>	<u>1,749</u>	<u>629</u>	<u>540,563</u>
At 1 January 2022, net of accumulated depreciation and impairment	522,651	14,828	706	1,749	629	540,563
Additions	154,943	1,963	39	629	295	157,869
Disposals	(105,696)	(13)	(14)	(103)	—	(105,826)
Depreciation provided during the year	<u>(374,545)</u>	<u>(3,537)</u>	<u>(271)</u>	<u>(842)</u>	<u>(699)</u>	<u>(379,894)</u>
At 31 December 2022, net of accumulated depreciation.	<u>197,353</u>	<u>13,241</u>	<u>460</u>	<u>1,433</u>	<u>225</u>	<u>212,712</u>
At 31 December 2022						
Cost	998,857	31,884	2,620	9,850	924	1,044,135
Accumulated depreciation.	<u>(801,504)</u>	<u>(18,643)</u>	<u>(2,160)</u>	<u>(8,417)</u>	<u>(699)</u>	<u>(831,423)</u>
Net carrying amount	<u>197,353</u>	<u>13,241</u>	<u>460</u>	<u>1,433</u>	<u>225</u>	<u>212,712</u>

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ACCOUNTANTS’ REPORT

31 December 2023

	Machinery equipment	Transportation equipment	Office equipment	Electronic devices	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022						
Cost	998,857	31,884	2,620	9,850	924	1,044,135
Accumulated depreciation	(801,504)	(18,643)	(2,160)	(8,417)	(699)	(831,423)
Net carrying amount	197,353	13,241	460	1,433	225	212,712
At 1 January 2023, net of accumulated depreciation and impairment.	197,353	13,241	460	1,433	225	212,712
Additions.	150,483	9,089	27	506	223	160,328
Disposals.	(36,817)	(1,390)	(13)	(39)	—	(38,259)
Depreciation provided during the year	(155,549)	(3,577)	(223)	(765)	(202)	(160,316)
At 31 December 2023, net of accumulated depreciation and impairment.	155,470	17,363	251	1,135	246	174,465
At 31 December 2023						
Cost	781,865	32,284	2,418	9,651	1,147	827,365
Accumulated depreciation	(626,395)	(14,921)	(2,167)	(8,516)	(901)	(652,900)
Net carrying amount	155,470	17,363	251	1,135	246	174,465

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ACCOUNTANTS’ REPORT

31 December 2024

	Machinery equipment	Transportation equipment	Office equipment	Electronic devices	Others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024							
Cost	781,865	32,284	2,418	9,651	—	1,147	827,365
Accumulated depreciation	(626,395)	(14,921)	(2,167)	(8,516)	—	(901)	(652,900)
Net carrying amount	155,470	17,363	251	1,135	—	246	174,465
At 1 January 2024, net of accumulated depreciation and impairment	155,470	17,363	251	1,135	—	246	174,465
Additions	90,276	2,182	96	773	19,403	1,972	114,702
Disposals	(43,261)	(757)	(2)	(35)	—	—	(44,055)
Depreciation provided during the year	(108,460)	(3,752)	(95)	(597)	(1,455)	(731)	(115,090)
At 31 December 2024, net of accumulated depreciation	94,025	15,036	250	1,276	17,948	1,487	130,022
At 31 December 2024							
Cost	430,636	31,256	2,469	9,779	19,403	3,119	496,662
Accumulated depreciation	(336,611)	(16,220)	(2,219)	(8,503)	(1,455)	(1,632)	(366,640)
Net carrying amount	94,025	15,036	250	1,276	17,948	1,487	130,022

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ACCOUNTANTS’ REPORT

30 June 2025

	Machinery equipment	Transportation equipment	Office equipment	Electronic devices	Others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025							
Cost	430,636	31,256	2,469	9,779	19,403	3,119	496,662
Accumulated depreciation	(336,611)	(16,220)	(2,219)	(8,503)	(1,455)	(1,632)	(366,640)
Net carrying amount	94,025	15,036	250	1,276	17,948	1,487	130,022
At 1 January 2025, net of accumulated depreciation and impairment	94,025	15,036	250	1,276	17,948	1,487	130,022
Additions	30,443	—	4	369	—	444	31,260
Disposals	(7,914)	—	—	(36)	—	—	(7,950)
Depreciation provided during the period	(42,532)	(1,375)	(26)	(302)	(970)	(481)	(45,686)
At 30 June 2025, net of accumulated depreciation and impairment	74,022	13,661	228	1,307	16,978	1,450	107,646
At 30 June 2025							
Cost	451,201	31,256	2,473	10,093	19,403	3,563	517,989
Accumulated depreciation	(377,179)	(17,595)	(2,245)	(8,786)	(2,425)	(2,113)	(410,343)
Net carrying amount	74,022	13,661	228	1,307	16,978	1,450	107,646

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ACCOUNTANTS’ REPORT

15. INVESTMENT PROPERTIES

The Group

31 December 2024

	Buildings
	<i>RMB’000</i>
At 1 January 2024	
Cost	—
Accumulated depreciation	—
Net carrying amount	—
At 1 January 2024, net of accumulated depreciation and impairment	—
Additions	207,779
Depreciation provided during the year (<i>note 7</i>)	(2,079)
At 31 December 2024, net of accumulated depreciation	205,700
At 31 December 2024	
Cost	207,779
Accumulated depreciation	(2,079)
Net carrying amount	205,700

30 June 2025

	Buildings
	<i>RMB’000</i>
At 1 January 2025	
Cost	207,779
Accumulated depreciation	(2,079)
At 1 January 2025, cost net of accumulated depreciation	205,700
Depreciation provided during the period (<i>note 7</i>)	(1,411)
At 30 June 2025, cost net of accumulated depreciation	204,289
At 30 June 2025	
Cost	207,779
Accumulated depreciation	(3,490)
Net carrying amount	204,289

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The Group’s investment properties consist of two commercial properties in Shanghai, China.

The Group’s investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the Historical Financial Information.

As at the end of each of the Relevant Periods, the fair values of investment properties, which are categorised within Level 3 of the fair value hierarchy, are not materially different from their original cost. The fair value of investment properties as at 31 December 2024 and 30 June 2025 were RMB209,300,000.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of office building used in its operations. Leases of office building generally have lease terms between 1 year and 11 years. Others generally have lease terms of 12 months or less or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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ACCOUNTANTS’ REPORT

(a) *Right-of-use assets*

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Buildings	Office equipments	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2022	10,239	18,298	28,537
Additions	16,508	—	16,508
Acquisition of a subsidiary	196	—	196
Termination	(4,389)	—	(4,389)
Depreciation provided during the year (note 7)	(16,044)	(4,124)	(20,168)
As at 31 December 2022	6,510	14,174	20,684
As at 1 January 2023	6,510	14,174	20,684
Additions	16,030	—	16,030
Termination	(2,804)	—	(2,804)
Depreciation provided during the year (note 7)	(9,466)	(5,173)	(14,639)
As at 31 December 2023	10,270	9,001	19,271
As at 1 January 2024	10,270	9,001	19,271
Additions	25,877	—	25,877
Termination	(995)	(896)	(1,891)
Depreciation provided during the year (note 7)	(17,851)	(4,346)	(22,197)
As at 31 December 2024	17,301	3,759	21,060
As at 1 January 2025	17,301	3,759	21,060
Additions	10,933	—	10,933
Acquisition a subsidiary (note 39)	13,151	—	13,151
Depreciation provided during the period (note 7)	(6,027)	(1,906)	(7,933)
As at 30 June 2025	35,358	1,853	37,211

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ACCOUNTANTS’ REPORT

The Company

	Buildings
	<i>RMB’000</i>
As at 1 January 2022	24,213
Additions	9,959
Termination	(4,074)
Depreciation provided during the year	(14,883)
As at 31 December 2022	15,215
As at 1 January 2023	15,215
Additions	14,091
Termination	(1,349)
Depreciation provided during the year	(11,175)
As at 31 December 2023	16,782
As at 1 January 2024	16,782
Additions	9,325
Termination	(1,846)
Depreciation provided during the year	(9,206)
As at 31 December 2024	15,055
As at 1 January 2025	15,055
Additions	59,504
Depreciation provided during the period	(16,480)
As at 30 June 2025	58,079

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ACCOUNTANTS’ REPORT

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of				
year/period.	23,532	16,698	16,464	18,081
Additions	16,704	16,030	25,877	11,138
Acquisition of subsidiaries (<i>note 39</i>) . .	—	—	—	12,946
Accretion of interest recognised				
during the year/period (<i>note 8</i>)	1,067	882	796	265
Payments.	(19,562)	(15,288)	(25,009)	(8,238)
Termination.	(5,043)	(1,858)	(47)	—
Carrying amount at end of				
year/period.	16,698	16,464	18,081	34,192
Analysed into:				
Current portion	7,535	9,025	7,440	18,474
Non-current portion	9,163	7,439	10,641	15,718

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of				
year/period.	20,485	12,471	14,090	12,889
Additions	4,343	12,287	7,065	48,031
Accretion of interest recognised				
during the year/period	(531)	(367)	(470)	(166)
Payments.	(10,812)	(8,505)	(6,474)	(4,384)
Termination.	(1,014)	(1,796)	(1,322)	—
Carrying amount at end of				
year/period.	<u>12,471</u>	<u>14,090</u>	<u>12,889</u>	<u>56,370</u>
Analysed into:				
Current portion	6,704	7,953	3,493	27,208
Non-current portion	<u>5,767</u>	<u>6,137</u>	<u>9,396</u>	<u>29,162</u>

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on lease liabilities.	1,067	882	796	265
Depreciation of right-of-use assets . . .	20,168	14,639	22,197	7,933
Expense relating to short-term leases .	<u>16,699</u>	<u>16,464</u>	<u>18,081</u>	<u>7,518</u>
Total amount recognised in profit or				
loss	<u>37,934</u>	<u>31,985</u>	<u>41,074</u>	<u>15,716</u>

(d) The total cash outflows for leases are set out in note 38 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

The Group as a lessor

The Group leases its buildings under operating lease arrangements.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year.	6,214	1,477	1,622	920

17. GOODWILL

	Tiancai Shanglong CGU	Other CGU	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022:			
Cost	—	6,534	6,534
Accumulated impairment.	—	(6,534)	(6,534)
Net carrying amount at 31 December 2022, 2023 and 2024.	—	—	—
Cost at 1 January 2025, net of accumulated impairment	—	—	—
Acquisition of subsidiaries (<i>note 39</i>).	294,198	—	294,198
At 30 June 2025	294,198	—	294,198

Impairment testing of goodwill

During the Relevant Periods, Goodwill arose from business combination was allocated to the following cash-generating unit for impairment testing:

- Tiancai Shanglong

During the Relevant Periods, management had not identified any impairment indicators that could cause carrying amounts of the Tiancai Shanglong to materially exceed their recoverable amounts.

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18. INTANGIBLE ASSETS

The Group

31 December 2022

	Software	Business License	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022:				
Cost	78,697	31,994	500	111,191
Accumulated amortisation	(22,553)	(6,665)	(500)	(29,718)
Net carrying amount	56,144	25,329	—	81,473
At 1 January 2022, net of				
accumulated amortisation	56,144	25,329	—	81,473
Additions	735	—	—	735
Acquisition of a subsidiary (<i>note 39</i>) .	71,262	—	—	71,262
Amortisation provided during the year (<i>note 7</i>)	(38,153)	(3,199)	—	(41,352)
At 31 December 2022, net of				
accumulated amortisation	89,988	22,130	—	112,118
At 31 December 2022:				
Cost	150,693	31,994	500	183,187
Accumulated amortisation	(60,705)	(9,864)	(500)	(71,069)
Net carrying amount	89,988	22,130	—	112,118

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31 December 2023

	Software	Business License	Others	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023:				
Cost	150,693	31,994	500	183,187
Accumulated amortisation	(60,705)	(9,864)	(500)	(71,069)
Net carrying amount	<u>89,988</u>	<u>22,130</u>	<u>—</u>	<u>112,118</u>
Additions	627	—	3,755	4,382
Acquisition of a subsidiary	579	—	—	579
Amortisation provided during the year (note 7)	<u>(53,655)</u>	<u>(3,200)</u>	<u>(63)</u>	<u>(56,918)</u>
At 31 December 2023, net of accumulated amortisation and impairment	<u>37,539</u>	<u>18,930</u>	<u>3,692</u>	<u>60,161</u>
At 31 December 2023:				
Cost	151,900	31,994	4,255	188,149
Accumulated amortisation	<u>(114,361)</u>	<u>(13,064)</u>	<u>(563)</u>	<u>(127,988)</u>
Net carrying amount	<u>37,539</u>	<u>18,930</u>	<u>3,692</u>	<u>60,161</u>

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31 December 2024

	Software	Business License	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:				
Cost	151,900	31,994	4,255	188,149
Accumulated amortisation	(114,361)	(13,064)	(563)	(127,988)
Net carrying amount	<u>37,539</u>	<u>18,930</u>	<u>3,692</u>	<u>60,161</u>
At 1 January 2024, net of accumulated amortisation and impairment	37,539	18,930	3,692	60,161
Additions	317	—	—	317
Amortisation provided during the year (note 7)	<u>(24,498)</u>	<u>(3,199)</u>	<u>(751)</u>	<u>(28,448)</u>
At 31 December 2024, net of accumulated amortisation and impairment	<u>13,358</u>	<u>15,731</u>	<u>2,941</u>	<u>32,030</u>
At 31 December 2024:				
Cost	152,217	31,994	4,255	188,466
Accumulated amortisation	<u>(138,859)</u>	<u>(16,263)</u>	<u>(1,314)</u>	<u>(156,436)</u>
Net carrying amount	<u>13,358</u>	<u>15,731</u>	<u>2,941</u>	<u>32,030</u>

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30 June 2025

	Software	Business License	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:				
Cost	152,217	31,994	4,255	188,466
Accumulated amortisation	(138,859)	(16,263)	(1,314)	(156,436)
Net carrying amount	<u>13,358</u>	<u>15,731</u>	<u>2,941</u>	<u>32,030</u>
At 1 January 2025, net of accumulated amortisation and impairment	13,358	15,731	2,941	32,030
Additions	194	—	—	194
Acquisition of subsidiaries (<i>note 39</i>) ..	34,849	—	—	34,849
Amortisation provided during the period (<i>note 7</i>)	(2,376)	(1,601)	(375)	(4,352)
At 30 June 2025, net of accumulated amortisation and impairment	<u>46,025</u>	<u>14,130</u>	<u>2,566</u>	<u>62,721</u>
At 30 June 2025:				
Cost	187,260	31,994	4,255	223,509
Accumulated amortisation	(141,235)	(17,864)	(1,689)	(160,788)
Net carrying amount	<u>46,025</u>	<u>14,130</u>	<u>2,566</u>	<u>62,721</u>

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ACCOUNTANTS’ REPORT

The Company

31 December 2022

	Software	Others	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2022:			
Cost	27,165	500	27,665
Accumulated amortisation	(12,580)	(500)	(13,080)
Net carrying amount	<u>14,585</u>	<u>—</u>	<u>14,585</u>
At 1 January 2022, net of accumulated amortisation	14,585	—	14,585
Additions	737	—	737
Amortisation provided during the year	<u>(2,494)</u>	<u>—</u>	<u>(2,494)</u>
At 31 December 2022, net of accumulated amortisation	<u>12,828</u>	<u>—</u>	<u>12,828</u>
At 31 December 2022:			
Cost	27,902	500	28,402
Accumulated amortisation	<u>(15,074)</u>	<u>(500)</u>	<u>(15,574)</u>
Net carrying amount	<u>12,828</u>	<u>—</u>	<u>12,828</u>

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31 December 2023

	Software	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023:			
Cost	27,902	500	28,402
Accumulated amortisation	(15,074)	(500)	(15,574)
Net carrying amount	<u>12,828</u>	<u>—</u>	<u>12,828</u>
At 1 January 2023, net of accumulated amortisation	12,828	—	12,828
Additions	73	—	73
Amortisation provided during the year	<u>(2,364)</u>	<u>—</u>	<u>(2,364)</u>
At 31 December 2023, net of accumulated amortisation	<u>10,537</u>	<u>—</u>	<u>10,537</u>
At 31 December 2023:			
Cost	27,975	500	28,475
Accumulated amortisation	<u>(17,438)</u>	<u>(500)</u>	<u>(17,938)</u>
Net carrying amount	<u>10,537</u>	<u>—</u>	<u>10,537</u>

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31 December 2024

	Software	Others	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2024:			
Cost	27,975	500	28,475
Accumulated amortisation	(17,438)	(500)	(17,938)
Net carrying amount	<u>10,537</u>	<u>—</u>	<u>10,537</u>
At 1 January 2024, net of accumulated amortisation	10,537	—	10,537
Additions	124	—	124
Amortisation provided during the year	<u>(2,227)</u>	<u>—</u>	<u>(2,227)</u>
At 31 December 2024, net of accumulated amortisation	<u>8,434</u>	<u>—</u>	<u>8,434</u>
At 31 December 2024:			
Cost	28,099	500	28,599
Accumulated amortisation	(19,665)	(500)	(20,165)
Net carrying amount	<u>8,434</u>	<u>—</u>	<u>8,434</u>

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30 June 2025

	Software	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025:			
Cost	28,099	500	28,599
Accumulated amortisation	(19,665)	(500)	(20,165)
Net carrying amount	8,434	—	8,434
At 1 January 2025, net of accumulated amortisation	8,434	—	8,434
Amortisation provided during the period ...	(1,063)	—	(1,063)
At 30 June 2025, net of accumulated amortisation	7,371	—	7,371
At 30 June 2025:			
Cost	28,099	500	28,599
Accumulated amortisation	(20,728)	(500)	(21,228)
Net carrying amount	7,371	—	7,371

19. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	1,834,506	1,646,659	1,631,049	1,612,810
Provision for impairment	(91,040)	(166,874)	(205,847)	(205,847)
	1,743,466	1,479,785	1,425,202	1,406,963

The Group’s and the Company’s transactions and outstanding balances with the associate are set out in note 42 to the Historical Financial Information.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group’s investments in associates of RMB198,108,000, nil and nil and nil were pledged to secure bank borrowings, respectively (note 40).

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Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Percentage of ownership interest attributable to the Group				Principal activities
		As at 31 December			As at 30 June	
		2022	2023	2024	2025	
Bluefocus*	Ordinary shares	5.79%	4.19%	4.13%	3.93%	Provision of technology-driven marketing services

* The Company has power to appoint a director to the board of director of Bluefocus and participate in the financial and operating decisions of Bluefocus.

The following table illustrates the summarised financial information in respect of Bluefocus adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	12,977,555	16,323,030	16,578,844	17,667,179
Non-current assets	5,191,859	5,397,964	5,792,280	5,677,899
Current liabilities	9,798,693	13,023,864	14,013,829	15,392,994
Non-current liabilities	953,845	1,118,202	774,478	272,937
Net assets	<u>7,416,876</u>	<u>7,578,928</u>	<u>7,582,817</u>	<u>7,679,147</u>
Reconciliation to the Group’s interest in the associate:				
Proportion of the Group’s ownership . .	5.79%	4.19%	4.13%	3.93%
Group’s share of net assets of the associate	429,437	317,557	313,170	301,790
Adjustments	<u>340,954</u>	<u>246,835</u>	<u>238,174</u>	<u>226,761</u>
Carrying amount of the investment . . .	<u>770,391</u>	<u>564,392</u>	<u>551,344</u>	<u>528,551</u>

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	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	36,682,585	52,615,934	60,796,916	32,360,262
(Loss)/profit for the year/period	(2,177,343)	111,723	(296,941)	94,825
Other comprehensive income	198,068	(31,362)	(10,855)	(27,391)
Total comprehensive (loss)/income for the year/period	(1,979,275)	80,361	(307,796)	67,434
Dividend received	6,135	—	1,043	—
Fair value of the investment	727,109	748,356	968,433	1,152,515

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the associates’ profit/(loss) for the year/period	71,266	(81,655)	(56,477)	13,537
Share of the associates’ total comprehensive income/(loss)	71,266	(81,655)	(56,477)	13,537
Aggregate carrying amount of the Group’s investments in the associates	973,075	915,393	873,858	878,412

Impairment of investment in associates

Due to unfavorable market condition, the carrying amount of the investment in certain associates has declined below its original investment cost, the Group performed an impairment assessment as at 31 December 2022, 2023 and 2024. Based on the results of the impairment testing of investment in certain associates, in the opinion of the directors, impairment provisions of RMB78,399,000, RMB75,834,000 and RMB38,973,000 were recognised, respectively, being the differences of the then carrying amounts over the recoverable amounts as at 31 December 2022, 2023 and 2024.

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	1,945,252	1,710,802	1,650,668	1,632,897
Provision for impairment	(91,041)	(166,874)	(196,867)	(196,867)
	<u>1,854,211</u>	<u>1,543,928</u>	<u>1,453,801</u>	<u>1,436,030</u>

20. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments, at cost	2,442,059	2,547,271	2,691,207	3,105,982
Impairment losses on investment in subsidiaries	—	—	—	(61,980)
Investments in subsidiaries	<u>2,442,059</u>	<u>2,547,271</u>	<u>2,691,207</u>	<u>3,044,002</u>

Particulars of the Company’s subsidiaries as at the end of the Relevant Periods are set out in note 1 to the Historical Financial Information. Due to unfavorable market condition, the carrying amount of the investment in certain subsidiaries has declined below its original investment cost, the Company performed an impairment assessment as at 30 June 2025. Based on the results of the impairment testing of investment in certain associates, in the opinion of the directors, impairment provisions of RMB61,980,000 were recognised, being the differences of the then carrying amounts over the recoverable amounts as at 30 June 2025.

21. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investment: 网联清算有限公司 (Netlink Clearing Co., Ltd.)	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>40,402</u>

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The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion				
Wealth management products	—	—	25,056	5,000
Subtotal.	—	—	25,056	5,000
Non-current portion				
Investment funds and non-listed				
equity investments, at fair value . . .	578,896	440,167	256,632	316,369
Total.	578,896	440,167	281,688	321,369

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion				
Wealth management products	—	—	25,056	—
Subtotal.	—	—	25,056	—
Non-current portion				
Fund and non-listed equity				
investments, at fair value.	398,896	406,923	223,310	283,047
Total.	398,896	406,923	248,366	283,047

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23. DEFERRED TAX

The Group

The movements in deferred tax assets of the Group during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of financial assets	Lease liabilities	Changes in fair value of financial assets at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022.....	442	—	—	442
Deferred tax (charged)/credited to profit or loss during the year.....	(111)	2,505	—	2,394
At 31 December 2022 and 1 January 2023	331	2,505	—	2,836
Deferred tax credited/(charged) to profit or loss during the year.....	69	(36)	—	33
At 31 December 2023 and 1 January 2024	400	2,469	—	2,869
Deferred tax credited to profit or loss during the year	172	243	—	415
At 31 December 2024 and 1 January 2025	572	2,712	—	3,284
Deferred tax credited to profit or loss during the period.....	379	4,836	2,397	7,612
At 30 June 2025	951	7,548	2,397	10,896

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Deferred tax liabilities

	Depreciation of property and equipment	Changes in fair value of financial assets at fair value through profit or loss	Right-of-use assets	Fair value adjustment arising from acquisitions	Changes in fair value of financial assets designated at fair value through other comprehensive income	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022.	60,614	—	—	—	—	60,614
Deferred tax (credited)/charged to profit or loss during the year. . .	(38,424)	46,582	3,103	—	—	11,261
At 31 December 2022 and 1 January 2023	<u>22,190</u>	<u>46,582</u>	<u>3,103</u>	<u>—</u>	<u>—</u>	<u>71,875</u>
Deferred tax credited to profit or loss during the year	(2,961)	(11,742)	(213)	—	—	(14,916)
At 31 December 2023 and 1 January 2024	<u>19,229</u>	<u>34,840</u>	<u>2,890</u>	<u>—</u>	<u>—</u>	<u>56,959</u>
Deferred tax (credited)/charged to profit or loss during the year. . .	(5,658)	(33,075)	269	—	—	(38,464)
At 31 December 2024 and 1 January 2025	<u>13,571</u>	<u>1,765</u>	<u>3,159</u>	<u>—</u>	<u>—</u>	<u>18,495</u>
Deferred tax (credited)/charged to profit or loss during the period . .	(5,856)	14,104	4,767	—	—	13,015
Deferred tax(credited)/charged to other comprehensive income during the period	—	—	—	—	3,360	3,360
Acquisition of subsidiaries (note 39).	—	—	—	8,713	—	8,713
At 30 June 2025.	<u>7,715</u>	<u>15,869</u>	<u>7,926</u>	<u>8,713</u>	<u>3,360</u>	<u>43,583</u>

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	965	756	572	—
Net deferred tax liabilities recognised in the consolidated statements of financial position	70,004	54,846	15,783	32,687

As at 31 December 2022, 2023 and 2024 and 30 June 2025, deferred tax assets have not been recognised in respect of tax losses of RMB138,725,000, RMB211,934,000 and RMB278,471,000 and RMB720,607,000, respectively, which will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

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The Company

The movements in deferred tax assets of the Company during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of financial assets	Lease liabilities	Changes in fair value of financial assets at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022.	442	—	—	442
Deferred tax (charged)/credited to profit or loss during the year.	(111)	1,871	—	1,760
At 31 December 2022 and 1 January 2023	331	1,871	—	2,202
Deferred tax credited to profit or loss during the year	69	243	—	312
At 31 December 2023 and 1 January 2024	400	2,114	—	2,514
Deferred tax charged to profit or loss during the year	172	(181)	—	(9)
At 31 December 2024 and 1 January 2025	572	1,933	—	2,505
Deferred tax credited to profit or loss during the period.	379	6,523	2,397	9,299
At 30 June 2025	951	8,456	2,397	11,804

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Deferred tax liabilities

	Depreciation of property and equipment	Changes in fair value of financial assets at fair value through profit or loss	Right-of-use assets	Changes in fair value of financial assets designated at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	60,614	—	—	—	60,614
Deferred tax (credited)/charged to profit or loss during the year	(38,424)	46,171	2,282	—	10,029
At 31 December 2022 and 1 January 2023	<u>22,190</u>	<u>46,171</u>	<u>2,282</u>	<u>—</u>	<u>70,643</u>
Deferred tax (credited)/charged to profit or loss during the year	(2,961)	(11,330)	235	—	(14,056)
At 31 December 2023 and 1 January 2024	<u>19,229</u>	<u>34,841</u>	<u>2,517</u>	<u>—</u>	<u>56,587</u>
Deferred tax (credited)/charged to profit or loss during the year	(5,650)	(33,075)	(259)	—	(38,984)
At 31 December 2024 and 1 January 2025	<u>13,579</u>	<u>1,766</u>	<u>2,258</u>	<u>—</u>	<u>17,603</u>
Deferred tax (credited)/charged to profit or loss during the year	(6,325)	5,340	6,454	—	5,469
Deferred tax charged to other comprehensive income during the period	—	—	—	3,360	3,360
At 30 June 2025	<u>7,254</u>	<u>7,106</u>	<u>8,712</u>	<u>3,360</u>	<u>26,432</u>

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	331	400	572	—
Net deferred tax liabilities recognised in the consolidated statements of financial position	68,772	54,473	15,661	14,628

24. TRADE RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	164,570	182,348	183,242	266,248
Less: Impairment allowance	(2,901)	(3,346)	(4,603)	(14,445)
Net carrying amount	161,669	179,002	178,639	251,803

The Group’s trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The amounts due from related companies included in trade receivables are set out in note 42 to the Historical Financial Information.

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As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group’s trade receivables (net of impairment losses) of RMB99,506,000, RMB67,425,000, nil and nil were pledged to secure bank borrowings, respectively (note 40).

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	116,181	151,265	139,709	163,946
Less: Impairment losses	(2,162)	(2,624)	(3,738)	(6,245)
Net carrying amount	<u>114,019</u>	<u>148,641</u>	<u>135,971</u>	<u>157,701</u>
Analysed into:				
Current portion	<u>114,019</u>	<u>148,641</u>	<u>135,971</u>	<u>157,701</u>

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the time of revenue recognition and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year.	143,116	160,618	150,193	170,784
After one year but within two years . .	15,589	13,367	22,581	32,973
After two years but within three years	2,683	4,552	3,913	37,578
After three years but within four years	210	445	1,933	7,242
After four years but within five years .	71	20	19	3,207
After five years.	—	—	—	19
Total.	<u>161,669</u>	<u>179,002</u>	<u>178,639</u>	<u>251,803</u>

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year.	100,954	136,607	108,870	130,535
After one year but within two years . .	10,197	8,095	21,419	7,247
After two years but within three years	2,635	3,515	3,789	16,827
After three years but within four years	162	407	1,875	2,766
After four years but within five years .	71	17	18	326
After five years.	—	—	—	—
Total.	114,019	148,641	135,971	157,701

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the period	3,469	2,901	3,346	4,603
Impairment losses, net.	944	582	1,634	9,925
Amount written off as uncollectible . .	(1,512)	(137)	(377)	(83)
At the end of the period	2,901	3,346	4,603	14,445

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period. . .	2,949	2,162	2,624	3,738
Impairment losses, net.	350	817	1,313	2,590
Amount written off as uncollectible . .	(1,137)	(355)	(199)	(83)
At the end of the year/period	2,162	2,624	3,738	6,245

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ACCOUNTANTS’ REPORT

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group applies the IFRS 9 simplified approach to measure ECLs which uses a lifetime expected loss allowance for all trade receivables.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

The Group

As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB’000</i>		<i>RMB’000</i>
On a collective basis:			
Overdue within 1 year.	144,562	1.0%	1,446
1 to 2 years overdue	16,409	5.0%	820
2 to 3 years overdue	3,157	15.0%	474
3 to 4 years overdue	300	30.0%	90
4 to 5 years overdue	142	50.0%	71
Total.	164,570	1.8%	2,901

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ACCOUNTANTS’ REPORT

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB’000</i>		<i>RMB’000</i>
On a collective basis:			
Overdue within 1 year.	162,240	1.0%	1,622
1 to 2 years overdue	14,071	5.0%	704
2 to 3 years overdue	5,355	15.0%	803
3 to 4 years overdue	635	30.0%	190
4 to 5 years overdue	41	51.2%	21
Over 5 years overdue	6	100.0%	6
Total.	182,348	1.8%	3,346

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB’000</i>		<i>RMB’000</i>
On a collective basis:			
Overdue within 1 year.	151,710	1.0%	1,517
1 to 2 years overdue	24,100	6.3%	1,519
2 to 3 years overdue	4,603	15.0%	690
3 to 4 years overdue	2,762	30.0%	829
4 to 5 years overdue	37	48.6%	18
Over 5 years overdue	30	100.0%	30
Total.	183,242	2.5%	4,603

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ACCOUNTANTS’ REPORT

As at 30 June 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB’000</i>		<i>RMB’000</i>
On a collective basis:			
Overdue within 1 year.	164,610	1.1%	1,743
1 to 2 years overdue	33,370	1.2%	398
2 to 3 years overdue	40,598	7.4%	3,020
3 to 4 years overdue	9,058	14.1%	1,281
4 to 5 years overdue	3,949	31.9%	1,258
Over 5 years overdue	82	100.0%	82
	251,667		7,782
On individual basis	14,581	45.7%	6,663
Total	266,248	5.4%	14,445

The Company

Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB’000</i>		<i>RMB’000</i>
On a collective basis:			
Overdue within 1 year.	101,974	1.0%	1,020
1 to 2 years overdue	10,734	5.0%	537
2 to 3 years overdue	3,100	15.0%	465
3 to 4 years overdue	231	29.9%	69
4 to 5 years overdue	142	50.0%	71
Total	116,181	1.9%	2,162

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ACCOUNTANTS’ REPORT

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB’000</i>		<i>RMB’000</i>
On a collective basis:			
Overdue within 1 year.	137,988	1.0%	1381
1 to 2 years overdue	8,521	5.0%	426
2 to 3 years overdue	4,135	15.0%	620
3 to 4 years overdue	582	30.1%	175
4 to 5 years overdue	33	48.5%	16
Over 5 years overdue	6	100.0%	6
Total.	151,265	1.7%	2,624

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB’000</i>		<i>RMB’000</i>
On a collective basis:			
Overdue within 1 year.	109,969	1.0%	1,099
1 to 2 years overdue	22,546	5.0%	1,127
2 to 3 years overdue	4,457	15.0%	668
3 to 4 years overdue	2,679	30.0%	804
4 to 5 years overdue	36	50.0%	18
Over 5 years overdue	22	100.0%	22
Total.	139,709	2.7%	3,738

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ACCOUNTANTS’ REPORT

As at 30 June 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
On a collective basis:			
Overdue within 1 year.	131,844	1.0%	1,309
1 to 2 years overdue	7,628	5.0%	381
2 to 3 years overdue	19,796	15.0%	2,969
3 to 4 years overdue	3,951	30.0%	1,185
4 to 5 years overdue	653	50.1%	327
Over 5 years overdue	74	100.0%	74
Total.	163,946	3.8%	6,245

25. FACTORING RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Factoring receivables.	600,548	721,587	471,937	414,422
Less: Impairment allowance	(9,332)	(42,223)	(83,461)	(90,962)
Net carrying amount	591,216	679,364	388,476	323,460

The amounts due from related companies included in factoring receivables are set out in note 42 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

An ageing analysis of the factoring receivables as at the end of each of the Relevant Periods, based on the date of the trade receivable being factored, net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year.	539,464	658,870	340,813	280,489
After one year but within two years . .	51,752	15,906	45,579	14,994
After two years but within three years	—	4,588	2,084	27,815
After three years but within four years	—	—	—	162
Total	591,216	679,364	388,476	323,460

The movements in the loss allowance for impairment of factoring receivables are as follows:

The Group

As at 31 December 2022

	12-months ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	7,334	—	—	—	7,334
Impairment losses, net	1,420	69	509	—	1,998
At the end of the year	8,754	69	509	—	9,332

As at 31 December 2023

	12-months ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	8,754	69	509	—	9,332
Impairment losses, net	300	2,111	30,480	—	32,891
At the end of the year	9,054	2,180	30,989	—	42,223

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As at 31 December 2024

	12-months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	9,054	2,180	30,989	—	42,223
Impairment losses, net	(6,150)	4,101	43,287	—	41,238
At the end of the year	2,904	6,281	74,276	—	83,461

As at 30 June 2025

	12-months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the period	2,904	6,281	74,276	—	83,461
Impairment losses, net	89	(5,126)	12,538	—	7,501
At the end of the period	2,993	1,155	86,814	—	90,962

26. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Merchandized goods	8,880	5,685	5,371	9,217

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Merchandized goods	3,131	1,570	722	1,953

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ACCOUNTANTS’ REPORT

27. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Receivables related to default				
guaranteed payments*	277,735	192,185	211,291	216,114
Value-added tax receivables	127,044	189,428	124,586	126,214
Deposits	11,381	15,407	19,052	20,350
Prepayments to suppliers	13,345	8,774	16,187	24,443
Others	102,729	96,992	95,215	103,601
	532,234	502,786	466,331	490,722
Impairment allowance	(239,996)	(255,268)	(270,366)	(275,875)
	292,238	247,518	195,965	214,847
Non-current:				
Receivables from disposal of equity				
investments at fair value through				
profit or loss	—	—	65,253	64,290
Prepayments for acquisition of				
property, equipment and investment				
properties	220,525	241,966	21,441	—
	220,525	241,966	86,694	64,290
Total	512,763	489,484	282,659	279,137

* A subsidiary of the Group engaged in the business to provide financial guarantee to customers. The Group was required to settle guaranteed amounts to the creditors or financial institutions on behalf its customers as guarantor when the customers had defaulted their payments. According to the guarantee arrangement with the customers, the receivables arose as the Group was able to demand repayments from foregoing default customers.

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ACCOUNTANTS’ REPORT

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Value-added tax receivables	79,080	124,123	70,949	75,489
Deposits	7,534	11,278	14,135	14,423
Prepayments for suppliers	7,004	7,080	13,987	10,402
Others	13,730	7,412	5,550	1,748
	107,348	149,893	104,621	102,062
Impairment allowance	(44)	(43)	(77)	(94)
	107,304	149,850	104,544	101,968
Non-current:				
Receivables from disposal of				
non-listed equity investments at fair				
value through profit or loss	—	—	65,253	64,290
Total	107,304	149,850	169,797	166,258

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for other receivables and other assets under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

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The movements in the loss allowance for impairment of other receivables and other assets are as follows:

The Group

i. Receivables related to default guaranteed payments

As at 31 December 2022

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	—	9,347	79,340	88,687
Impairment losses, net.	—	6,602	56,002	62,604
At the end of the year	—	15,949	135,342	151,291

As at 31 December 2023

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	—	15,949	135,342	151,291
Impairment losses, net.	—	(6,509)	21,780	15,271
At the end of the year	—	9,440	157,122	166,562

As at 31 December 2024

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	—	9,440	157,122	166,562
Impairment losses, net.	—	(4,560)	19,624	15,064
At the end of the year	—	4,880	176,746	181,626

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ACCOUNTANTS’ REPORT

As at 30 June 2025

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	—	4,880	176,746	181,626
Impairment losses, net.	—	(1,673)	4,956	3,283
At the end of the year	—	3,207	181,702	184,909

ii. Other receivables

As at 31 December 2022

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	11	—	89,712	89,723
Impairment losses, net.	41	—	(1,059)	(1,018)
At the end of the year	52	—	88,653	88,705

As at 31 December 2023

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	52	—	88,653	88,705
Impairment losses, net.	1	—	1,160	1,161
Amount written off as uncollectible . .	—	—	(1,160)	(1,160)
At the end of the year	53	—	88,653	88,706

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As at 31 December 2024

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	53	—	88,653	88,706
Impairment losses, net.	34	—	62	96
Amount written off as uncollectible . .	—	—	(62)	(62)
At the end of the year	87	—	88,653	88,740

As at 30 June 2025

	12-months ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the period	87	—	88,653	88,740
Impairment losses, net.	2,226	—	—	2,226
At the end of the period	2,313	—	88,653	90,966

The movements in the loss allowance for impairment of other receivables and other assets are as follows:

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period. . .	8	44	43	77
Impairment losses, net.	36	(1)	50	17
Amount written off as uncollectible . .	—	—	(16)	—
At the end of the year/period	44	43	77	94

The amounts due from related companies included in other receivables are set out in note 42 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

28. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED CASH

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	5,177,047	7,412,612	6,192,756	6,365,437
Less: Pledged and restricted cash	4,554,171	6,644,154	5,575,950	5,672,290
Cash and cash equivalents.	<u>622,876</u>	<u>768,458</u>	<u>616,806</u>	<u>693,147</u>

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	4,895,419	7,094,410	5,870,524	5,942,693
Less: Pledged and restricted cash	4,518,330	6,610,048	5,559,462	5,654,656
Cash and cash equivalents.	<u>377,089</u>	<u>484,362</u>	<u>311,062</u>	<u>288,037</u>

At 31 December 2022, 2023 and 2024 and 30 June 2025, the cash and bank balances of the Group denominated in RMB amounted to RMB5,077,395,000, RMB7,358,952,000, RMB6,092,110,000 and RMB6,274,100,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Pledged and restricted cash represents payments made by consumers and received by the Group on behalf of merchants relating to the digital payment services provided by the Group.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

APPENDIX I

ACCOUNTANTS’ REPORT

29. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods is as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year.	657,896	868,777	538,065	515,546
After one year but within two years . .	56,760	65,426	54,142	55,701
After two years but within three years	15,791	25,012	26,748	21,556
After three years but within four years	16,771	6,875	11,014	15,709
After four years but within five years .	9,713	6,811	4,147	5,123
After five years.	4,278	5,212	9,587	8,125
Total.	761,209	978,113	643,703	621,760

Trade and bills payables are non-interest-bearing.

As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

The amounts due to related companies included in trade payables are set out in note 42 to the Historical Financial Information.

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year.	801,223	812,906	540,641	699,983
After one year but within two years . .	50,235	62,266	51,328	54,217
After two years but within three years	15,395	23,423	26,490	21,296
After three years but within four years	14,827	6,875	10,660	14,810
After four years but within five years .	9,713	6,456	4,147	4,771
After five years.	4,278	5,212	9,232	7,561
Total.	895,671	917,138	642,498	802,638

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30. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Clearing settlement payables to				
merchants	4,373,995	6,454,412	5,447,418	5,497,791
Deposits	170,103	159,415	140,587	162,728
Payroll and welfare payable	117,752	101,226	103,376	126,351
Payable to an equity holder previously				
holding equity interest in a				
subsidiary*	—	—	—	60,479
Repurchase liabilities for treasury				
shares issued under share incentive				
plan	—	204,823	100,131	10,276
Other tax payables	31,878	13,389	24,584	34,062
Accrued expenses	7,591	8,718	13,291	16,677
Dividends payable	—	—	500	2,784
Payables for acquisition of equity				
investment	3,057	3,057	—	—
Other payables*	444,293	13,895	28,779	202,316
Total	5,148,669	6,958,935	5,858,666	6,113,464

* The amount bears interest rates ranging from 0%–4% per annum and is unsecured and repayable on demand.

Other payables are unsecured and repayable on demand or within one year.

The amounts due to related companies included in other payables are set out in note 42 to the Historical Financial Information.

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Clearing settlement payables to merchants	4,373,995	6,454,412	5,447,418	5,497,791
Deposits	151,198	145,785	130,305	132,217
Capital contribution payable to subsidiary	—	—	—	100,000
Repurchase liabilities for treasury shares issued under share incentive plan	—	204,823	100,131	10,276
Payroll and welfare payable	69,896	63,753	66,667	43,866
Other tax payables	45,371	9,680	21,292	13,997
Accrued expenses	6,344	4,877	8,250	11,716
Dividends payable	—	—	500	2,784
Other payables	433,917	12,733	21,541	29,264
Total	5,080,721	6,896,063	5,796,104	5,841,911

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31. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sale of products	11,256	14,875	48,560	78,914
Sale of services	32,111	45,302	29,232	92,145
Total	43,367	60,177	77,792	171,059

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sale of products	11,256	14,860	48,560	45,749
Sale of services	27,968	38,698	23,104	26,788
Total	39,224	53,558	71,664	72,537

The contract liabilities with related companies are set out in note 42 to the Historical Financial Information.

