This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire Document before you decide to **[REDACTED]** ***in our H Shares.***

There are risks associated with any **[REDACTED]**. ***Some of the particular risks in*** **[REDACTED]** ***in our H Shares are set out in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to*** **[REDACTED]** ***in our H Shares.***

Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary and Conventions" in this Document.

OVERVIEW

We are a digital payment solution provider from China with a global payment capability to serve our customers around the world.

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

As one of the key pillars of global e-commerce, digitalization of flow of funds plays a critical role in the modernization of business activities to reduce to-account time, increase transparency and cut cost of the payment process. Since receiving our first payment license in 2011, Lianlian has been committed to building a global payment network to bring global markets to local businesses around the world through digital transformation by enhancing transactional and operational efficiencies. Our proprietary technological capabilities have ensured that we have the foundation to build our payment capabilities in China and around the world.

We are one of the first digital technology companies in China to provide a wide range of payment solutions on a global scale, according to Frost & Sullivan. Being a non-bank payment institution, our integrated digital payment solutions include digital payment services and value-added services to merchants (businesses which primarily engage in retail business of transacting through e-commerce platforms with end-buyers) and enterprises (businesses which directly sell goods or provide services to end-buyers including companies and institutions).

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

Through developing and providing comprehensive solutions to merchants and enterprises in China and around the world, we have made deep inroads into global commerce across different industries. As of December 31, 2022, we had served accumulatively over 1.8 million merchants and enterprises globally from various industries, including e-commerce, service industries and manufacturing. Our total transaction payment volume ("**TPV**") of digital payment services was RMB1,153.0 billion in 2022. As of September 30, 2023, the number of merchants and enterprises we served had increased to approximately 3.2 million accumulatively, with a total TPV of RMB1,312.0 billion for the nine months ended September 30, 2023.

Payment is a business sector regulated in all the jurisdictions we operate in. By setting up our operations in the key financial markets in the world and obtaining and maintaining local payment licenses, we have accumulated a wealth of experience, know-how and competencies in navigating the complex legal and regulatory environment for global commerce. This enables us to provide customers with solutions that are adapted for the regulatory requirements, supporting compliant, secure and reliable fund and information flow. Among all the China-based digital payment solution providers, we have the broadest global business outreach and license coverage, and we are the only one holding all state-level money transmitter licenses in the United States, according to Frost & Sullivan. As of December 31, 2023, our global license layout consists of 64 payment licenses and relevant qualifications. With these licenses and in collaboration with business partners in places where we do not have payment licenses or qualifications, we are able to serve customers to conduct their trading activities on global and regional e-commerce platforms that encompass over 100 countries and regions and support transactions in over 130 currencies.

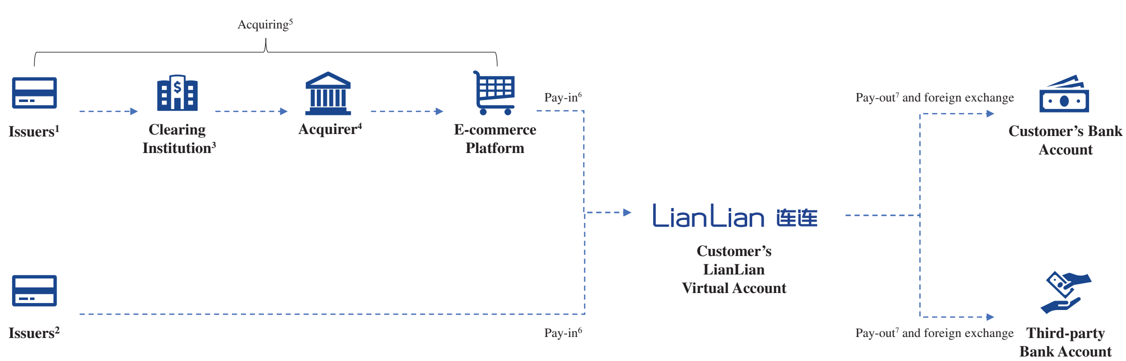
Our proprietary technology platform is the key to our business operation and success. This in-house built technology platform embeds stable, secure and flexible systems that cover payment, fund transfer, global fund distribution, intelligent foreign exchange processing, intelligent risk management, intelligent anti-money laundering assessment and transaction authenticity verification. Furthermore, our technology platform integrates with major e-commerce platforms globally, as well as the internal operating and financial systems of our customers, providing one-stop comprehensive digital solutions to meet their business needs. As a digital technology company, we continue to drive business growth and solution evolution through the application of advanced technologies. We are exploring the application of blockchain technology to further develop our business. For instance, we have submitted an application for the virtual asset service provider (VASP) license to the Securities and Futures Commission of Hong Kong to establish a virtual asset trading platform in Hong Kong. We expect to utilize such license and platform as infrastructures to improve payment efficiency and reduce payment cost as well as to offer us additional options to expand our service coverage. Once established, we would be able to serve more merchant and enterprise customers and improve the quality and safety of our services with the force of global blockchain technology.