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32. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December									As at 30 June		
	2022			2023			2024			2025		
	<i>Effective</i>			<i>Effective</i>			<i>Effective</i>			<i>Effective</i>		
	<i>interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>	<i>interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>	<i>interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>	<i>interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>
	(%)	(year)		(%)	(year)		(%)	(year)		(%)	(year)	
Current												
Current portion of												
non-current bank loans —												
unsecured			—			—			—	3.95	2025	4,500
Current portion of												
non-current bank loans —												
secured	3.5-3.8	2023	32,400	3.5-3.8	2024	106,912			—			—
Bank loans — unsecured . . .	3.15-3.8	2023	110,000	3.05-6.0	2024	67,895	2.55-2.95	2025	229,623	2.45-2.90	2025/2026	320,937
Bank loans — secured	3.65-6.09	2023	534,300	3.15-6.09	2024	213,994	2.6-3.05	2025	177,025	2.45-2.80	2025/2026	280,671
			<u>676,700</u>			<u>388,801</u>			<u>406,648</u>			<u>606,108</u>
Non-current												
Bank loans — unsecured . . .			—			—			—	3.95	2027	5,000
Bank loans — secured	3.5-3.8	2024	268,900			—			—			—
			<u>268,900</u>			<u>—</u>			<u>—</u>			<u>5,000</u>
Total			<u>945,600</u>			<u>388,801</u>			<u>406,648</u>			<u>611,108</u>

	As at 31 December			As at 30 June	
	2022	2023	2024	2025	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	
Analysed into:					
Bank loans repayable:					
Within one year or on demand	676,700	388,801	406,648	606,108	
In the one to second year, inclusive	268,900	—	—	5,000	
Total	<u>945,600</u>	<u>388,801</u>	<u>406,648</u>	<u>611,108</u>	

The Group’s bank borrowings are all denominated in RMB.

All of the Group’s non-current portion of interest-bearing bank borrowings at the end of each of the Relevant Periods are charged interest with fixed rates.

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	As at 31 December									As at 30 June		
	2022			2023			2024			2025		
	<i>Effective</i>			<i>Effective</i>			<i>Effective</i>			<i>Effective</i>		
	<i>interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>	<i>interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>	<i>interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>	<i>interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>
	(%)	(year)		(%)	(year)		(%)	(year)		(%)	(year)	
Current												
Bank loans — unsecured . .	3.15-3.8	2023	90,000	3.05	2024	40,034	2.55-2.95	2025	229,623	2.45-2.80	2025/2026	280,671
Bank loans — secured . . .	3.15-6.0	2023	353,100	3.15	2024	140,161	2.6-3.05	2025	177,025	2.45-2.90	2025/2026	310,030
Total.			<u>443,100</u>			<u>180,195</u>			<u>406,648</u>			<u>590,701</u>

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Analysed into:				
Bank loans repayable:				
Within one year or on demand.	<u>443,100</u>	<u>180,195</u>	<u>406,648</u>	<u>590,701</u>

33. FINANCIAL GUARANTEE LIABILITIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current.	<u>2,207</u>	<u>1,808</u>	<u>1,796</u>	<u>1,881</u>

34. SHARE CAPITAL

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Issued and fully paid:				
Ordinary shares of RMB1.00 each.	<u>800,020</u>	<u>800,020</u>	<u>788,083</u>	<u>788,083</u>

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A summary of movements in the Company’s share capital is as follows:

	Number of shares	Share capital
	(‘000)	RMB’000
At 1 January and 31 December 2022 and 2023	800,020	800,020
Cancellation of shares*	(11,937)	(11,937)
At 31 December 2024 and 30 June 2025	788,083	788,083

* In June 2024, the Company repurchased 11,937,000 shares with par value of RMB1 each for a total consideration of RMB98,723,000. The repurchased shares were cancelled during year 2024.

35. TREASURY SHARES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Treasury Shares	599,984	204,825	100,133	100,133

A summary of movements in the Company’s treasury shares is as follows:

	Number of treasury shares	Treasury shares
	(‘000)	RMB’000
At 1 January and 31 December 2022	20,165	599,984
Shares repurchased*	3,190	57,591
Granted of treasury shares under share incentive plan**	—	(452,750)
At 31 December 2023 and 1 January 2024	23,355	204,825
Cancellation of treasury shares (note 34)	(11,937)	(98,723)
Dividend adjustment to treasury shares	—	(5,969)
At 31 December 2024, 1 January and 30 June 2025	11,418	100,133

* The Company repurchased a total of 3,190,000 shares for a total consideration of RMB57,591,000.

** The amount represented the consideration previously paid for a total 23,355,000 shares repurchased which was granted to the eligible participants under the share incentive plan (note 37).

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36. RESERVES

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital and other reserve

The capital and other reserve of the Group mainly represents:

- 1) the premium in issuing shares.
- 2) represented the difference between the consideration paid by the Group for the acquisition of the share of net asset attributable to non-controlling equity holder.

(b) Statutory surplus reserve

In accordance with the Company Laws of Mainland China and the articles of association of the subsidiaries established in the Mainland China, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant Mainland China regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve is not distributable for dividend.

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	Capital and other reserve	Fair value reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	2,005,314	(317)	414,803	2,163,485	4,583,285
Loss for the year	—	—	—	(1,497,333)	(1,497,333)
Total comprehensive loss for the year . .	—	—	—	(1,497,333)	(1,497,333)
As at 31 December 2022 and					
1 January 2023	2,005,314	(317)	414,803	666,152	3,085,952
Profit for the year	—	—	—	794,208	794,208
Total comprehensive income for the year	—	—	—	794,208	794,208
Granted of treasury shares under share incentive scheme	(452,750)	—	—	—	(452,750)
Others	—	—	(56)	1,022	966
As at 31 December 2023 and					
1 January 2024	1,552,564	(317)	414,747	1,461,382	3,428,376
Profit for the year	—	—	—	415,865	415,865
Total comprehensive income for year . .	—	—	—	415,865	415,865
Cancellation of treasury shares	(86,786)	—	—	—	(86,786)
Dividend adjustment to treasury shares . .	4,775	—	—	—	4,775
Cash dividends	—	—	—	(720,018)	(720,018)
As at 31 December 2024 and					
1 January 2025	1,470,553	(317)	414,747	1,157,229	3,042,212
Profit for the period	—	—	—	202,421	202,421
Other comprehensive income for the year:	—	—	—	—	—
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	19,042	—	—	19,042
Total comprehensive income for the year	—	19,042	—	202,421	221,463
Dividends	—	—	—	(157,616)	(157,616)
As at 30 June 2025	1,470,553	18,725	414,747	1,202,034	3,106,059

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37. SHARE-BASED PAYMENTS

A) Share options

Under a shares option incentive plan approved by the board of directors of the Company (the “**Share Option Incentive Plan**”) with several batches of the Company’s shares options shares were granted to certain employees and directors.

On 20 May 2022, the *first tranche of the Company’s shares option* (the “**2022 share Options Incentive Plan**”) was approved by the Company’s shareholders’ meeting in 2022. The eligible participants of the 2022 Share Options Incentive Plan were the directors, senior management (excluding independent directors and supervisors), key staff and key management personnel of the Company and its subsidiaries who have a direct impact on or have made outstanding contributions to the Company’s business results and ongoing development as a whole.

Under the 2022 Share Options Incentive Plan, the Company would grant a total of 50 million Company’s share options to the eligible participants. Out of which 41 million the Company’s share option would be granted in 2022 and eligible participants had the right to purchase every 1 Company’s share at a price of not less than RMB19.0. The remaining 9 million Company’s share options would be reserved that eligible participants had the right to purchase 1 Company’s share at a price of not less than RMB19.0. The vesting conditions are that the Company must achieve either of the following for the years 2022 and 2023:

- (i) a net profit growth rate not less than 10% in 2022, based on 2021 net profit, or
- (ii) a net profit growth rate not less than 20% in 2023, based on 2022 net profit.

If the conditions were fulfilled met, the Company’s shares would be granted to eligible participants upon their exercise of share options at the aforementioned purchase price per share.

No Company’s shares were ultimately granted to the eligible participants in year 2022 and 2023 under the 2022 Share Options Incentive Plan as the Company failed to satisfy the above-mentioned performance vesting conditions. Accordingly, no share-based payment expenses were recognised under the 2022 Share Options Incentive Plan during the years ended 31 December 2022 and 2023.

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B) Shares incentive plan

On 22 May 2023, the share incentive plan (the “**2023 Shares Incentive Plan**”) was approved by the Company’s shareholders’ meeting in 2023. The eligible participants of the 2023 Share Incentive Plan were the directors, senior management (excluding independent directors and supervisors), and core technical (business) personnel of the Group who had a direct impact on or had made outstanding contributions to the Company’s business results and ongoing development.

Under the 2023 Share Incentive Plan, the Company granted a total of 23,355,000 shares at a grant price of RMB8.77 per share to eligible participants. The shares were subject to a restriction for sale for a maximum term of 24 months from the granting dates and the vesting conditions are that the Company must achieve either of the following for the years 2023 and 2024:

- (i) net profit not less than RMB700 million in 2023; or
- (ii) cumulative net profit for 2023 and 2024 not less than RMB1.6 billion.

If the performance conditions are met, the granted shares will be released proportionally to the eligible participants as stipulated in accordance with the plan. Since the Group failed to fulfil the above-mentioned performance vesting conditions for years 2023 and 2024, no share-based payment expenses were recognised under 2023 Shares Incentive Plan. The Company repaid the eligible participants for the initial consideration received for 23,355,000 shares granted.

Accordingly, no share-based payment expenses were recognised under the 2023 Share Incentive Plan during the years ended 31 December 2023 and 2024.

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The following share option and shares granted under the above-mentioned plans were outstanding during the Relevant Periods:

	2022 Options Incentive Plan (number of share options granted)	2023 Shares Incentive Plan (number of shares granted)
	(‘000)	(‘000)
Outstanding as at 1 January 2022	—	—
Granted during the year.	41,000	—
Outstanding as at 31 December 2022 and 1 January 2023	41,000	—
Granted during the year.	—	23,355
Forfeited during the year.	(41,000)	—
Outstanding as at 31 December 2023 and 1 January 2024	—	23,355
Forfeited during the year.	—	(23,355)
Outstanding as at 31 December 2024 and 30 June 2025	—	—

The Company determines the fair value of the share option and shares granted based on the closing price of the Company’s shares on the grant dates.

38. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025, the Group had non-cash additions to right-of-use assets of RMB16,508,000, RMB16,030,000, RMB25,877,000 and RMB10,933,000, respectively, and addition to lease liabilities of RMB16,704,000, RMB16,030,000, RMB25,877,000 and RMB11,138,000, respectively, in respect of lease arrangements for properties.

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(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Other payables and arruuls-Repurchase liabilities for treasury shares issued under share incentive plan	Other payables and arruuls-other payables	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	39,375	1,515	—	23,532	64,422
Changes from financing cash flows . .	892,625	—	—	(19,562)	873,063
New leases	—	—	—	16,704	16,704
Interest expense	13,600	—	—	1,067	14,667
Termination	—	—	—	(5,043)	(5,043)
At 31 December 2022	945,600	1,515	—	16,698	963,813
At 1 January 2023	945,600	1,515	—	16,698	963,813
Changes from financing cash flows . .	(577,951)	203,308	—	(15,288)	(389,931)
New leases	—	—	—	16,030	16,030
Interest accretion	21,152	—	—	882	22,034
Disposals	—	—	—	(1,858)	(1,858)
At 31 December 2023	388,801	204,823	—	16,464	610,088
At 1 January 2024	388,801	204,823	—	16,464	610,088
Changes from financing cash flows . .	8,946	(98,723)	—	(25,009)	(114,786)
New leases	—	—	—	25,877	25,877
Interest accretion	8,901	—	—	796	9,697
Disposals	—	—	—	(47)	(47)
Dividend adjustment to treasury shares.	—	(5,969)	—	—	(5,969)
At 31 December 2024	406,648	100,131	—	18,081	524,860
At 1 January 2025	406,648	100,131	—	18,081	524,860
Changes from financing cash flows . .	187,411	(89,855)	(23,597)	(8,238)	65,721
New leases	—	—	—	11,138	11,138
Acquisition of subsidiaries	11,362	—	23,597	12,946	47,905
Interest accretion	5,687	—	—	265	5,952
At 30 June 2025	611,108	10,276	—	34,192	655,576

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(c) Total cash outflow for leases

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within financing activities.	19,562	15,288	25,009	8,238
Within operating activities.	16,699	16,464	18,081	7,518
Total.	36,261	31,752	43,090	15,756

39. BUSINESS COMBINATIONS

Acquisition of subsidiaries

The Group acquired 拉卡拉雲超科技有限公司 (“**Lakala Yunchao Technology Co., Ltd**”, “**Yunchao Tehcnology**”) in 6 July 2022 and 簡鏈科技(廣東)有限公司 (“**Jianlian Technology (Guangdong) Co., Ltd**”, “**Jianlian Technology**”) in 14 March 2023 which the Group considered the subsidiaries acquired did not have significant impact to the Group’s financial position and performance.

The fair values of the identifiable assets and liabilities of the subsidiaries as at the dates of acquisition were as follows:

	Acquisition of Yunchao Technology Fair value recognised on acquisition	Acquisition of Jianlian Technology Fair value recognised on acquisition
	RMB’000	RMB’000
Non current assets.	72,072	6,588
Current assets	14,365	22,272
Current liabilities	36,437	2,310
Total identifiable net assets at fair value.	50,000	26,550
Total consideration	50,000	26,550
Satisfied by:		
Fair value of previously held interest as associate.	15,000	9,000
Cash consideration	35,000	17,550

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An analysis of the cash flows in respect of the acquisition of certain subsidiaries were as follows:

	Acquisition of Yunchao Technology	Acquisition of Jianlian Technology
	<i>RMB’000</i>	<i>RMB’000</i>
Cash consideration	(35,000)	(17,550)
Cash and bank balances acquired	1,416	18,429
Net outflow of cash and cash equivalents included in cash flows from investing activities.....	(33,584)	879
Total net cash outflow.....	<u>(33,584)</u>	<u>879</u>

Acquisition of Tiancai Shanglong

The Group acquired 35.7% equity interest in Tiancai Shanglong through capital contribution of RMB250 million. All RMB250 million was satisfied by cash, RMB 100 million of which will be injected to Tiancai Shanglong after acquisition date. Particulars of Tiancai Shanglong are set out in note 1 to the Historical Financial Information. The Group also entered into agreement with the then equity holders holding an aggregate 15.7% equity interest in Tiancai Shanglong that these equity holders agreed to act in concert in accordance with the decisions of the Group with respect to any resolutions in the board of directors and shareholders’ meeting of Tiancai Shanglong. Thereby, the Group is able to exercise voting rights of 51.4% in board of directors and shareholders’ meeting and accordingly Tiancai Shanglong is accounted for as a subsidiary of the Group.

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The fair values of the identifiable assets and liabilities of Tiancai Shanglong as at the date of acquisition, which is 30 June 2025 were set out below:

	Fair value recognised on acquisition
	<i>RMB’000</i>
Non-current assets	52,228
Current assets	289,410
Current liabilities	473,171
Non-current liabilities	33,021
Non-controlling interests attributable to Tiancai Shanglong	(40,800)
Total identifiable net liabilities at fair value	(123,754)
Non-controlling interests attributable to the Group	79,556
Goodwill on acquisition	294,198
Satisfied by:	
Cash consideration	150,000
Other payable-capital contribution payable to subsidiary* (<i>note 27</i>)	100,000
Total consideration	250,000

An analysis of the cash flows in respect of the acquisition of Tiancai Shanglong is as follows:

	<i>RMB’000</i>
Cash consideration	(150,000)
Cash and bank balances acquired	100,151
Total net cash outflow	(49,849)

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40. PLEDGED AND RESTRICTED ASSETS

Details of the Group’s restricted and pledged assets at the end of each of the Relevant Periods are as follows:

	<i>Note</i>	As at 31 December			As at 30 June
		2022	2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Pledged and restricted cash. . .	(1)	4,513,984	6,608,948	5,545,258	5,640,251
Pledged and restricted cash. . .	(2)	8,519	11,041	14,210	14,493
Pledged and restricted cash. . .	(3)	—	—	1,961	2,994
Pledged and restricted cash. . .	(4)	31,668	24,165	14,521	14,552
Investments in associates	(5)	198,108	—	—	—
Trade receivables	(6)	99,506	67,425	—	—
Property and equipment	(7)	662,482	384,314	376,100	371,992
Total.		5,514,267	7,095,893	5,952,050	6,044,282

Notes:

- (1) The restricted cash represents payment made by consumers and collected by the Group on behalf of the merchants in connection with the provision of the Group’s digital payment services.
- (2) Cash and bank balances amounting were restricted for use as custody deposits for daily operating activities.
- (3) Cash and bank balances were frozen by certain court for lawsuits.
- (4) Cash and bank balances were pledged to banks relating to financial guarantee provided by the Group.
- (5) The Group’s equity interest of interest in an associate was pledged to secure the Group’s bank borrowing.
- (6) the Group’s trade receivables were pledged to secure the Group’s bank borrowings.
- (7) The Group’s property and equipment were pledged to secure the Group’s bank borrowings.

41. CONTINGENT LIABILITIES

As of the end of each of the Relevant Periods and the six months ended 30 June 2024, the Group did not have any material contingent liabilities.

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42. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the Relevant Periods:

Names of related parties	Relationships with the Group
雲碼智能(海南)科技有限公司 (Yuncode Intelligent (Hainan) Technology Co., Ltd. (“ Yuncode Intelligent ”))	Associate
智匯雲兌(北京)信息技術有限公司 (Zhihui Yundui (Beijing) Information Technology Co., Ltd.)	Associate
惠域天地網絡科技(北京)有限公司 (Huiyu Tiandi Network Technology (Beijing) Co., Ltd.)	Associate
簡鏈科技(廣東)有限公司 (Jianliantech (Guangdong) Co., Ltd.)	Associate
惠域天地網絡科技(湖南)有限公司 (Huiyu Tiandi Network Technology (Hunan) Co., Ltd.)	Associate
大數惠雲(北京)技術服務有限公司 (Dashu Huiyun (Beijing) Technology Service Co., Ltd.)	Associate
雲聯科創(北京)技術有限公司 (Yunlian Kechuang (Beijing) Technology Co., Ltd.)	Associate
南京萬米信息技術有限公司 (Nanjing Wanmi Information Technology Co., Ltd. (“ Nanjing Wanmi ”))	Associate
考拉征信服務有限公司 (Koala Credit Services Co., Ltd.)	Associate
上海新豆科技有限公司 (Shanghai Xindou Technology Co., Ltd. (“ Shanghai Xindou ”))	Associate
廣州市高富信息科技有限公司 (Guangzhou Gaofu Information Technology Co., Ltd. (“ Guangzhou Gaofu ”))	Associate
Skyee Hongkong Company Limited	Associate
廣州越富嘉馳網絡科技有限公司 (Guangzhou Yuefu Jiachi Network Technology Co., Ltd.)	Associate
拉卡拉匯積天下技術服務(北京)有限公司 (Lakala Huijitianxia Technical Service (Beijing) Co., Ltd.)	Associate
深圳數芯商用科技有限公司 (Shenzhen Digital Core Commercial Technology Co., Ltd.)	Associate
湖南小游信息技術有限公司 (Hunan Xiaoyou Information Technology Co., Ltd. (“ Hunan Xiaoyou ”))	Associate
嘉品雲市(西安)科技有限公司 (Jiapinyun City (Xi’an) Technology Co., Ltd. (“ Jiapinyun City ”))	Associate

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Names of related parties	Relationships with the Group
陝西嘉品雲市電子商務有限公司 (Shaanxi Jiapinyun E-Commerce Co., Ltd.)	Associate
安徽拉卡拉雲超科技有限公司 (Anhui Lakala Cloud Super Technology Co., Ltd. (“ Anhui Lakala ”))	Associate
四川天府拉卡拉雲超科技有限公司 (Lakala Cloud Super Technology Co., Ltd. (“ Sichuan Tianfu Lakala ”))	Associate
河北雲超智能科技有限公司 (Hebei Yunchao Intelligent Technology Co., Ltd. (“ Hebei Yunchao ”))	Associate
雲南拉卡拉雲超科技有限公司 (Yunnan Lakala Cloud Super Technology Co., Ltd. (“ Yunnan Lakala ”))	Associate
湖南拉卡拉雲超科技有限公司 (Hunan Lakala Cloud Super Technology Co., Ltd.)	Associate
江蘇千米網絡科技有限公司 (Jiangsu Qianmi Network Technology Co., Ltd.)	Associate
Bluefocus	Associate
BlueVision Interactive Limited	Associate
拉卡拉雲超科技有限公司 (Lakala Cloud Technology Co., Ltd.)	Associate
天津市天馨科技有限公司 (Tianjin Tianxin Technology Co., Ltd.)	Associate
北京拉卡拉小額貸款有限責任公司 (Beijing Lakala Microfinance Co., Ltd.)	(1)
廣州拉卡拉網絡小額貸款有限責任公司 (Guangzhou Lakala Network Microfinance Co., Ltd.)	(1)
重慶市拉卡拉小額貸款有限公司 (Chongqing Lakala Microfinance Co., Ltd.)	(1)
拉卡拉科技發展有限公司 (Lakala Technology Development Co., Ltd.)	(1)
廣州眾贏科技有限公司 (Guangzhou Zhongying Technology Co., Ltd.)	(1)
北京眾贏維融科技有限公司 (Beijing Zhongying Weirong Technology Co., Ltd.)	(1)
北京中科創宏科技發展有限公司 (Beijing Zhongke Chuanghong Technology Development Co., Ltd.)	(1)
天津昆侖堂文化傳播有限公司 (Tianjin Kunluntang Culture Communication Co., Ltd.)	(1)
西藏考拉科技發展有限公司 (Tibet Kaola Technology Development Co., Ltd.)	(1)
北京拉卡拉網絡技術服務有限公司 (Beijing Lakala Network Technology Service Co., Ltd.)	(1)

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Names of related parties	Relationships with the Group
北京中北聯信用評估有限公司 (Beijing Zhongbeilian Credit Assessment Co., Ltd.)	(1)
北京考拉昆侖投資管理有限公司 (Beijing Kaola Kunlun Investment Management Co., Ltd.)	(1)
聯想控股股份有限公司 (Lenovo Holdings Co., Ltd.)	A shareholder of the Company

Note:

(1) Sun Taoran is an equity holder of the related companies.

(b) Transactions with related parties

The following transactions and balances were carried out between the Group and its related parties during the Relevant Periods and the six months ended 30 June 2024. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties. The Group has the following transactions with related parties:

i. Purchases of goods by the Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Yuncode Intelligent	297,472	308,539	213,951	127,483	126,327
Lakala Cloud Technology Co., Ltd.	69	—	—	—	—
Zhihui Yundui (Beijing) Information Technology Co., Ltd.	12	—	—	—	—
Hunan Xiaoyou	—	64	63	—	2
Shenzhen Digital Core Commercial Technology Co., Ltd.	—	20,982	29,280	8,131	5,007
Total.	297,553	329,585	243,294	135,614	131,336

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ii. Services provided to the Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Huiyu Tiandi Network Technology					
(Beijing) Co., Ltd.	37,853	—	—	—	—
Lakala Huijitianxia Technical Service					
(Beijing) Co., Ltd.	27,738	—	—	—	—
Bluefocus.	6,237	—	—	331	—
Tianjin Kunluntang Culture					
Communication Co., Ltd.	877	1	221	—	57
Jiangsu Qianmi Network Technology Co.,					
Ltd.	712	227	—	—	—
Skyee Hongkong Company Limited	166	—	—	—	—
Guangzhou Yuefu Jiachi Network					
Technology Co., Ltd.	95	—	—	—	—
Jianliantech (Guangdong) Co., Ltd.	45	56	—	—	—
Nanjing Wanmi	21	—	—	—	—
Guangzhou Gaofu	19	—	134	—	354
Shanghai Xindou	7	4	—	5	—
Hunan Xiaoyou	—	187	401	147	250
Sichuan Tianfu Lakala	—	45	77	30	24
Hunan Lakala Cloud Super Technology					
Co., Ltd.	—	1	—	—	—
Anhui Lakala.	—	4	—	—	—
Hebei Yunchao.	—	1	—	—	173
BlueVision Interactive Limited	—	—	7,675	—	211
Bluefocus.	—	—	331	—	—
Lenovo Holdings Co., Ltd.	—	—	25	—	25
Total.	73,770	526	8,864	513	1,094

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iii. Sales of goods by the Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sichuan Tianfu Lakala	—	9	23	—	—
Yuncode Intelligent	—	15	—	—	—
Jianliantech (Guangdong) Co., Ltd.	4	—	—	—	—
Lakala Cloud Technology Co., Ltd.	6	—	—	—	—
Total.	10	24	23	—	—

iv. Services provided by the Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Lakala Huijitianxia Technical Service					
(Beijing) Co., Ltd.	2,528	—	—	—	—
Lakala Cloud Technology Co., Ltd.	1,379	—	—	—	—
Skyee Hongkong Company Limited	2,557	2,776	2,737	1,308	1,483
Yuncode Intelligent	623	94	—	—	—
Huiyu Tiandi Network Technology					
(Beijing) Co., Ltd.	156	—	—	—	—
Huiyu Tiandi Network Technology					
(Hunan) Co., Ltd.	125	—	—	—	—
Jianliantech (Guangdong) Co., Ltd.	277	187	—	—	—
Guangzhou Lakala Network Microfinance					
Co., Ltd.	16	4	6	3	14
Beijing Lakala Microfinance Co., Ltd.	2	—	—	—	—
Guangzhou Gaofu	—	1,682	51	51	—
Guangzhou Yuefu Jiachi Network					
Technology Co., Ltd.	—	425	94	—	—
Beijing Zhongbeilian Credit Assessment					
Co., Ltd.	—	283	—	—	—
Yunnan Lakala	—	143	1,379	255	348
Hunan Lakala Cloud Super Technology					
Co., Ltd.	—	103	89	39	—

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	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Shaanxi Jiapinyun E-Commerce Co., Ltd.	—	78	700	651	205
Sichuan Tianfu Lakala	—	25	153	—	—
Anhui Lakala.	—	25	—	—	—
Hebei Yunchao.	—	9	—	—	—
Jiapinyun City	—	8	594	235	300
Beijing Lakala Network Technology Service Co., Ltd.	—	1	—	—	—
Hunan Xiaoyou	—	—	99	12	107
Guangzhou Zhongying Technology Co., Ltd.	—	—	—	85	—
Total.	7,663	5,843	5,902	2,639	2,457

v. Leases with related parties as lessor

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Lakala Huijitianxia Technical Service (Beijing) Co., Ltd.	1,187	—	—	—	—
Guangzhou Gaofu.	659	665	665	332	332
Jianliantech (Guangdong) Co., Ltd.	652	78	—	—	—
Beijing Zhongying Weirong Technology Co., Ltd.	248	—	—	—	—
Beijing Zhongke Chuanghong Technology Development Co., Ltd.	248	555	555	277	272
Dashu Huiyun (Beijing) Technology Service Co., Ltd.	146	—	—	—	—
Zhihui Yundui (Beijing) Information Technology Co., Ltd.	81	—	—	—	—
Yunlian Kechuang (Beijing) Technology Co., Ltd.	37	—	—	—	—
Koala Credit Services Co., Ltd.	45	45	—	—	—
Yuncode Intelligent	21	16	15	7	7

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	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Guangzhou Yuefu Jiachi Network Technology Co., Ltd.	10	—	—	—	—
Tianjin Kunluntang Culture Communication Co., Ltd.	183	183	81	81	—
Guangzhou Lakala Network Microfinance Co., Ltd.	—	79	—	—	—
Beijing Kaola Kunlun Investment Management Co., Ltd.	—	—	550	—	176
Beijing Zhongying Weirong Technology Co., Ltd.	—	—	—	—	22
Total.	3,517	1,621	1,866	697	809

vi. Income from provision of financial guarantee

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Tibet Kaola Technology Development Co., Ltd.	2,059	24	24	12	8

(c) Outstanding balances with related companies are unsecured, non-interest-bearing and repayments on demand.

i. Due from a related company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Skyee Hongkong Company Limited . .	—	71	—	—
Tianjin Tianxin Technology Co., Ltd. .	—	—	—	1,295
Total	—	71	—	1,295

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ii. Trade receivables

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Skyee Hongkong Company Limited . .	261	425	212	326
Tianjin Kunluntang Culture Communication Co., Ltd.	198	—	—	—
Shaanxi Jiapinyun E-Commerce Co., Ltd.	—	4,925	—	—
Hunan Lakala Cloud Super Technology Co., Ltd.	—	37	—	—
Sichuan Tianfu Lakala	—	15	—	—
Yunan Lakala	—	123	—	9
Jiapinyun City	—	8	—	—
Guangzhou Yuefu Jiachi Network Technology Co., Ltd.	—	545	622	634
Total	459	6,078	834	969

iii. Trade payables

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Yuncode Intelligent	41,652	40,365	16,350	24,786
Jiangsu Qianmi Network Technology Co., Ltd.	448	154	154	154
Jianliantech (Guangdong) Co., Ltd. . .	35	—	—	—
Skyee Hongkong Company Limited . .	18	—	—	—
Guangzhou Gaofu	—	—	36	118
Anhui Lakala	—	4	—	—
Hebei Yunchao	—	1	—	—
Hunan Lakala Cloud Super Technology Co., Ltd.	—	1	—	—
Hunan Xiaoyou	—	22	39	42
Shaanxi Jiapinyun E-Commerce Co., Ltd.	—	2	2	2
Shenzhen Digital Core Commercial Technology Co., Ltd.	—	9,650	6,438	1,539
Sichuan Tianfu Lakala	—	45	13	13
BlueVision Interactive Limited	—	—	757	—
Total	42,153	50,244	23,789	26,654

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iv. Due to related companies

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Skyee Hongkong Company Limited . .	35,035	28,235	26,721	16,836
Guangzhou Lakala Network Microfinance Co., Ltd.	2,858	5,896	10,423	24,126
Lakala Technology Development Co., Ltd.	246	1,399	973	2,334
Chongqing Lakala Microfinance Co., Ltd.	35	36	41	20
Beijing Lakala Microfinance Co., Ltd.	51	—	—	—
Beijing Lakala Network Technology Service Co., Ltd.	—	46	40	40
Yuncode Intelligent	—	—	900	900
Shenzhen Digital Core Commercial Technology Co., Ltd.	—	—	100	100
Total	38,225	35,612	39,198	44,356

v. Contract liabilities

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Jianliantech (Guangdong) Co., Ltd. . . .	107	—	—	—

(d) Compensation of key management personnel of the Group:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Short term employee benefits	18,130	19,823	19,858	6,335

Further details of directors’ and supervisors’ emoluments are included in note 9 to the Historical Financial Information.

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43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

As at 31 December 2022

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Equity investment		
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income.	—	18,000	18,000
Financial assets at fair value through profit or loss	578,896	—	578,896
Trade receivables	—	161,669	161,669
Factoring receivables.	—	591,216	591,216
Financial assets included in prepayments, other receivables and other assets	—	391,845	391,845
Restricted cash	—	4,554,171	4,554,171
Cash and cash equivalents.	—	622,876	622,876
Total.	578,896	6,321,777	6,918,673

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Financial liabilities

	Financial liabilities at amortised cost	Others	Total
	RMB’000	RMB’000	RMB’000
Trade and bills payables	761,209	—	761,209
Financial liabilities included in other payables and accruals	4,999,039	—	4,999,039
Interest-bearing bank borrowings.	945,600	—	945,600
Due to related companies	38,225	—	38,225
Financial guarantee liabilities	—	2,207	2,207
Total	6,744,073	2,207	6,746,280

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Equity investment		
	RMB’000	RMB’000	RMB’000
Equity investments designated at fair value through other comprehensive income.	—	18,000	—
Financial assets at fair value through profit or loss	440,167	—	—
Trade receivables	—	—	179,002
Factoring receivables.	—	—	679,364
Financial assets included in prepayments, other receivables and other assets	—	—	304,584
Due from related companies	—	—	71
Restricted cash	—	—	6,644,154
Cash and cash equivalents.	—	—	768,458
Total	440,167	18,000	8,575,633

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Financial liabilities

	Financial liabilities at amortised cost	Others	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	978,113	—	978,113
Financial liabilities included in other payables and accruals	6,844,320	—	6,844,320
Interest-bearing bank borrowings.	388,801	—	388,801
Due to related companies	35,612	—	35,612
Financial guarantee liabilities	—	1,808	1,808
Total	8,246,846	1,808	8,248,654

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Equity investment		
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Equity investments designated at fair value through other comprehensive income.	—	18,000	—
Financial assets at fair value through profit or loss	281,688	—	—
Trade receivables	—	—	178,639
Factoring receivables.	—	—	388,476
Financial assets included in prepayments, other receivables and other assets	—	—	390,811
Due from related companies	—	—	—
Restricted cash	—	—	5,575,950
Cash and cash equivalents.	—	—	616,806
Total	281,688	18,000	7,150,682

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Financial liabilities

	Financial liabilities at amortised cost	Others	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	643,703	—	643,703
Financial liabilities included in other payables and accruals	5,730,706	—	5,730,706
Interest-bearing bank borrowings.	406,648	—	406,648
Due to related companies	39,198	—	39,198
Financial guarantee liabilities	—	1,796	1,796
Total	6,820,255	1,796	6,822,051

As at 30 June 2025

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Equity investment		
	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income.	—	40,402	—
Financial assets at fair value through profit or loss	321,369	—	—
Trade receivables	—	—	251,803
Factoring receivables.	—	—	323,460
Financial assets included in prepayments, other receivables and other assets	—	—	404,355
Due from related companies	—	—	1,295
Restricted cash	—	—	5,672,290
Cash and cash equivalents.	—	—	693,147
Total	321,369	40,402	7,346,350

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Financial liabilities

	Financial liabilities at amortised cost	Others	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	621,760	—	621,760
Financial liabilities included in other payables and accruals	5,953,051	—	5,953,051
Interest-bearing bank borrowings.	611,108	—	611,108
Due to related companies	44,356	—	44,356
Financial guarantee liabilities	—	1,881	1,881
Total	7,230,275	1,881	7,232,156

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments are as follows:

As at 31 December 2022

	Carrying amounts	Fair values
	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets		
Financial assets at fair value through profit or loss	578,896	578,896
Financial assets at fair value through other comprehensive income.	18,000	18,000
Total	596,896	596,896

As at 31 December 2023

	Carrying amounts	Fair values
	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets		
Financial assets at fair value through profit or loss	440,167	440,167
Financial assets at fair value through other comprehensive income.	18,000	18,000
Total	458,167	458,167

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As at 31 December 2024

	Carrying amounts	Fair values
	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets		
Financial assets at fair value through profit or loss	281,688	281,688
Financial assets at fair value through other comprehensive income	18,000	18,000
Total	299,688	299,688

As at 30 June 2025

	Carrying amounts	Fair values
	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets		
Financial assets at fair value through profit or loss	321,369	321,369
Financial assets at fair value through other comprehensive income	40,402	40,402
Total	361,771	361,771

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, financial assets included in prepayments, other receivables and other assets, amounts due to related companies, current portion of interest-bearing bank borrowings, trade and bills payables, financial liabilities included in other payables and accruals, and amounts due from related companies approximate to their carrying amounts largely due to the short term maturities of these instruments. Management measures the fair values of interest-bearing bank borrowings based on discounted cash flow method. The fair values approximate to their carrying amounts. Management measures the fair values of financial guarantee liabilities based on ECL. The fair values approximate to their carrying amounts.

The Group’s finance team headed by the chief finance controller/his or her designator is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the head of finance. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the head of finance. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings on fixed rate have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk as at the end of each of the Relevant Periods were assessed to be insignificant. Thereby the fair values of the non-current portion of interest-bearing bank borrowings with fixed rate approximate to their carrying amounts.

The fair values of financial guarantee liabilities have been calculated by ECL. The changes in fair value as a result of the Group’s own non-performance risk as at the end of each of the Relevant Periods were assessed to be insignificant.

The fair values of listed investments, which represent wealth management products issued by banks in Mainland China are based on quoted market prices.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) multiple and price to earnings (“P/E”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

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The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at the end of each of the Relevant Periods:

Equity investments	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
31 December 2022 . . .	Market approach	Discount for lack of marketability (“DLOM”)	26.83% to 64.09%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB1,645.000
31 December 2023 . . .	Market approach	DLOM	17.36% to 47.45%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB1,745.000
31 December 2024 . . .	Market approach	DLOM	10.09% to 49.52%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB2,042.000
30 June 2025	Market approach	DLOM	11.33% to 42.72%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB1,702.000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments.

Assets measured at fair value

As at 31 December 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Unlisted funds and unlisted equity investments at fair value through profit or loss	—	—	578,896	578,896
Unlisted equity investments designated at fair value through other comprehensive income	—	—	18,000	18,000
Total	—	—	596,896	596,896

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Unlisted funds and unlisted equity investments at fair value through profit or loss	—	—	440,167	440,167
Unlisted equity investments designated at fair value through other comprehensive income	—	—	18,000	18,000
Total	—	—	458,167	458,167

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As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Wealth management products	—	25,056	—	25,056
Unlisted funds and unlisted equity investments	—	—	256,632	256,632
Unlisted equity investments designated at fair value through other comprehensive income	—	—	18,000	18,000
Total	—	25,056	274,632	299,688

As at 30 June 2025

	Fair value measurement using			Total
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Wealth management products	—	5,000	—	5,000
Unlisted funds and unlisted equity investments	—	—	316,369	316,369
Unlisted equity investments designated at fair value through other comprehensive income	—	—	40,402	40,402
Total	—	5,000	356,771	361,771

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The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments at fair value through profit or loss:				
At the beginning of the year/period . . .	339,920	578,896	440,167	256,632
Total (losses)/gains recognised in profit or loss	—	(161,003)	(152,222)	65,466
Purchases	252,000	20,000	40,955	—
Acquisition of subsidiaries (<i>note 39</i>) . .	—	6,000	—	—
Disposals.	(13,024)	(3,726)	(72,268)	(5,729)
At the end of the year/period	<u>578,896</u>	<u>440,167</u>	<u>256,632</u>	<u>316,369</u>
Unlisted equity investments designated at fair value through other comprehensive income:				
At the beginning of the year/period . . .	18,000	18,000	18,000	18,000
Total gains recognised in other comprehensive income.	—	—	—	22,402
At the end of the year/period	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>40,402</u>

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, comprise cash and bank balances, financial assets at fair value through profit or loss, financial assets designated at fair value through other comprehensive income and short-term and long-term loans. The main purpose of these financial instruments is to raise finance for the Group’s operations.

The Group has various other financial assets and liabilities such as trade and factoring receivables, financial assets included in prepayments, other receivables and other assets, financial guarantee liabilities, trade and bills payables, and financial liabilities included in other payables and accruals which arise directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

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Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies. As the Group’s major businesses are in Chinese Mainland, the majority of the transactions are conducted in RMB. Most of the Group’s assets and liabilities are denominated in RMB. The Group was not exposed to material foreign currency risk during the Relevant Periods.

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables, factoring receivables and other receivables. Credit risk also arises from a customer’s inability or unwillingness to meet its financial obligations to make timely payments under loans the Group guaranteed. Pursuant to the terms of the guarantees, upon default in repayments by the debtors, the Group will be responsible to repay the outstanding loan principals together with accrued interest and penalty owed by the debtors.

An impairment analysis was performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Risk management

Cash and cash equivalents and restricted cash

To manage risk arising from cash and cash equivalents and restricted cash, the Group places deposits in state-owned financial institutions in Mainland China or reputable banks, financial institutions having high credit quality in Mainland China.

Trade receivables, other receivables and other assets

To manage risk arising from trade receivables, other receivables and other assets, the Group has policies in place to ensure that the sale of services is made to customers with an appropriate credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

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ACCOUNTANTS’ REPORT

Factoring receivables

To manage risk arising from factoring receivables, standardised credit management procedures are performed. The Group conducts holistic assessment on creditworthiness of applicants, which consist of automatic preliminary assessment, screening, and manual assessment. The management makes periodic collective assessments as well as individual assessments on the recoverability of loan receivables based on historical settlement records and past experiences incorporating forward-looking information.

Financial guarantee liabilities

To manage risk arising from financial guarantee liabilities, the Group has taken measures to identify credit risks arising from guarantees issued operations at every stage of the risk management system, including pre-approval, review and credit approval and post-transaction monitoring processes. The Group conducts customer acceptance and due diligence by business department and risk management department during the pre-approval process. A transaction may be subject to the review and approval of credit approval officer, risk committee, or chairman depending on the transaction size.

During the post-transaction monitoring process, the Group conducts on-site inspection and ongoing post-transaction reviews focusing on various aspects, including but not limited to customers’ product markets, operating income, assets and liabilities, cash flows from operating activities to detect potential risks. The Group takes proactive preventive actions based on the risk analysis and designs contingency plans accordingly.

When a certain number of clients undertake the same business activities, stay in the same geographical locations, or bear similar economic features for their industries, their ability to fulfil contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group’s operating results to specific industries or geographical locations. As the Group mainly operates its businesses in Mainland China, there exists a certain level of geographical concentration risk for its guarantee and loan portfolios in that it might be affected by changes in Mainland China economic conditions.

Impairment of financial assets

Cash and cash equivalents and restricted cash

While the Group’s cash and cash equivalents and restricted cash are subject to the impairment requirement of IFRS 9, the identified impairment loss was immaterial.

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ACCOUNTANTS’ REPORT

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the share credit risk characteristics and the days past due. The expected loss rates are based on the overdue ageing profiles of trade receivables and the corresponding historical credit losses expected. The historical losses are then adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

Factoring receivables, and other receivables and other assets

Factoring receivables mainly comprise balances resulted from factoring business. Other receivables and other assets exclude receivables for default guarantee payments mainly comprise balances resulted from the Group’s principal activities with various business partners. Impairment on these financial assets are measured as either 12-month expected credit losses (“ECL”) or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECLs.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets at the reporting date with the risk of default as the data of initial recognition. Especially the following indicators are incorporated:

- external credit rating, if applicable;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer’s ability to meet its obligations;
- it has become probable that the debtor will enter into bankruptcy or other financial reorganisation; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtors.

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A significant increase in credit risk is presumed if a debtor for factoring receivables is past due for 30 days. Under such a case, factoring receivables are classified as stage 2 and subject to lifetime expected loss provision. When factoring receivables become past due for more than 90 days, they are treated as credit-impaired and therefore classified as stage 3.

Other receivables and other assets exclude receivables for default guaranteed payments 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 receivables has occurred since initial recognition, the financial asset will be transferred to “stage 2” but are not yet deemed to be credit impaired. The expected credit losses are measured as lifetime expected credit losses. If any financial asset is credit-impaired, it will be then transferred to “stage 3” and the expected credit loss is measured as lifetime expected credit loss.

Receivables arising from default guarantee payments, where credit risk has existed since initial recognition, are classified in stage 2 at initial recognition and measured using lifetime expected credit losses. If such receivables become more than 90 days past due, they are considered credit-impaired and consequently reclassified to stage 3.

A summary of the assumptions underpinning the Group’s expected credit loss model for factoring receivables and other receivables, other assets is as follows:

Description of parameters, assumptions, and estimation techniques

Except for the credit-impaired financial assets, expected credit losses (“**ECL**”) are measured at an amount equal to 12-month ECLs or lifetime ECLs depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the Probability of Default (“**PD**”), Loss Given Default (“**LGD**”), and Exposure at Default (“**EAD**”), considering the time value of money. Related definitions are as follows:

PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information.

LGD is the magnitude of the likely loss if there is a default in light of forward-looking information.

EAD refers to the total amount of on- and off-balance sheet exposures in the event of default and is determined based on the historical repayment records.

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The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are monitored and reviewed on a quarterly basis by the Group.

There have been no significant changes in estimation techniques or significant assumptions made during the year.

The impairment loss on credit-impaired assets applied cash flow discount method, if there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset’s gross carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the statement of profit or loss.

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

Write-off policy

All financial assets are written off when there is no reasonable expectation of recovery. Where these financial assets have been written off, the Group continues to engage in follow-up actions such as enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

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As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	164,570	164,570
Factoring receivables					
— Normal**	590,788	7,978	1,782	—	600,548
Receivables for default guaranteed payments					
— Doubtful**	—	138,657	139,078	—	277,735
Other financial assets included in prepayments, other receivables and other assets					
— Normal**	25,457	—	88,653	—	114,110
Restricted cash					
— Not yet past due	4,554,171	—	—	—	4,554,171
Cash and cash equivalents					
— Not yet past due	622,876	—	—	—	622,876
Guarantees granted to customers					
— Not yet past due	86,137	—	—	—	86,137
Total.	5,879,429	146,635	229,513	164,570	6,420,147

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ACCOUNTANTS’ REPORT

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	182,348	182,348
Factoring receivables					
— Normal**	688,552	2,187	30,848	—	721,587
Receivables for default guaranteed payments					
— Doubtful**	—	10,398	181,787	—	192,185
Other financial assets included in prepayments, other receivables and other assets					
— Normal**	23,746	—	88,653	—	112,399
Restricted cash					
— Not yet past due	6,644,154	—	—	—	6,644,154
Cash and cash equivalents					
— Not yet past due	768,458	—	—	—	768,458
Guarantees granted to customers					
— Not yet past due	204,134	—	—	—	204,134
Total.	8,329,044	12,585	301,288	182,348	8,825,265

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	183,242	183,242
Factoring receivables					
— Normal**	361,508	15,934	94,495	—	471,937
Receivables for default guarantee payments					
— Doubtful**	—	11,789	199,502	—	211,291
Other financial assets included in prepayments, other receivables and other assets					
— Normal**	90,867	—	88,653	—	179,520
Restricted cash					
— Not yet past due	5,575,950	—	—	—	5,575,950
Cash and cash equivalents					
— Not yet past due	616,806	—	—	—	616,806
Guarantees granted to customers					
— Not yet past due	95,074	—	—	—	95,074
Total.	6,740,205	27,723	382,650	183,242	7,333,820

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ACCOUNTANTS’ REPORT

As at 30 June 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	266,248	266,248
Factoring receivables					
— Normal**	301,801	3,459	109,162	—	414,422
Receivables for default guarantee payments					
— Doubtful*.	—	10,867	205,247	—	216,114
Other financial assets included in prepayments, other receivables and other assets					
— Normal**	99,588	—	88,653	—	188,241
Restricted cash					
— Not yet past due	5,672,290	—	—	—	5,672,290
Cash and cash equivalents					
— Not yet past due	693,147	—	—	—	693,147
Guarantees granted to customers					
— Not yet past due	63,016	—	—	—	63,016
Total.	6,829,842	14,326	403,062	266,248	7,513,478

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is set out in note 24 to the Historical Financial Information.

** The credit quality of the factoring receivables and financial assets included in prepayments, other receivables and other assets are considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

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ACCOUNTANTS’ REPORT

The maturity profile of the Group’s financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2022

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	676,700	278,580	—	—	955,280
Lease liabilities	7,807	9,835	—	—	17,642
Trade and bills payables	761,209	—	—	—	761,209
Financial liabilities included in other payables and accruals	4,999,039	—	—	—	4,999,039
Due to related companies	38,225	—	—	—	38,225
Financial guarantee granted	86,137	—	—	—	86,137
Total.	6,569,117	288,415	—	—	6,857,532

As at 31 December 2023

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	389,542	—	—	—	389,542
Lease liabilities	9,350	7,984	—	—	17,334
Trade and bills payables	978,113	—	—	—	978,113
Financial liabilities included in other payables and accruals	6,844,320	—	—	—	6,844,320
Due to related companies	35,612	—	—	—	35,612
Financial guarantee granted	204,134	—	—	—	204,134
Total.	8,461,071	7,984	—	—	8,469,055

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As at 31 December 2024

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	407,432	—	—	—	407,432
Lease liabilities	7,707	11,421	—	—	19,128
Trade and bills payables	643,703	—	—	—	643,703
Financial liabilities included in other payables and accruals	5,730,706	—	—	—	5,730,706
Due to related companies	39,198	—	—	—	39,198
Financial guarantee granted	95,074	—	—	—	95,074
Total.	6,923,820	11,421	—	—	6,935,241

As at 30 June 2025

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	606,108	—	5,195	—	611,303
Lease liabilities	14,951	21,209	—	—	36,160
Trade and bills payables	621,760	—	—	—	621,760
Financial liabilities included in other payables and accruals	5,953,051	—	—	—	5,953,051
Due to related companies	44,356	—	—	—	44,356
Financial guarantee granted	63,016	—	—	—	63,016
Total.	7,303,242	21,209	5,195	—	7,329,646

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss (note 22) and equity investments at fair value through other comprehensive income (note 21) as at 31 December 2022, 2023 and 2024 and 30 June 2025.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and after any impact on tax, based on their carrying amounts at the end of each of the Relevant Periods.

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		Increase/(decrease) in other comprehensive income/net profit	Increase/(decrease) in total equity
	Carrying amount		
	RMB’000	RMB’000	RMB’000
As at 31 December 2022			
Equity investments:			
Financial assets designated at fair value through other comprehensive income . .	18,000	765/(765)	765/(765)
Financial assets at fair value through profit and loss	578,896	24,603/(24,603)	28,945/(28,945)
As at 31 December 2023			
Equity investments:			
Financial assets designated at fair value through other comprehensive income . .	18,000	765/(765)	765/(765)
Financial assets at fair value through profit and loss	440,167	18,707/(18,707)	18,707/(18,707)
As at 31 December 2024			
Equity investments:			
Financial assets designated at fair value through other comprehensive income . .	18,000	765/(765)	765/(765)
Financial assets at fair value through profit and loss	256,632	10,907/(10,907)	10,907/(10,907)
As at 30 June 2025			
Equity investments:			
Financial assets designated at fair value through other comprehensive income . .	40,402	1,717/(1,717)	1,717/(1,717)
Financial assets at fair value through profit and loss	316,369	13,446/(13,446)	13,446/(13,446)

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ACCOUNTANTS’ REPORT

Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank borrowings, trade and bills payables, other payables and accruals, less Cash and bank balances. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	761,209	978,113	643,703	621,760
Other payables and accruals	5,148,669	6,958,935	5,858,666	6,113,464
Interest-bearing bank borrowings.	676,700	388,801	406,648	606,108
Less: Cash and bank balances	(5,177,047)	(7,412,612)	(6,192,756)	(6,365,437)
Net debt	1,409,531	913,237	716,261	975,895
Equity attributable to owners of the parent	3,347,941	3,748,158	3,390,142	3,481,005
Capital and net debt	4,757,472	4,661,395	4,106,403	4,456,900
Gearing ratio.	29.6%	19.6%	17.4%	21.9%

APPENDIX I

ACCOUNTANTS’ REPORT

46. EVENTS AFTER THE RELEVANT PERIODS

- a) On 8 August 2025, subject to obtaining regulatory approvals, the board of directors of the Company approved to dispose of the entire equity interests in Guangzhou Lakala Pu Hui Financing Guarantee Co., Ltd. and RunXin Factoring to Guangzhou Zhongying Weirong Intelligent Technology Co., Ltd. (a related company of the Company of which Mr. Sun Taoran is an equity holder), and disposed of the entire equity interest in Tibet Hongcheng Technology Development Co., Ltd. to Tibet Kaola Jinke Network Technology Service Co., Ltd. (a related company of the Company of which Mr. Sun Taoran is an equity holder).

The transaction price will be determined by reference to the net asset value of the subsidiaries to be disposed of which are estimated to be approximately RMB351.2 million. The foregoing proposed disposal of subsidiaries are further subject to approval by the Company’s shareholders in an extraordinary meeting.

- b) On 29 August 2025, the Company declared a cash dividend distribution for the first half of 2025 amounting to RMB2 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 788,082,442 as at 30 June 2025.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2025.

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX II

[REDACTED]

[REDACTED]

APPENDIX IIA

[REDACTED]

[REDACTED]

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this document received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at 31 July 2025 of the selected property interests held by the Group.



Asia-Pacific Consulting and Appraisal Limited

Flat/Rm A, 12/F
Kiu Fu Commercial Building
300 Lockhart Road
Wan Chai
Hong Kong

[•] 2025

The Board of Directors
Lakala Payment Co., Ltd.
Room 606, Building D1,
Zhongguancun No. 1 Park, Beiqing Road,
Haidian District,
Beijing Municipality,
The PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions to value the selected property interests held by Lakala Payment Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the selected property interests as at 31 July 2025 (the “**Valuation Date**”).

APPENDIX III

PROPERTY VALUATION REPORT

The selected property interests form part of the Group’s property activities that have a carrying amount of 1% or more of the Group’s total assets and therefore the valuation report of these property interests is required to be included in this document.

Basis of Valuation

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

Methods of Valuation

We have valued properties by the income approach which is by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair values at an appropriate capitalization rate.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the selected property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the selected property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the selected property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Valuation Standards

In valuing the selected property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

APPENDIX III

PROPERTY VALUATION REPORT

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title documents including Real Estate Title Certificate and other official permits relating to the selected property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the selected property interests in the PRC and any material encumbrance that might be attached to the selected property interests or any tenancy amendment. We have relied considerably on the advice given by the Company’s PRC legal advisor — Zhong Lun Law Firm, concerning the validity of the selected property interests in the PRC.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

APPENDIX III

PROPERTY VALUATION REPORT

The site inspection was carried out in 10 October 2025 by David Cheng, who is a member of Royal Institution of Chartered Surveyor and has over 20 years’ experience in property valuation in the PRC and Rebecca Guo who has 10 years’ experience in property valuation in the PRC.

Currency

All monetary figures stated in this report are in Renminbi (RMB).

Our valuation summary and certificates are attached below for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited
David G. D. Cheng
MRICS
Partner

Note:

David G. D. Cheng is a Chartered Surveyor who has 20 years’ experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

APPENDIX III

PROPERTY VALUATION REPORT

SUMMARY OF VALUES

Property interests held for investment by the Group in the PRC

No.	Property	Market value in existing state as at the Valuation Date
		<i>RMB</i>
1.	No. 98, Nong 172, Jianrun Road, Minhang District, Shanghai Municipality, The PRC	105,000,000
2.	No. 40, Nong 172, Jianrun Road, Minhang District, Shanghai Municipality, The PRC	104,300,000
Sub-total:		209,300,000

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property interests held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date
				RMB
1.	No. 98, Nong 172, Jianrun Road, Minhang District, Shanghai Municipality, The PRC	Xinyuan Lixiangyuan is a public rental housing development with residential and retail components. The project was completed in 2023 and is well-served by public transportation. The property has 32 residential units in above development with a total gross floor area of approximately 2,971.2 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 22 April 2090 for public rental housing use.	As at the valuation date, 30 units of the property with a total gross floor area of approximately 2,764.26 sq.m. have been leased to multiple tenants for residential purposes, and the reminding 2 rooms are currently vacant.	105,000,000

Notes:

- Lakala Qingcheng Digital Technology (Shanghai) Co., Ltd. 拉卡拉青城数字科技(上海)有限公司 (the “**Qingcheng Digital**”) is a wholly owned subsidiary of the Company.
- Pursuant to a Real Estate Title Certificate — Hu (2024) Min Zi Di No. 035838, the land use rights of the property have been granted to Qingcheng Digital for a term expiring on 22 April 2090 for public rental housing use, and 32 public rental housing units with a total gross floor area of approximately 2,971.2 sq.m. are owned by Qingcheng Digital.
- Pursuant to various Tenancy Agreements entered into between Qingcheng Digital and various third parties, 30 units of the property with a total gross floor area of approximately 2,764.26 sq.m. are leased to various independent third parties for residential purpose with the expiry dates between 30 September 2025 and 15 May 2027 and the total monthly rent receivable as at the valuation date was approximately RMB136,564, exclusive of management fees, water and electricity charges.
- We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisor, which contains, *inter alia*, the following:

The Company and its subsidiaries have completed the formalities for and obtained valid real property ownership certificates for the aforesaid real property rights, and the real property rights are not subject to any guarantees or restrictions on rights.

APPENDIX III

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property interests held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date
				RMB
2.	No. 40, Nong 172, Jianrun Road, Minhang District, Shanghai Municipality, The PRC	Xinyuan Lixiangyuan is a public rental housing development with residential and retail components. The project was completed in 2023 and is well-served by public transportation. The property has 32 residential units in above development with a total gross floor area of approximately 2,977.76 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 22 April 2090 for public rental housing use.	As at the valuation date, 29 units of the property with a total gross floor area of approximately 2,687.95 sq.m. have been leased to multiple tenants for residential purposes, and the reminding 3 rooms are currently vacant.	104,300,000

Notes:

- Lakalaqingke Intelligent Technology (Shanghai) Co., Ltd. 拉卡拉青科智能科技(上海)有限公司 (the “**Qingke Digital**”) is a wholly owned subsidiary of the Company.
- Pursuant to a Real Estate Title Certificate — Hu (2024) Min Zi Di No. 035852, the land use rights of the property have been granted to Qingke Digital for a term expiring on 22 April 2090 for public rental housing use, and 32 public rental housing units with a total gross floor area of approximately 2,977.76 sq.m. are owned by Qingke Digital.
- Pursuant to various Tenancy Agreements entered into between Qingke Digital I and various third parties, 29 units of the property with a total gross floor area of approximately 2,687.95 sq.m. are leased to various independent third parties for residential purpose with the expiry dates between 30 September 2025 and 15 May 2027 and the total monthly rent receivable as at the valuation date was approximately RMB126,833, exclusive of management fees, water and electricity charges.
- We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisor, which contains, *inter alia*, the following:

The Company and its subsidiaries have completed the formalities for and obtained valid real property ownership certificates for the aforesaid real property rights, and the real property rights are not subject to any guarantees or restrictions on rights.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

This Appendix contains a summary of the principal provisions of the Company's Articles of Association. The major objective of this Appendix is to provide potential investors with an overview of the Company's Articles of Association, and therefore it may not contain all the information that may be important to potential investors.

SHARES AND REGISTERED CAPITAL

Shares of the Company shall take the form of share certificates.

The shares of the Company shall be issued in accordance with the principles of open, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and the same issuance shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the Shares it/he/she subscribes for.

INCREASE, REDUCTION, REPURCHASE AND TRANSFER OF SHARES

Increase and Reduction of Shares

Based on its operation and development needs, in accordance with the relevant laws and regulations, and subject to the separate resolutions of the general meeting, the Company may increase its capital by any of the following ways:

- (i) public issuance of shares;
- (ii) non-public issuance of shares;
- (iii) distribution of bonus shares to existing Shareholders;
- (iv) conversion of capital reserve into share capital;
- (v) other means permitted by laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The Company may reduce its registered capital. The reduction of registered capital shall comply with the procedures stipulated in the Company Law and other relevant regulations as well as the Articles of Association.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Repurchase of Shares

The company shall buy back its shares in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association under the following circumstances:

- (i) reduction of the Company's registered capital;
- (ii) mergers with another company holding shares of the Company;
- (iii) use of shares for employee shareholding scheme or equity incentives;
- (iv) Shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to purchase their shares;
- (v) use of shares for conversion of corporate bonds issued by the Company which are convertible into shares;
- (vi) where it is necessary for the Company to preserve its value and Shareholders' interest.

The Company shall not buy back its shares, except in one of the above circumstances.

Where the Company purchases its shares under the circumstances set forth in items (i) and (ii) above, it shall be resolved at a general meeting. Where the Company purchases its shares under the circumstances set forth in items (iii), (v) and (vi) above, a resolution thereon may, pursuant to the securities regulatory rules of the place where the shares of the Company are listed, be resolved at a Board meeting that is attended by more than two-thirds of the Directors according to the provisions of the Articles of Association or the authorization of the general meeting.

With respect to domestic listed shares, upon the purchase of its shares by the Company pursuant to the above provisions, under the circumstance set forth in item (i), such shares shall be cancelled within 10 days from the day of purchase; under the circumstances set forth in items (ii) and (iv), such shares shall be transferred or cancelled within six months; under the circumstances set forth in items (iii), (v) and (vi), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

With respect to overseas listed shares, if laws, administrative regulations or the securities regulatory authority where the company's shares are listed have other provisions on matters related to the repurchase of shares, such provisions shall prevail.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Company may purchase its own shares by the centralized trading or by any other means recognized by the laws, administrative regulations, the CSRC and the stock exchange(s) of the place where the shares of the Company are listed, and shall comply with the applicable laws, administrative regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the SEHK Listing Rules**”) and securities regulatory rules of the place where the company’s shares are listed.

Transfer of Shares

Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are listed and traded on Shenzhen Stock Exchange.

Directors and senior management of the Company shall report to the Company their holdings of shares of the Company and the changes thereof. During their term of office, the shares transferred by any of them each year shall not exceed 25% of the total shares of the Company held by them. The above personnel shall not transfer the shares of the Company held by them within 6 months after the expiry of their term of office. If laws, administrative regulations or the securities regulatory authority where the company’s shares are listed have other provisions on matters related to the restrictions on the transfer, such provisions shall prevail.

Where the aforementioned personnel resign within six months from the date on which the shares of the Company are listed and trade, they shall not transfer their directly held shares of the company for 18 months from the date of resignation declaration; where they resign between the seventh to twelfth months from the date on which the shares of the Company are listed and trade, they shall not transfer their directly held shares for twelve months from the resignation declaration date. If laws, administrative regulations or the securities regulatory authority where the company’s shares are listed have other provisions on matters related to the restrictions on the transfer, such provisions shall prevail. In cases where the directly held shares of directors and senior management undergo changes due to the company’s equity distributions or similar actions, such provisions shall remain applicable.

Where Directors, senior management and Shareholders holding 5% or above shares of the Company sell the shares of the Company or other securities with an equity nature within 6 months after purchasing the same, or purchase the shares of the Company or other securities with an equity nature as held within 6 months after selling the same, the earnings arising therefrom shall belong to the Company, and the Board of the Company shall recover such earnings. However, the restriction shall not be applicable to a securities company holding 5% or above of the shares of the

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Company as a result of its purchase of the remaining unsold shares underwritten by it and other circumstances stipulated by the securities regulatory department of the place where the company's shares are listed.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall establish a register of members with the evidence provided by the securities registration authority. The register of members shall be sufficient evidence of the holding of the shares of the Company by the Shareholders. Shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

- (i) to receive dividends and other distributions in proportion to the shares they hold;
- (ii) to request, convene, hold, attend or appoint a proxy to attend general meetings and exercise the corresponding voting rights in accordance with laws;
- (iii) to supervise, present suggestions on or make inquiries about the operations of the Company;
- (iv) to transfer, gift or pledge the shares it holds in accordance with laws, administrative regulations the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, securities regulatory rules of the place where the company's shares are listed and regulations of the Articles of Association;
- (v) to inspect the Articles of Association, register of members, record of bondholders, minutes of general meetings, resolutions of Board meetings, resolutions of financial reports; Shareholders who meet the statutory requirements may inspect the Company's accounting books and accounting vouchers;
- (vi) in the event of termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion with the number of shares held by them;
- (vii) to require the Company to purchase their shares in the event of objection to the resolutions of the general meeting on merger or division of the Company;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

(viii) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the SEHK Listing Rules, the securities regulatory rules of the place where the shares of the Company are listed and regulations of the Articles of Association.

If any resolution of a general meeting or the Board is in violation of the laws or administrative regulations, Shareholders shall have the right to request the People's court to invalidate the said resolution. If the convening procedures and voting method of the general meetings or Board meetings are in violation of the laws, administrative regulations or the Articles of Association or if the contents of any resolution are in breach of the Articles of Association, Shareholders shall have the right to request the People's court to revoke such resolution within 60 days from the date on which the resolution is approved.

Shareholders of the Company shall assume the following obligations:

- (i) to abide by the laws, administrative regulations and the Articles of Association;
- (ii) to pay capital contribution as per the shares subscribed for and the method of subscription;
- (iii) not to return Shares unless prescribed otherwise in laws and regulations;
- (iv) not to abuse Shareholders' rights to impair the interests of the Company or other Shareholders; not to abuse the independent status of legal person or Shareholders' limited liabilities to impair the interests of the creditors of the Company.
- (v) to assume other obligations prescribed by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Shareholders of the Company who abuse their Shareholders' rights and thereby cause loss on the Company or other Shareholders shall be liable for loss compensation according to the laws. Where Shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of Shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such Shareholders shall be jointly and severally liable for the debts owed by the Company.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

General Provisions for General Meeting

The general meeting is the organ of authority of the Company and shall exercise the following duties and powers in accordance with laws:

- (i) to elect and replace Directors who are not employee representatives and to determine matters relating to the remuneration of the Directors;
- (ii) to consider and approve the reports of the Board;
- (iii) to consider and approve the profit distribution plan and loss recovery plans of the Company;
- (iv) to resolve on the increase or reduction of the registered capital of the Company;
- (v) to resolve on the issue of corporate bonds;
- (vi) to resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (vii) to amend the Articles of Association;
- (viii) to resolve on the appointment and dismissal of accounting firms by the Company, and to consider fee arrangements of accounting firms;
- (ix) to consider and approve the guarantee issues specified in Article 45 of the Articles of Association;
- (x) to consider matters relating to the purchase and sale by the Company within 12 months of material assets valued at more than 30% of the audited total assets of the Company as at the most recent period, and to consider and approve the transaction issues specified in Article 46 of the Articles of Association;
- (xi) to consider and approve matters relating to changes in the use of proceeds;
- (xii) to consider share incentive scheme and employee shareholding scheme;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (xiii) to consider any related party transactions (excluding the provision of guarantee by the Company) between the Company and related parties, whose amount is more than RMB 30 million and accounts for more than 5% of the absolute value of the latest audited net assets of the Company;
- (xiv) to consider and approve borrowing matters (including loan rollovers, new working capital loans, and new long-term loans) as well as related asset mortgage and pledge matters with an annual borrowing amount valued at more than 50% of the company’s audited net assets of the previous year;
- (xv) to consider other matters to be resolved by the general meeting as required by laws, administrative regulations, departmental rules, the SEHK Listing Rules, the securities regulatory rules of the place where the shares of the Company are listed and regulations of the Articles of Association.

Without the approval of the Board or the general meeting, the company shall not provide external guarantees. The following provision of external guarantees by the Company is subject to the consideration and approval of the general meeting:

- (i) any single guarantee with an amount exceeding 10% of the latest audited net assets;
- (ii) any guarantee after the total amount of the external guarantees provided by the Company and its holding subsidiaries exceeding 50% of the latest audited net assets;
- (iii) any guarantee to be provided to a recipient of such security whose asset to liability ratio is over 70%;
- (iv) any guarantee after the total amount of the external guarantees provided by the Company and its holding subsidiaries exceeding 30% of the latest audited total assets;
- (v) the amount of the guarantees provided by the Company within 12 consecutive months exceeding 30% of the latest audited total assets;
- (vi) the amount of the guarantees provided by the Company within 12 consecutive months exceeding 50% of the latest audited net asset and is more than RMB 50 million;
- (vii) any guarantee provided to Shareholders, de facto controllers, and their related parties;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (viii) any guarantees required by relevant laws and regulations, the SEHK Listing Rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

When the general meeting is considering a proposal to provide guarantee for any Shareholder, de facto controller and their related parties, the said Shareholder or the Shareholders controlled by the said de facto controller shall be abstained from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending Shareholders.

The general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once a year within six months from the end of the previous fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (i) when the number of directors falls short of the statutory number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association; when the uncovered loss of the Company reaches one-third of its total paid-up share capital;
- (ii) upon written request(s) by shareholder(s) individually or collectively holding 10% or above of the shares of the Company;
- (iii) when the Board deems it necessary;
- (iv) when the Audit Committee proposes such a meeting be held;
- (v) other circumstances required by the laws, administrative regulations, departmental rules, the SEHK Listing Rules, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

If the extraordinary general meeting of shareholders is convened in response to the securities regulatory rules of the place where the company's shares are listed, the actual date of the extraordinary general meeting of shareholders may be adjusted according to the approval progress of the stock exchange(s) of the place where the shares of the Company are listed.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Summoning of General Meetings

The Board of Directors shall convene the general meeting on time within the specified period. Subject to the consent of more than half of all the independent directors, the independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. With regard to the proposal made by the independent directors for convening an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, the SEHK Listing Rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement.

The Audit Committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval of the Audit Committee. Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the general meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholders who individually or jointly hold more than 10% of the Company’s shares are entitled to request the Board of Directors to convene an extraordinary general meeting and such requisition shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the requisition.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Where the Board of Directors agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders.

Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the requisition, shareholders who individually or jointly hold more than 10% of the Company’s shares shall have the right to propose the Audit Committee to convene the extraordinary general meeting and such requisition shall be made in writing to the Audit Committee.

Where the Audit Committee agrees to convene the general meeting, a notice of convening such meeting shall be issued within 5 days after receipt of the requisition. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. If the Audit Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. Shareholders who individually or jointly hold more than 10% of the Company’s shares for more than 90 consecutive days may convene and preside over the general meeting by themselves.

If the general meeting is convened by the Audit Committee or shareholders on their own, it shall notify the Board of Directors in writing and file a record with the Shenzhen Stock Exchange at the same time. Before the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%. The Audit Committee or the shareholders who convene the meeting shall submit the relevant evidentiary materials to the Shenzhen Stock Exchange when issuing the notice of the general meeting and the announcement of the resolution of the general meeting.

Where the Audit Committee or the shareholders convene a general meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

Proposal and Notice of General Meetings

When the Company convenes a general meeting, the Board of Directors, the Audit Committee and shareholders who individually or jointly hold more than 1% of the Company’s shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company’s shares may submit provisional proposals in writing to the convener 10 days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposal and submit

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

the provisional proposals to the general meeting for consideration, however, except for the provisional proposals that violates the requirements of the laws, administrative regulations or the Articles of Association, or are not within the terms of reference of the general meeting.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting

The convener shall notify all shareholders by announcement at least 20 days prior to the convention of an annual general meeting, or at least 15 days prior to the convention of an extraordinary general meeting. Where the laws, administrative regulations or listing rules of the place where the Company’s shares are listed provide otherwise, such rules shall prevail. The Company shall not include the date of convention of meeting into the calculation of starting and ending time.

Notice of the general meeting shall contain:

- (i) the date, venue and duration of the meeting;
- (ii) matters and proposals submitted for consideration at the meeting;
- (iii) a clear statement that: each shareholder is entitled to attend the general meeting in person, or appoint one or more proxies who need not be shareholders of the Company, to attend and vote on his/its behalf;
- (iv) the date of record for the determination of shareholders who are entitled to attend the general meeting;
- (v) name and telephone number of permanent contact person;
- (vi) time and procedures for voting online or by other means;
- (vii) other content required by the laws, administrative regulations, departmental rules, the SEHK Listing Rules, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Convening of General Meetings

All shareholders whose names appear on the register of members on the record date or their proxies are entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations, securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, unless individual shareholders are required to abstain voting from individual matter as stipulated by the securities regulatory rules of the place where the shares of the Company are listed.

Shareholders may attend a general meeting in person, or may appoint a proxy to attend and vote on his/her behalf.

An individual shareholder that attends the meeting in person shall produce his or her own identity card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own valid proof of identity and the power of attorney issued by the shareholder.

Shareholder who is a corporation shall attend and vote at a meeting by its legal representative or a proxy appointed by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own identity card and the power of attorney issued by the legal representative of the shareholder as a corporation, except for shareholder who is a recognized clearing house and its nominees as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed. If such corporate shareholder has appointed a proxy to attend the meeting in accordance with the provisions of the Articles of Association, it shall be deemed to be present in person.

If the shareholder is a recognized clearing house or its nominees, it may authorize one or more persons it deems fit to act as its representative at any general meeting or any meeting of creditors; however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may exercise rights on behalf of the recognized clearing house (or its nominees) (no shareholding voucher, notarized authorization and/or further evidence of the duly authorization is required), as if such person is an individual shareholder of the Company.

The power of attorney issued by a shareholder to appoint a proxy to attend any general meeting shall contain the following:

- (i) name of the shareholder, and the number and class of shares;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (ii) name of the proxy;
- (iii) instructions for voting for, against or abstaining from voting on each matter to be considered on the agenda of general meeting;
- (iv) the date of issuance and term of validity of the power of attorney;
- (v) the signature (or seal) of the shareholder. In the case of a corporate shareholder, the seal of the legal person shall be affixed.

If the power of attorney is signed by other personnel authorized by consignor, the power of attorney for authorized signature or other authorization documents should be certified by a notary. The power of attorney or other authorization documents upon notarized shall, together with the power of attorney for voting, be placed at the domicile of the Company or such other location as specified in the notice of the meeting. If the consignor is a legal person, its legal representative or any person authorized by resolutions of the Board or other decision-making institutions shall attend the general meeting on behalf of the consignor.

A general meeting shall be presided over by chairman of the Board. Where the chairman of the Board is unable or fails to perform his/her duties, the meeting shall be presided by the vice chairman of the Board (if the company has two or more vice chairmen, the vice chairman jointly nominated by more than half of the directors shall preside over the meeting). Where the vice chairman of the Board is unable or fails to perform his/her duties, the meeting shall be presided over by a Director jointly elected by more than half of the Directors. A general meeting convened by the Audit Committee shall be presided over by the chairman of the Audit Committee. Where the chairman of the Audit Committee is unable or fails to perform his/her duties, the meeting shall be presided over by an Audit Committee member jointly elected by more than half of the Audit Committee members. A general meeting convened by Shareholders shall be presided over by a representative elected by convener(s). Where the host of the meeting violates the rules of procedure and makes it impossible to continue the meeting, with the consent of more than half of the shareholders present at the meeting with voting rights, the general meeting may elect a person to serve as the host of the meeting and continue the meeting.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Voting of General Meetings

Resolutions of the general meeting include ordinary resolutions and special resolutions. An ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the general meeting. A special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) work reports of the Board;
- (ii) plans formulated by the Board for the distribution of profits and for making up losses;
- (iii) appointment and removal of the members of the Board, their remunerations and methods of payment;
- (iv) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a general meeting:

- (i) the increase or reduction of share capital of the Company;
- (ii) the split, spin-off, merger, dissolution and liquidation (including voluntary winding-up) of the Company;
- (iii) the amendment of the Articles of Association and its annexes;
- (iv) the purchase and sale of material assets or amount of guarantee provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;
- (v) the amount of the guarantees provided by the Company within 12 consecutive months exceeding 30% of the latest audited total assets;
- (vi) issuance of shares, convertible corporate bonds, preferred Stock or other category of securities recognize by the CSRC;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (vii) repurchase of shares for the purpose of reducing registered capital;
- (viii) significant asset reorganization;
- (ix) equity incentive plan;
- (x) a resolution of the Shareholders’ general meeting of the Company to voluntarily withdraw the listing of its shares from trading on the Shenzhen Stock Exchange and/ or Hong Kong Stock Exchange, and to decide not to trade on the stock exchange or to apply for trading or transfer of its shares to other trading venues;
- (xi) adjustments or changes to the cash dividend policy set forth in the Articles of Association;
- (xii) any other matters as required by the laws, administrative regulations, the SEHK Listing Rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

Shareholders (including proxies thereof) have the right to exercise their voting rights based on the number of voting shares they represent. Each share is entitled to one vote.

When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner.

The shares held by the Company have no voting rights, and that part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.

If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the general meeting. Where under applicable laws, regulations and the SEHK Listing Rules, any shareholder is required to abstain from voting on a resolution or is restricted to voting only in favor of (or against) a resolution, any votes cast by such shareholder or its proxy in breach of such requirement or restriction shall be disregarded.

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The Board of the Company, independent directors, shareholders holding more than 1% of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or requirements of the CSRC may publicly solicit shareholders' voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders' voting rights. It is forbidden to solicit shareholders' voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.

When a connected transaction is considered at a general meeting, the connected shareholders may make appropriate statements regarding such matters but shall refrain from voting and the number of voting shares that they represent shall not be counted the total number of valid voting shares. Such connected transaction matters shall be voted on by the non-connected shareholders present at the meeting and be passed by votes representing more than half of the valid voting rights; if such matters fall within the scope of a special resolution, they be passed by votes representing more than two-thirds of valid voting rights. Announcement of resolutions of the general meeting shall fully disclose the voting of non-connected shareholders.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. They shall possess the qualifications required by laws, administrative regulations, rules and securities regulatory rules of the place where the company's shares are listed. A person may not serve as a Director of the Company in case of any of the following circumstances:

- (i) the person is without civil conduct capacity or with limited civil conduct capacity;
- (ii) the person who has committed an offence of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation, or if suspension of the sentence is announced, it has not been two years since completion of probation;

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- (iii) the person who is a former director, factory director or manager of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;
- (iv) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of such revocation of the business license;
- (v) the person is listed as a dishonest judgement debtor who is liable for a relatively large amount of debts that are overdue;
- (vi) the person subject to securities market entry restrictions imposed by the CSRC, with the restriction period not yet expired;
- (vii) the person is publicly deemed by a stock exchange as unsuitable to serve as a director and senior management of a listed company;
- (viii) other contents stipulated by laws, administrative regulations, departmental rules, the SEHK Listing Rules or the listing rules of the place where the shares of the Company are listed.

Directors shall be elected or replaced at the general meeting and may be dismissed by the general meeting prior to the expiry of the term of their office. A Director shall serve a term of three years and may serve consecutive terms if re-elected upon the expiration of their terms.

The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association until the newly elected Director assumes the office.

Senior management officers may serve concurrently as Directors, provided that the total number of such Directors who concurrently serve as senior management officers and the employee representatives shall not exceed a half of the total number of the Directors of the Company.

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Directors may resign prior to the expiration of their terms of office. The Directors who resign shall submit to the Board a written report in relation to their resignation. Relevant information shall be disclosed by the Board within 2 trading days. In the event that the resignation of any Director results in the number of members of the Board falling below the statutory minimum requirement, the resigned Directors shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules the listing rules of the place where the shares of the Company are listed and the Articles of Association until the newly elected Director assumes the office.

The Company has established a director resignation management system to clarify the safeguards for unfulfilled public commitments and other outstanding matters. When the resignation of a Director takes effect or the term of office expires, all transfer procedures shall be completed to the board of directors, and the fidelity obligations of the director to the Company and the Shareholders shall not be automatically discharged after the end of the term of office, but shall remain valid for three years after the resignation of the director takes effect or the term of office expires; the confidential obligations of the director to the Company's commercial secrets shall remain valid until the secrets become public known; the non-compete obligation of the director to the Company shall remain valid for two years after the resignation of the director takes effect or the term of office expires. The Directors' responsibilities in the performance of their duties during their term of office shall not be relieved or terminated by reason of their departure from office.

Board of Directors

The Company has established a Board which shall be accountable to the general meetings. The Board shall consist of nine Directors, with four independent Directors, one director represented by employees, one chairman and one vice chairman. The chairman and vice chairman shall be elected by more than half of all the Directors.

The Board shall exercise the following powers:

- (i) to convene general meetings and report its work to the general meetings;
- (ii) to implement the resolutions of the general meetings;
- (iii) to formulate business operation plans and investment plans of the Company;
- (iv) to formulate the profit distribution plans and plans for recovery of losses of the Company;

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- (v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (vi) to draft plans for major acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change in the form of the Company;
- (vii) to determine, according to Article 114 of the Articles of Association or extent authorized by the general meeting, on such matters as the external investments, purchase or sale of assets, assets mortgage, external guarantee, entrusted wealth management, connected transactions, borrowings, and external donations of the Company;
- (viii) to determine the internal management structure of the Company;
- (ix) to determine the appointment or dismissal of the manager of the Company or secretary to the Board and decide on their remuneration, rewards and penalties; and based on the nomination of the manager, to determine the appointment or dismissal of the senior management including vice manager(s) and financial controller of the Company and determine their remuneration, rewards and penalties;
- (x) to formulate the basic management system of the Company;
- (xi) to formulate proposals for any amendment of the Articles of Association;
- (xii) to manage the information disclosure of the Company;
- (xiii) to propose to the general meeting for appointment or replacement of the accounting firms which provide audit services to the Company;
- (xiv) to listen to work reports of the manager of the Company and review his/her work;
- (xv) other duties as stipulated in laws, administrative regulations, departmental rules, the SEHK Listing Rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The chairman of the Board shall exercise the following duties and powers:

- (i) to convene and preside over Board meetings, and to preside over general meetings;
- (ii) to supervise and examine the implementation of resolutions of Board;

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- (iii) to sign company shares, bonds and other securities;
- (iv) to sign important documents of the Board and other documents that should be signed by the legal representative of the company;
- (v) to exercise the powers of the legal representative;
- (vi) in the event of an emergency cause by force majeure, to exercise special disposal rights over the company's affairs in accordance with the law and the interests of the company, and report to the company's board of directors and shareholders' meeting afterwards;
- (vii) other duties and powers granted by the Board.

The company's vice chairman assists the chairman in his work. Where the chairman of the Board is unable or fails to perform his/her duties, the duties shall be performed by the vice chairman of the Board. Where the vice chairman of the Board is unable or fails to perform his/her duties, the duties shall be performed by a Director jointly elected by more than half of the Directors.

The board of directors shall hold at least four meetings per year, which shall be convened by the chairman and all directors shall be notified in writing 14 days before the meeting (excluding the day on which the meeting is held).

Shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors, more than half of the independent directors or the Audit Committee members may propose to convene an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over the extraordinary meeting of the Board within 10 days from the receipt of the proposal. The Board of Directors shall notify all Directors in writing 3 days before convening the extraordinary meeting of the Board. If the situation is urgent and an extraordinary board meeting needs to be convened as soon as possible, the meeting notice may be issued at any time, but the convener shall explain it at the meeting and such situation shall be entered into the minutes.

The quorum of a Board meeting shall consist of more than one half of all Directors. A resolution of the Board shall be passed by more than half of all Directors. When voting on the resolutions of the Board, each Director shall have one vote.

Where a Director has any connected relationship with the enterprise involved in the matter to be decided at the meeting, he/she shall not exercise his/her voting rights on the resolution, nor shall he/she exercise his/her voting rights on behalf of other Directors. Such a Board meeting may

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be held only if more than one half of the Directors without a connected relationship are present, and the resolutions made at such a Board meeting shall require adoption by more than one half of the Directors without a connected relationship. If the number of non-connected Directors in presence is less than 3 persons, the matter shall be submitted to the general meeting for consideration. Where laws, administrative regulations, departmental rules and securities regulatory rules of the place where the shares of the Company are listed impose additional restrictions on directors' participating and voting in Board meetings, such provisions shall prevail.

Directors shall attend Board meetings in person. If any Director is unable to attend the meeting for any reason, he/she may by a written power of attorney appoint another Director to attend the meeting on his/her behalf. The power of attorney shall include the name of the proxy, the subject, scope of authorization and validity period, which shall be signed or officially sealed by the appointing Director. A Director appointed as the representative of another Director to attend the meeting shall exercise the rights within the scope of authorization. Where a Director does not attend a Board meeting and does not appoint a proxy to attend the meeting on his behalf, he/she shall be deemed to have waived his/her voting right at the meeting.

Independent Directors

Independent directors shall maintain their independence. The following individuals shall not act as independent directors:

- (i) Persons employed by the Company or its subsidiaries, as well as their spouses, parents, children, and close social relations;
- (ii) Natural person shareholders who directly or indirectly hold more than 1% of the company's issued shares or are among the top ten shareholders of the Company, as well as their spouses, parents, and children;
- (iii) Persons working for shareholders who directly or indirectly hold more than 5% of the company's issued shares or for the top five shareholders of the company, as well as their spouses, parents, and children;
- (iv) Persons working for affiliated enterprises of the company's controlling shareholder or actual controller, as well as their spouses, parents, and children;
- (v) Persons who have significant business dealings with the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, or who work for entities with such significant business dealings or their controlling shareholders or actual controllers;

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- (vi) Persons who provide financial, legal, consulting, sponsorship, or other services to the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, including but not limited to all members of the project team of intermediary institutions providing such services, reviewers at all levels, signatories on reports, partners, directors, senior management personnel, and principal responsible persons;
- (vii) Persons who, in the past 12 months, have fallen under any of the circumstances listed in items (i) to (vi) above;
- (viii) Persons who fall under any of the circumstances listed in Article 3.13 items (1) to (8) of the SEHK Listing Rules;
- (ix) Other individuals deemed non-independent under laws, administrative regulations, CSRC rules, stock exchange rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Independent directors shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board of Directors shall evaluate the independence of incumbent independent directors annually and issue a special assessment opinion, which shall be disclosed together with the annual report.

Independent directors shall exercise the following special powers:

- (i) independently engage intermediary agencies to conduct audits, consultations, or verifications on specific matters of the Company;
- (ii) propose to the Board of Directors the convening of an extraordinary general meeting of shareholders;
- (iii) propose the convening of a Board meeting;
- (iv) lawfully solicit shareholder rights from shareholders;
- (v) express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (vi) other powers stipulated by laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

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The exercise of the powers listed in items (i) to (iii) above shall be subject to the consent of more than half of all independent directors.

The Company shall promptly disclose the exercise of the powers in item (i) by independent directors. If any of these powers cannot be exercised properly, the Company shall disclose the specific circumstances and reasons.

The following matters shall be submitted to the Board of Directors for deliberation only after being approved by more than half of all independent directors:

- (i) related-party transactions that are required to be disclosed;
- (ii) proposals for changes to or waivers of commitments made by the Company or relevant parties;
- (iii) decisions and measures made by the board of directors of the listed company being acquired in response to the acquisition;
- (iv) other matters stipulated by laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Company establishes a mechanism for special meeting attended solely by independent directors. Related party transactions should be pre-approved by the special meeting of independent directors before being submitted to the Board of Directors for consideration.

The Company shall hold special meetings of independent directors on a regular or ad hoc basis. Matters listed in items (i) to (iii) of the paragraph 1 of Article 138 and Article 139 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent directors shall be prepared as required, with the inclusion of the opinions of the independent directors, who shall sign to confirm the minutes of the meetings.

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Special Committees of the Board

The Board of the Company has established an Audit Committee, which shall exercise the functions and powers of the board of supervisors as prescribed by the Company Law.

The Audit Committee consists of three or more than three members, who are non-executive directors (i.e., directors who do not hold senior management positions in the Company), including at least one independent director who is an accounting professional with appropriate professional qualifications (as stipulated in Rule 3.10(2) of SEHK Listing Rules) or possesses appropriate accounting or relevant financial management expertise. Independent directors shall constitute the majority of the Audit Committee. The Committee shall have a convener, who shall be an accounting professional among the independent directors.

The Audit Committee is responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating the internal and external audit work and internal control. Any of the following matters shall be subject to the affirmative votes of more than half of all the members of the Audit Committee before the Board of Directors makes a resolution:

- (i) disclosing the financial and accounting reports, and financial statements and internal control evaluation report of periodic reports;
- (ii) hiring or removing the accounting firm that undertakes the audit engagements of the Company;
- (iii) appointing or removing the financial controller;
- (iv) making changes to accounting policies or accounting estimates, or make corrections for material accounting errors for reasons other than changes in accounting standards; and
- (v) any other matters authorized by the laws, administrative regulations, CSRC rules, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Audit Committee shall hold a regular meeting at least once a quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener deems necessary. A meeting of the audit committee may only be held when more than two thirds of the members attended. Resolutions adopted at the Audit Committee meeting must be approved by more than half of all members of the Audit Committee. Resolutions of the Audit Committee shall be passed on a “one person one vote” basis.

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The Board of the Company has established other special committees such as the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, etc., which perform their duties in accordance with the Articles and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for review and decision making. The working procedures of the special committees shall be formulated by the Board. Among them, independent directors in the Nomination Committee and the Remuneration and Appraisal Committee shall be in majority and one of them acts as convener.

MANAGERS AND OTHER SENIOR MANAGEMENT

The Company shall have one general manager and several deputy managers, who shall be appointed or dismissed by the Board. The Company’s general manager, deputy managers, financial controller, secretary to the Board are the senior executives of the Company.

Deputy general managers shall be nominated by the general manager and appointed or dismissed by the Board.

The circumstances of disqualification for Directors and director resignation management system prescribed in the Articles of Association shall also be applicable to senior management.

The general manager shall serve for a term of 3 years and may serve consecutive terms if re-appointed.

The general manager shall report to the Board and exercise the following duties and powers:

- (i) to take charge of the production, operation and management of the Company, organize the implementation of the Board, and report to the Board;
- (ii) to organize the implementation annual business plans and investment plans of the Company;
- (iii) to draft the plans for establishment of the internal management organization of the Company;
- (iv) to draft the basic management system of the Company;
- (v) to formulate the rules and regulations of the Company;
- (vi) to propose to the Board the appointment or dismissal of the deputy general manager and financial controller of the Company;

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- (vii) to determine the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be determined by the Board;
- (viii) to review and approve other transactions that do not require the approval of the general meeting or the Board of Directors;
- (ix) to sign documents in accordance with the authorization of the legal representative;
- (x) to exercise the duties and powers of the legal representative;
- (xi) other duties and powers as may be conferred by the Articles of Association or by the Board.

The senior management of the Company shall perform their duties faithfully, and safeguard the best interests of the Company and all Shareholders. If the senior management of the Company fails to perform their duties faithfully or violates their fiduciary duties, causing damage to the interests of the Company and public Shareholders, they shall be liable for compensation in accordance with the laws.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial Accounting System

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and requirements of relevant PRC authorities.

The Company shall report and disclose its annual reports to the CSRC and the stock exchange(s) of the place where the shares of the Company are listed within four months from the ending date of each fiscal year, and report and disclose its interim report to the delegated authority of the CSRC and the stock exchange(s) within two months from the end of the first half of each fiscal year. The aforementioned annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, regulations of the CSRC and the stock exchange(s) and securities regulatory rules of the place where the shares of the Company are listed.

The Company shall not keep accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

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Profit distribution

When distributing after-tax profits of the year, the Company shall set aside 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not make any further allocations to that fund. Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision. Subject to a resolution passed at a general meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of statutory reserve funds, shall be distributed to Shareholders in proportion to their shareholdings. Where the general meeting distributes its profits before recovery of losses and appropriation of statutory reserve funds to the shareholders in breach of the Company Law, Shareholders must refund to the Company the profits distributed in violation of the provisions. Where damages are caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The reserve fund of the Company shall be used for making up for the loss, expansion of the operation or increase of capital of the Company. When the Company uses its reserve fund for making up for the loss, it shall first utilize the discretionary reserve fund and the statutory reserve fund. If the losses cannot be fully covered thereafter, the capital reserve fund may be used in accordance with applicable regulations. When the statutory reserve fund is capitalized, the retained portion of the fund shall not be less than 25% of the registered capital of the Company before the capitalization.

After the shareholders make a decision for distribution of profits in general meeting, or after the Board of Directors formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year that approved by the annual general meeting of shareholders, the Board of Directors must finish distributing the dividends (or shares) within two months.

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Internal audit

The Company shall implement an internal audit system and clarify the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability.

The internal audit institution of the Company shall conduct supervision and inspection on the Company’s business activities, risk management, internal control, financial information and other matters.

The internal audit system of the Company and the duties of audit personnel shall be implemented upon approval by the Board. The audit institution shall be accountable and report to the Board.

Appointment of an Accounting Firm

The Company shall appoint an accounting firm in compliance with the Securities Law and the securities regulatory rules of the place where the shares of the Company are listed to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

The appointment and dismissal of the Company’s accounting firm shall be decided by the general meeting. The Board of Directors shall not appoint the accounting firm until it is decided by the general meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The audit fee payable to an accounting firm shall be decided by the general meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give 15 days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions. Where the accounting firm resigns, it shall state to the general meeting whether the Company has improper circumstances.

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MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on merger and shall make an announcement in the media outlet designated by the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

When the Company is divided, its assets shall be split accordingly. In the event of a division of the Company, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on division and shall make an announcement in the media outlet designated by the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital. The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the general meeting and make announcement thereof in the newspapers designated by the Company or the National Enterprise Credit Information Publicity System within 30 days. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders' capital contribution or shareholding, unless otherwise stipulated by the laws or the Articles of Association.

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When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for change registration with the registration authority of the Company.

Dissolution and Liquidation

The Company shall be dissolved upon the occurrence of any of the following events:

- (i) the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- (ii) a resolution on dissolution is passed by general meeting;
- (iii) dissolution is required due to the merger or division of the Company;
- (iv) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;
- (v) the Company suffers significant hardships in operation and management that cannot be resolved through other means, and its continuation may cause substantial loss in Shareholders' interests, Shareholders representing 10% or above of the total voting rights of the Company may plead the people's court to dissolve the Company.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

With regard to the occurrence of the situation described in sub-paragraph (i) above, the Company may continue to exist by amending the Articles of Association. Amendments to the Articles of Association pursuant to the preceding paragraph shall be subject to the approval of Shareholders representing two-thirds or above of the voting rights present at the general meetings.

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Where the Company is dissolved pursuant to sub-paragraph (i), (ii), (iv) or (v) above, it shall establish a liquidation committee within 15 days as of the dissolution circumstance arises, and the liquidation shall be thereby started. The liquidation committee shall comprise Directors or those determined by the general meeting. If the liquidation committee is not duly set up, the creditors may plead the people's court to designate related persons to form a liquidation committee to carry out the liquidation.

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in the designated media outlet and periodicals or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice.

Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during period of credit declaration.

After checking the assets of the Company and preparing a balance sheet and property list, the liquidation committee shall formulate a liquidation plan for the confirmation by general meeting or the people's court. The remaining properties of the Company, after the payment for liquidation expenses, wages, social insurance premiums and statutory compensation of staffs, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to liquidation. The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding article.

If the liquidation committee, after checking the assets of the Company and preparing a balance sheet and property list, finds that the assets of the Company are insufficient to pay off its debts, it shall immediately file an application to the people's court for bankruptcy. After the Company is declared bankrupt by the people's court, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit the report to the general meeting or the people's court for confirmation, and submit the report to the company registration authority to apply for de-registration of the Company and announce the termination of the Company.

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Where the Company is declared bankruptcy in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

AMENDMENTS TO THE ARTICLE OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

- (i) after amendments are made to the Company Law or other relevant laws, administrative regulations, the SEHK Listing Rules and regulatory rules at the place where the shares of the Company are listed, any term contained in the Articles of Association become inconsistent with the said amendments;
- (ii) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;
- (iii) the general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved change shall be registered in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the general meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

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FURTHER INFORMATION ABOUT OUR COMPANY

Establishment of our Company

Our Company was established under the PRC laws on 2005 under the name of Beijing Qiankun Shidai Information Consulting Co., Ltd* (北京乾坤時代信息諮詢有限公司), and was renamed to Lakala Payment Co., Ltd (拉卡拉支付股份有限公司) on August 16, 2012. Our Company was subsequently converted into a joint stock company with limited liability in December 2, 2015, and was listed on the ChiNext Market Shenzhen Stock Exchange on April 25, 2019 (stock code: 300773). As of the Latest Practicable Date, the registered share capital of our Company is RMB788,082,500.

Our registered office is located at Room 606, 6th Floor, Building D1, Zhongguancun No. 1, Bei Qing Road, Haidian District, Beijing, China. Our Company [has] established a place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong and [has been] registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [•]. Ms. Wong Hoi Ting, our joint company secretary, has been appointed as the authorized representative in Hong Kong and our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of Articles of Association of the Company” in Appendix IV. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in “Regulatory Overview — Regulations on the Establishment, Operation and Management of Our Group Companies in the PRC.”

Changes in Share Capital of our Company

Save as disclosed below, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

As considered and approved at the annual shareholders’ meeting for the year ended December 31, 2023 held on May 28, 2024, 11,937,500 A Shares were repurchased by our Company pursuant to the 2023 Restricted Share Incentive Plan. Such A Shares were then canceled in January 2025. The total issued share capital was then reduced from RMB800,020,000 comprising 800,020,000 A Shares of nominal value of RMB1.00 each to RMB788,082,500 comprising 788,082,500 A Shares of nominal value of RMB1.00 each.

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As considered and approved at the annual shareholders’ meeting for the year ended December 31, 2024 held on May 16, 2025, 11,417,500 A Shares were repurchased by our Company pursuant to the 2023 Restricted Share Incentive Plan. The total issued share capital [is expected to be] reduced from RMB788,082,500 comprising 788,082,500 A Shares of nominal value of RMB1.00 each to RMB776,664,942 comprising 776,664,942 A Shares of nominal value of RMB1.00 each [before [REDACTED]].

Changes in Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants’ Report in Appendix I.

The following subsidiaries have been incorporated within the two years immediately preceding the date of this Document:

<u>Name of Subsidiary</u>	<u>Place of Incorporation</u>	<u>Date of Incorporation</u>
Tiancai Shanglong ^{Note}	PRC	March 7, 2025
Beijing Yongtaiji Technology Co., Ltd.* (北京永泰吉科技有限公司)	PRC	December 20, 2023
Hainan Lechongchong Technology Co., Ltd.* (海南樂 充充科技有限公司)	PRC	December 1, 2023
Koala Japan Co., Ltd.* (考拉日本株式會社)	Japan	November 16, 2023
Lakala Singapore Technology Co., Ltd.* (拉卡拉新加坡科技有限公司)	Singapore	November 10, 2023
Zhuoyue Science & Technology Development (Guangdong) Co., Ltd.* (茁躍科技發展(廣東)有限公司)	PRC	September 15, 2023

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Note:

In May 2025, we have acquired approximately 35.71% equity interests in Tiancai Shanglong. Pursuant to the capital increase agreement and the Tiancai Shanglong Concert Party Agreements, our Company has obtained control over Tiancai Shanglong and Tiancai Shanglong has been consolidated into the consolidated financial statements of the Group as a subsidiary since May 31, 2025. For details, see “History, Development and Corporate Structure — Major Acquisitions and Disposals”.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this document:

On May 10, 2024, the registered capital of Beijing Yongtaiji Technology Co., Ltd.* (北京永泰吉科技有限公司) was reduced from RMB50,000,000 to RMB30,000,000.

On November 6, 2024, the registered capital of Koala Japan Co., Ltd.* (考拉日本株式會社) was increased from JPY3,000,000 to JPY97,700,000. On December 27, 2024, its registered capital was further increased from JPY97,700,000 to JPY119,870,000.

On May 9, 2025, the registered capital of Tiancai Shanglong increased from RMB2,175,649.32 to RMB6,428,571.43. On May 19, 2025, the registered capital of Tiancai Shanglong was further increased from RMB6,428,571.43 to RMB10,000,000.

For details of our principal operating subsidiaries, please see the section headed “History, Development and Corporate Structure — Our Major Subsidiaries”.

Save as disclosed above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders in Relation to the [REDACTED]

At the extraordinary general meeting of our Company held on September 19, 2025, the following resolutions, among other things, were duly passed:

- (a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [REDACTED] on the [REDACTED];
- (b) the number of H Shares to be issued before the exercise of the [REDACTED] shall not exceed [REDACTED] of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] the [REDACTED] of no more than [REDACTED] of the above number of H Shares to be issued;

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- (c) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on [REDACTED]; and
- (d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of H Shares on the Hong Kong Stock Exchange.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Document that is or may be material:

- (a) the [REDACTED].

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered or has applied for the registration of the following intellectual property rights which were material to our Group’s business.

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration Number	Owner	Expiry Date	Class	Place of Registration
1.		73743498	Our Company	November 27, 2034	42	PRC
2.		73733913	Our Company	February 13, 2035	09	PRC
3.		73762948	Our Company	April 20, 2034	36	PRC

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No.	Trademark	Registration Number	Owner	Expiry Date	Class	Place of Registration
4.		77261032	Our Company	April 27, 2035	09	PRC
5.		77247388	Our Company	April 27, 2035	36	PRC
6.		77242633	Our Company	April 27, 2035	42	PRC
7.		73612817	Our Company	March 27, 2034	09	PRC
8.		73613466	Our Company	March 27, 2034	36	PRC
9.		73633330	Our Company	March 27, 2034	42	PRC
10.		73631323	Our Company	March 27, 2034	09	PRC
11.		73616015	Our Company	March 27, 2034	36	PRC
12.		73625423	Our Company	March 27, 2034	42	PRC
13.		25665521	Our Company	December 6, 2029	09	PRC

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No.	Trademark	Registration Number	Owner	Expiry Date	Class	Place of Registration
14.		7217822	Our Company	September 27, 2030	36	PRC
15.		25665516	Our Company	July 27, 2028	42	PRC

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be or may be material to our business:

No.	Patent	Type	Patent Number	Registered Owner	Date of Application	Place of Registration
1.	Bill number payment method, payment platform and payment system (賬單號支付方法、支付平台及支付系統)	Invention	201010525536.7	Our Company	October 29, 2010	PRC
2.	A POS terminal activation method, system, service platform and POS terminal (一種POS終端激活方法、系統、服務平台及POS終端)	Invention	201310572258.4	Our Company	November 15, 2013	PRC
3.	A method and device for processing offline transaction data of a logical encryption card (一種邏輯加密卡脫機交易數據處理方法及裝置)	Invention	201310722699.8	Our Company	December 24, 2013	PRC
4.	A task scheduling method and system (一種任務調度處理方法及系統)	Invention	201310738706.3	Our Company	December 26, 2013	PRC
5.	Mobile payment modules and wearable payment devices (移動支付模塊及穿戴支付設備)	Utility	201621341325.7	Our Company	December 7, 2016	PRC
6.	Order processing method and device (訂單處理方法及裝置).	Invention	201811162617.8	Our Company	September 30, 2018	PRC

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No.	Patent	Type	Patent Number	Registered Owner	Date of Application	Place of Registration
7.	Electronic certificate security control method and device (電子憑證的安全控制方法及裝置)	Invention	202010305736.5	Our Company	April 17, 2020	PRC
8.	Network request anti-duplicate processing method and device (網絡請求防重處理方法及裝置)	Invention	202010488604.0	Our Company	June 2, 2020	PRC
9.	Network file distribution method and device (網絡文件分發方法及裝置)	Invention	202010489004.6	Our Company	June 2, 2020	PRC
10.	Network request timeout retransmission method and device (網絡請求超時重傳方法及裝置)	Invention	202010489023.9	Our Company	June 2, 2020	PRC
11.	An mPOS machine and data processing method thereof (一種mPOS機及其數據處理方法)	Invention	202010631237.5	Our Company	July 3, 2020	PRC
12.	Profit sharing settlement method, server and storage medium (分潤結算方法、服務器和存儲介質)	Invention	202110134725.X	Our Company	January 29, 2021	PRC
13.	Call control method, device, electronic device, storage medium and program product (呼叫控制方法、裝置、電子設備、存儲介質及程序產品)	Invention	202110592993.6	Our Company	May 28, 2021	PRC
14.	Method, server and storage medium for assigning ID numbers to terminal devices (用於為終端設備分配ID號的方法、服務器和存儲介質)	Invention	202111007918.5	Our Company	August 27, 2021	PRC
15.	Message management method, system, electronic device, storage medium and program product (消息管理方法、系統、電子設備、存儲介質及程序產品)	Invention	202210864258.0	Our Company	July 21, 2022	PRC

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No.	Patent	Type	Patent Number	Registered Owner	Date of Application	Place of Registration
16.	Privacy protection method, device, electronic device and medium for user digital wallet (用戶數字錢包的隱私保護方法、裝置、電子設備及介質).	Invention	202311379946.9	Our Company	October 23, 2023	PRC
17.	A graph data processing method and device based on label propagation algorithm (一種基於標籤傳播算法的圖譜數據處理方法及裝置).	Invention	202010011525.0	Guangzhou Lakala Information	January 6, 2020	PRC

Copyrights

As of the Latest Practicable Date, we have registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Owner	Registration Number	First Publication Date	Place of Registration
1.	Collection and payment front-end system V1.0.0 (代收付前置系統V1.0.0)	Our Company	2019SR0938345	Unpublished	PRC
2.	Lakala D0 System V1.0 (拉卡拉D0系統V1.0)	Our Company	2019SR0958366	Unpublished	PRC
3.	Lakala Collection and Payment System V3.0 (拉卡拉代收付系統V3.0)	Our Company	2019SR0979235	Unpublished	PRC
4.	Lakala Quick Access System V2.0 (拉卡拉快捷通路系統V2.0)	Our Company	2019SR0979167	Unpublished	PRC
5.	Merchant Management System V3.0 (商戶管理系統V3.0). .	Our Company	2021SR1662079	Unpublished	PRC
6.	Lakala New Business Service System V1.0 (拉卡拉新商服系統V1.0).	Our Company	2021SR1592455	Unpublished	PRC

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No.	Copyright	Owner	Registration Number	First Publication Date	Place of Registration
7.	Lakala Profit Sharing Management System V3.0.0 (拉卡拉分潤管理系統 V3.0.0)	Our Company	2022SR1405894	Unpublished	PRC
8.	API Gateway System V1.5.0 (API網關係統V1.5.0)	Our Company	2022SR1405891	Unpublished	PRC
9.	Lakala Encryption Platform V2.0.0 (拉卡拉加密平台 V2.0.0)	Our Company	2022SR1405893	Unpublished	PRC
10.	Lakala New Quick Signing Agreement System V1.0 (拉 卡拉新快捷簽約協議系統 V1.0)	Our Company	2023SR0316173	May 31, 2022	PRC
11.	Bank Card Authentication System 1.0.0 (銀行卡認證 系統1.0.0)	Our Company	2023SR0384979	April 26, 2022	PRC
12.	Lakala Merchant Wallet Operation Platform V1.0.0 (拉卡拉商戶錢包運營平台 V1.0.0)	Our Company	2023SR0405941	December 1, 2022	PRC
13.	Lakala Mobile Voice Hidden Number Terminal Software V1.0 (拉卡拉移動語音隱號 終端軟件V1.0)	Our Company	2023SR0405894	Unpublished	PRC
14.	Lakala APP software (IOS version) V1.0.1 (拉卡拉 APP軟件(IOS版) V1.0.1) . .	Our Company	2023SR0532494	May 2, 2022	PRC
15.	Lakala Fee Calculation Software V1.0 (拉卡拉手續 費計算軟件V1.0)	Our Company	2023SR1030231	Unpublished	PRC

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No.	Copyright	Owner	Registration Number	First Publication Date	Place of Registration
16.	Lakala Easy Payment System V1.0 (拉卡拉即易付系統 V1.0)	Our Company	2023SR1335729	Unpublished	PRC
17.	Lakala Cloud Cashier Store Management APPV1.0.0 (拉 卡拉雲收銀店務管理 APPV1.0.0)	Our Company	2024SR1440759	N/A	PRC
18.	Lakala APP (Harmony version) V1.4.7 (拉卡拉 APP(鴻蒙版)V1.4.7)	Our Company	2024SR1655326	N/A	PRC
19.	Lakala Online Business Service Platform V1.0 (拉 卡拉線上業務服務平台 V1.0)	Our Company	2025SR0449105	N/A	PRC
20.	Lakala Payment Platform V1.0 (拉卡拉繳費易平台 V1.0)	Our Company	2025SR0449226	N/A	PRC
21.	Lakala Jiyishou Intelligent Account Distribution System V1.0 (拉卡拉集易 收智能分賬系統V1.0)	Our Company	2025SR0835625	N/A	PRC
22.	Fintech Cloud Service System V1.0 (金融科技雲服務系統 V1.0)	Guangzhou Lakala Information	2019SR1413761	Unpublished	PRC
23.	Lakala Financial Blockchain Technology Service Software V1.0 (拉卡拉金融 區塊鏈技術服務軟件V1.0) .	Guangzhou Lakala Information	2020SR1815123	December 2, 2020	PRC

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No.	Copyright	Owner	Registration Number	First Publication Date	Place of Registration
24.	Lakala Authentication Platform V1.0.0 (拉卡拉認證平台V1.0.0).	Lakala Information Science Technology (Shanghai) Limited* (拉卡拉信息科技(上海)有限公司)	2018SR994814	October 15, 2018	PRC
25.	Acquiring and profit sharing batch processing platform V1.0.0 (收單分潤批處理平台V1.0.0).	Lakala Information Science Technology (Shanghai) Limited* (拉卡拉信息科技(上海)有限公司)	2018SR997871	October 17, 2018	PRC
26.	Tiancai Shanglong CRM Management System V8.5 (天財商龍CRM管理系統V8.5)	Tiancai Shanglong Technology Co., Ltd.* (天財商龍科技有限公司)	2022SR1385480	February 11, 2021	PRC
27.	Tiancai Shanglong Catering Management System V8.5 (天財商龍餐飲管理系統V8.5)	Tiancai Shanglong Technology Co., Ltd.* (天財商龍科技有限公司)	2022SR1388301	March 5, 2021	PRC
28.	Tiancai Shanglong Cloud Supply Chain Management System V6.0 (天財商龍雲供應鏈管理系統V6.0)	Tiancai Shanglong Technology Co., Ltd.* (天財商龍科技有限公司)	2025SR1227484	N/A	PRC

Domain Names

As of the Latest Practicable Date, we have registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1.	24wjs.cn	Our Company	March 31, 2026
2.	24wjs.com	Lakala Cloud	March 31, 2026
3.	24wjs.net	Our Company	March 31, 2026
4.	4006661234.com	Our Company	October 12, 2026

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No.	Domain Name	Registered Owner	Expiry Date
5.	4006661234.net.	Our Company	October 12, 2026
6.	4008801234.com	Our Company	March 15, 2026
7.	4008801234.net.	Our Company	December 18, 2026
8.	allqr.cn	Our Company	June 7, 2026
9.	baiwanlushu.cn	Our Company	February 11, 2026
10.	baiwanlushu.com	Our Company	February 11, 2026
11.	baiwanlushu.net	Our Company	February 11, 2026
12.	bigtreebroker.com	Beijing Dashu Insurance Brokerage Co., Ltd.* (北京大樹保險經紀有限責任公司)	May 22, 2026
13.	changchengchain.com	Jianlian Technology (Guangdong) Co., Ltd.* (簡鏈科技(廣東)有限公司)	January 11, 2026
14.	ernmuc.com	Our Company	April 10, 2026
15.	fukuanji.com	Our Company	October 12, 2026
16.	gorangesaas.com	Kaola Yufeng Digital Technology (Shanghai) Co., Ltd.* (考拉御風數字科 技(上海)有限公司)	February 5, 2026
17.	greenorangesaas.com	Kaola Yufeng Digital Technology (Shanghai) Co., Ltd.* (考拉御風數字科 技(上海)有限公司)	February 5, 2026
18.	huijingcai.cn	Lakala Information Science Technology (Shanghai) Limited* (拉卡拉信息科技(上 海)有限公司)	[November] 18, 2026
19.	huijingcai.net.	Lakala Information Science Technology (Shanghai) Limited* (拉卡拉信息科技(上 海)有限公司)	September 4, 2026

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No.	Domain Name	Registered Owner	Expiry Date
20.	huijingcai.top	Lakala Information Science Technology (Shanghai) Limited* (拉卡拉信息科技(上海)有限公司)	January 2, 2026
21.	jianliantech.com	Jianlian Technology (Guangdong) Co., Ltd.* (簡鏈科技(廣東)有限公司)	November 22, 2026
22.	kaojinsuo.cn	Our Company	April 9, 2026
23.	kaojinsuo.com	Our Company	April 9, 2026
24.	kaojinsuo.net	Our Company	April 9, 2026
25.	kaolachong.com	Hainan Lechongchong Technology Co. Ltd.* (海南樂充充科技有限公司)	January 12, 2026
26.	kaolaeshua.com.	Our Company	May 31, 2026
27.	kaolahuituoke.com	Lakala Cloud	September 29, 2026
28.	kaolaxinyong.cn	Our Company	October 21, 2026
29.	kaolaxinyong.com	Our Company	October 21, 2026
30.	kaolaxinyong.net	Our Company	October 21, 2026
31.	kaolazhengxin.cn	Our Company	September 28, 2026
32.	kaolazhengxin.net	Our Company	September 28, 2026
33.	klcskl.com	Our Company	May 10, 2026
34.	klcsmpos.com	Our Company	May 10, 2026
35.	kunlunchain.com	Jianlian Technology (Guangdong) Co., Ltd.* (簡鏈科技(廣東)有限公司)	June 12, 2026
36.	kunlunlian.com	Jianlian Technology (Guangdong) Co., Ltd.* (簡鏈科技(廣東)有限公司)	August 29, 2026
37.	lakakey.com	Our Company	May 30, 2026

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No.	Domain Name	Registered Owner	Expiry Date
38.	lakala.com	Our Company	October 13, 2026
39.	lakala.com.cn	Our Company	December 27, 2026
40.	lakalaai.com	Our Company	December 15, 2026
41.	lakalabigdata.cn	Our Company	March 28, 2026
42.	lakalabigdata.com	Our Company	March 28, 2026
43.	lakalalian.com	Jianlian Technology (Guangdong) Co., Ltd.* (簡鏈科技(廣東)有限公司)	February 17, 2026
44.	lakalaresearch.cn	Our Company	March 28, 2026
45.	lakalaresearch.com	Our Company	March 28, 2026
46.	lakalarunxin.com	Guangzhou Runxin	May 27, 2026
47.	lakalasaas.com	Kaola Yufeng Digital Technology (Shanghai) Co., Ltd.* (考拉御風數字科 技(上海)有限公司)	February 10, 2026
48.	lakatrip.com	Our Company	January 21, 2026
49.	lakatrip.net	Our Company	January 21, 2026
50.	lakayo.com	Guangzhou Runxin	January 21, 2026
51.	lakayo.net	Our Company	January 21, 2026
52.	lakayou.cn	Our Company	August 22, 2026
53.	lakayou.net	Our Company	January 21, 2026
54.	lakazu.cn	Kaola Yufeng Digital Technology (Shanghai) Co., Ltd., Putuo Branch* (考 拉御風數字科技(上海)有限公司普陀區分 公司)	August 22, 2026
55.	lakazu.com	Lakala Cloud	June 24, 2026

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No.	Domain Name	Registered Owner	Expiry Date
56.	lakazu.net	Our Company	October 12, 2026
57.	liankapay.cn	Our Company	February 27, 2026
58.	liankapay.net	Our Company	February 27, 2026
59.	lianxinsc.cn	Our Company	May 31, 2026
60.	lianxinsc.com.cn	Our Company	May 31, 2026
61.	lklbiz.com	Our Company	November 21, 2026
62.	klbk.com	Our Company	August 8, 2026
63.	klbk.com.cn	Our Company	August 8, 2026
64.	lklkunlunlian.com	Jianlian Technology (Guangdong) Co., Ltd.* (簡鏈科技(廣東)有限公司)	February 18, 2026
65.	klshuzikeji.cn	Lakala Digital Technology Co., Ltd.* (拉卡 拉數字科技有限公司)	August 25, 2026
66.	klshuzikeji.com	Lakala Digital Technology Co., Ltd.* (拉卡 拉數字科技有限公司)	August 25, 2026
67.	klshuzikeji.com.cn	Lakala Digital Technology Co., Ltd.* (拉卡 拉數字科技有限公司)	August 25, 2026
68.	klshuzikeji.net	Lakala Digital Technology Co., Ltd.* (拉卡 拉數字科技有限公司)	August 25, 2026
69.	klshuzikeji.top	Lakala Digital Technology Co., Ltd.* (拉卡 拉數字科技有限公司)	August 25, 2026
70.	klskbmax.com	Our Company	May 24, 2026
71.	kllycs.com	Our Company	June 9, 2026
72.	kllyswl.com	Guangdong Yunshang Wanglian Information Service Co., Ltd* (廣東雲商網聯信息服 務有限公司)	June 19, 2026

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No.	Domain Name	Registered Owner	Expiry Date
73.	luduoduo.cn	Our Company	February 19, 2026
74.	lushuba.cn	Our Company	February 19, 2026
75.	lushuba.com	Our Company	February 19, 2026
76.	lushuba.net	Our Company	February 19, 2026
77.	lushubar.cn	Our Company	February 13, 2026
78.	lushubar.com	Our Company	February 13, 2026
79.	lushubar.net	Our Company	February 13, 2026
80.	lushuwang.cn	Our Company	February 13, 2026
81.	lushuwang.net	Our Company	February 13, 2026
82.	mengxiangjiagongchang.com.	Lakala Cloud	November 12, 2026
83.	mylakala.com.	Our Company	May 30, 2026
84.	mylushu.cn	Our Company	February 19, 2026
85.	mylushu.com	Our Company	February 19, 2026
86.	mylushu.net.	Our Company	February 19, 2026
87.	netpos.cn	Our Company	May 20, 2026
88.	paygate.cn	Our Company	June 1, 2026
89.	paygate.com.cn	Our Company	November 19, 2026
90.	qnskm.cn	Our Company	January 22, 2026
91.	qnskm.com	Our Company	January 22, 2026
92.	qrsys.cn.	Our Company	June 7, 2026
93.	quannengshoukuanma.cn	Our Company	January 22, 2026

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No.	Domain Name	Registered Owner	Expiry Date
94.	quannengshoukuanma.com	Our Company	January 22, 2026
95.	sanyoushitang.com	Our Company	April 29, 2026
96.	skbmax.com	Our Company	May 24, 2026
97.	wanmacloud.com	Our Company	June 7, 2026
98.	wanmapay.com	Our Company	June 7, 2026
99.	wanmasys.com	Our Company	June 7, 2026
100.	wanmatech.cn	Our Company	June 7, 2026
101.	wanmayun.cn	Our Company	June 7, 2026
102.	woqugou.cn	Our Company	February 10, 2026
103.	woqugou.com.cn	Our Company	February 10, 2026
104.	woqugou.net	Our Company	February 10, 2026
105.	wmsd.cn	Our Company	February 10, 2026
106.	wmsd.com	Lakala Cloud	February 10, 2026
107.	xiaolushu.cn	Our Company	February 19, 2026
108.	xiaolushu.net	Our Company	February 19, 2026
109.	yclakala.com	Lakala Yunchao Technology Co., Ltd.* (拉 卡拉雲超科技有限公司)	November 2, 2026
110.	yufengfintech.com	Kaola Yufeng Digital Technology (Shanghai) Co., Ltd.* (考拉御風數字科 技(上海)有限公司)	July 9, 2026

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

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FURTHER INFORMATION ABOUT OUR DIRECTORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

Interests and short positions of our Directors, and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Save as disclosed in the section headed “Substantial Shareholders” and below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Director and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

Name	Capacity/Nature of interest	Description of Shares	Number of Shares ⁽¹⁾	Immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
				Approximate percentage of shareholding in the A Shares ⁽²⁾	Approximate percentage of shareholding in the total Share capital ⁽²⁾
Mr. Sun ⁽³⁾	Beneficial owner	A Shares	55,252,800	[REDACTED]	[REDACTED]
Mr. Wang Guoqiang (王國強) ⁽³⁾	Beneficial owner	A Shares	250,000 ⁽⁴⁾	[REDACTED]	[REDACTED]
Mr. Sun Yudan (孫宇丹) ⁽³⁾	Beneficial owner	A Shares	250,000 ⁽⁵⁾	[REDACTED]	[REDACTED]

Notes:

1. All interests stated are long positions in the Shares.
2. The calculation is based on the total number of 788,082,500 A Shares and [REDACTED] H Shares in issue immediately after completion of the [REDACTED], assuming that the [REDACTED] is not exercised.

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3. Mr. Sun and Mr. Sun Yudan are non-executive Directors and Mr. Wang Guoqiang is an executive Director and the general manager of our Company.
4. The relevant Shares held by Mr. Wang Guoqiang represent 250,000 restricted A Shares granted to him under the 2023 Restricted Share Incentive Plan as of the Latest Practicable Date, the underlying grants of which had been canceled and the relevant restricted A Shares are expected to be repurchased by the Company before [REDACTED].
5. The relevant Shares held by Mr. Sun Yudan represent 250,000 restricted A Shares granted to him under the 2023 Restricted Share Incentive Plan as of the Latest Practicable Date, the underlying grants of which had been canceled and the relevant restricted A Shares are expected to be repurchased by the Company before [REDACTED].

Interests of the substantial shareholders in member of our Group

So far as the Directors are aware, the following person (other than our Company, and any subsidiaries of our Group) is entitled to exercise, or control the exercise of, 10% or more of voting power at the general meetings of the following member of our Group (excluding our Company):

Name of the subsidiary	Name of the shareholder	Percentage of interest in the subsidiary
Tiancai Shanglong	Tianjin Canshang Management Consulting Partnership (Limited Partnership)* (天津市餐商管理諮詢合夥企業(有限合夥))	21.76%

Particulars of Directors’ Service Contracts and Appointment Letters

Each of the Directors [has] entered into a service contract or a letter of appointment with our Company. The principal particulars of these service contracts and letters of appointment include (a) the term of service, (b) subject to termination in accordance with their respective term, and (c) a dispute resolution provision. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

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

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Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and Note 9 to the Accountants’ Report set out in Appendix I, for the financial years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2025, none of our Directors received other remunerations of benefits in kind from us.

Directors’ Competing Interests

None of our Directors is interested in any business apart from our Group’s business which competes or is likely to compete, directly or indirectly, with the business of our Group and is required to be disclosed under Rule 8.10 of the Listing Rules.

Restricted Share Incentive Plans

The 2022 Restricted Share Incentive Plan

In May 2022, we adopted a restricted share incentive plan (the “**2022 Restricted Share Incentive Plan**”) to establish a long-term incentive mechanism, to incentive employees and better align employee interests with our Company’s strategic development. Pursuant to the 2022 Restricted Share Incentive Plan, share awards representing a total of 41,000,000 restricted A Shares were granted 109 eligible recipients with vesting conditions (the “**2022 Share Grants**”) of the 2022 Share Grants were forfeited in two separate tranches in April 2023 and April 2024 as the conditions for vesting were not met. The 2022 Restricted Share Incentive Plan expired in April 2024 after all 2022 Share Grants were forfeited.

The 2023 Restricted Share Incentive Plan

In June 2023, we adopted a restricted share incentive plan (the “**2023 Restricted Share Incentive Plan**”, together with the 2022 Restricted Share Incentive Plan, the “**Restricted Share Incentive Plans**”) to establish a long-term incentive mechanism, to incentive employees and better align employee interests with our Company’s strategic development. Pursuant to the 2023 Restricted Share Incentive Plan, a total of 23,355,000 restricted A Shares were granted 205 eligible recipients with vesting conditions (the “**2023 Share Grants**”). None of the 2023 Share Grants were vested and the grant of all 23,355,000 restricted A Shares were cancelled by the Company in two separate tranches in May 2025 and April 2025 as the conditions for vesting were not met. The 2023 Restricted Share Incentive Plan expired in April 2025 after all 2023 Share Grants were cancelled. 11,937,500 restricted A Shares underlying the 2023 Share Grants were repurchased by the Company in January 2025 and the remaining 11,410,750 restricted A Shares [are expected to be repurchased by our Company before [REDACTED]].

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Accordingly, no Shares were effectively granted and vested to any employees of the Group under the Restricted Share Incentive Plans and no further Share will be granted or vested to any employee of the Group under any such plans upon [REDACTED].

Disclaimers

Save as disclosed in this Document:

- (a) none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;
- (b) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;
- (c) none of our Directors, their respective close associates (as defined under the [REDACTED] Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group;
- (d) none of our Directors or any of the parties listed in “— Qualifications of Experts” in this Appendix is:
 - i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

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- ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business;
- (e) save in connection with the [REDACTED], none of the persons listed in “—Qualifications of Experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to [REDACTED] for or to nominate persons to [REDACTED] for securities in any member of our Group; and
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group’s results of operations or financial conditions, taken as a whole.

Sole Sponsor

China Securities (International) Corporate Finance Company Limited satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of approximately RMB3.0 million for acting as the sole sponsor for the [REDACTED].

Preliminary Expenses

Our Company had not incurred any material preliminary expenses.

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Promoters

The promoters of the Company are all of the then Shareholders as of August 28, 2015 immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [REDACTED] and the related transactions described in this Document.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that up to the date of this Document, there has been no material adverse change in our financial, operational or trading positions or prospects since June 30, 2025, being the end of the period reported on as set out in the Accountants’ Report included in Appendix I to this Document.

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	[Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO]
Ernst & Young.	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Zhong Lun Law Firm	PRC legal advisor

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Name	Qualification
Frost & Sullivan.....	Independent industry consultant
Asia-Pacific Consulting and Appraisal Limited	Independent property valuer
SHINEWING Risk Services Limited	Independent internal control consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to “— Qualifications of Experts” in this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respectively included.

Binding Effect

This Document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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Miscellaneous

Save as otherwise disclosed in this Document:

- (a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;
- (j) our Company has no outstanding convertible debt securities or debentures;
- (k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

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- (1) our Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less than those as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) a copy of each of the material contracts referred to in “Statutory and General Information — Further Information about our Business — Summary of Material Contracts” in Appendix V to this Document; and
- (ii) the written consents referred to in “Statutory and General Information — Other Information — Consents of Experts” in Appendix V to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.lakala.com during a period of 14 days from the date of this Document:

- (a) the Articles of Association;
- (b) the accountant’s report from Ernst & Young, the text of which is set out in Appendix I to this Document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 2024, and the six months ended June 30, 2025;
- (d) the report from Ernst & Young on the [REDACTED] of our Group, the text of which is set out in Appendix II to this Document;
- (e) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in “Industry Overview” in this Document;
- (f) the PRC legal opinion issued by Zhong Lun Law Firm, in respect of, among other things, certain general corporate matters and property interests matters of our Group;
- (g) the material contracts referred to in “Statutory and General Information — Further Information about our Business — Summary of Material Contracts” in Appendix V to this Document;

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (h) the written consents referred to in “Statutory and General Information — Other Information — Consents of Experts” in Appendix V to this Document; and
- (i) the contracts and appointment letters referred to in the section headed “Statutory and General Information — Further Information About Our Directors, Senior Management and Substantial Shareholders — Particulars of Directors’ Service Contracts and Appointment Letters” in Appendix V to this Document.