OUR BUSINESS MODEL

Our Services

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

Categorized by geographical coverage, our digital payment services include global payment and domestic payment. For global payment, we primarily help merchants which sell their goods on global and regional e-commerce platforms to repatriate their funds. By assigning virtual accounts under Lianlian's local bank accounts to the merchants, which typically face challenges of owning an overseas bank account for lack of local residence, we enable the merchants to receive funds locally from the e-commerce platforms and have their funds transmitted cross-border to their home country bank accounts. For convenience of understanding, we divide the fund flow into two phases, pay-in and pay-out. Pay-in refers to the process of fund collection, and pay-out refers to the process of fund distribution, typically by transferring funds to a customer's home country bank account or to a third party for payment. See "– Key Application Scenarios" for further details and additional application scenarios of our services. The following diagram sets forth a typical transaction flow including our acquiring, pay-in, pay-out and foreign exchange services:



Notes:

1. Refer to consumers' (end-buyers) (i) issuing banks that issue cards to cardholders or paying banks or (ii) digital wallet issuers, such as Alipay and WeChat Pay, who open digital wallets linked to bank accounts for consumer.

2. Refer to enterprise's end-buyers' bank account opened with issuing banks/paying banks or digital wallet issuers.

3. Clearing institutions primarily connect the issuing bank and acquirers to facilitate the settlement of transactions for both end-buyers and merchants. Clearing institutions can establish business rules and standards within the payment network, ensure compliance with transaction terms, and handle fund transfers.

Clearing institutions enable the smooth and secure settlement of transactions by facilitating orderly settlement, managing risks, and providing a safety net in the event of default. The functions of clearing institutions primarily include establishment of standards and rules, transaction clearing, fund settlement and risk management.

4. Acquirers are entities that collaborate with merchants to enable them to accept payments. Acquirers provide the necessary infrastructure for merchants to process payment transactions, connecting them to the payment network, enabling acceptance of multiple payment methods, and offering essential services such as secure transaction processing and risk management. The functions of acquiring institutions primarily include payment access, transaction processing, risk management and fund settlement. Acquirers represent the benefits of merchants and serve the merchants. There is generally no overlap in terms of roles and functions of clearing institutions and acquirers.

5. Acquiring refers to Lianlian's acquiring services, in which Lianlian helps customers collect funds from their end-buyers for online transactions by integrating different payment methods that customers use to receive payments from their end-buyers. Lianlian's acquiring services save the customers' burdens of dealing with various payment methods and play the role of a gateway between the customers and banks or other financial institutions.

6. Refers to Lianlian's pay-in services – the process of fund collection. A typical scenario of pay-in in Lianlian's global payment business where e-commerce platform is involved is that Lianlian assigns virtual accounts under Lianlian's accounts to its merchants, which enables the merchants to receive funds locally from the e-commerce platforms.

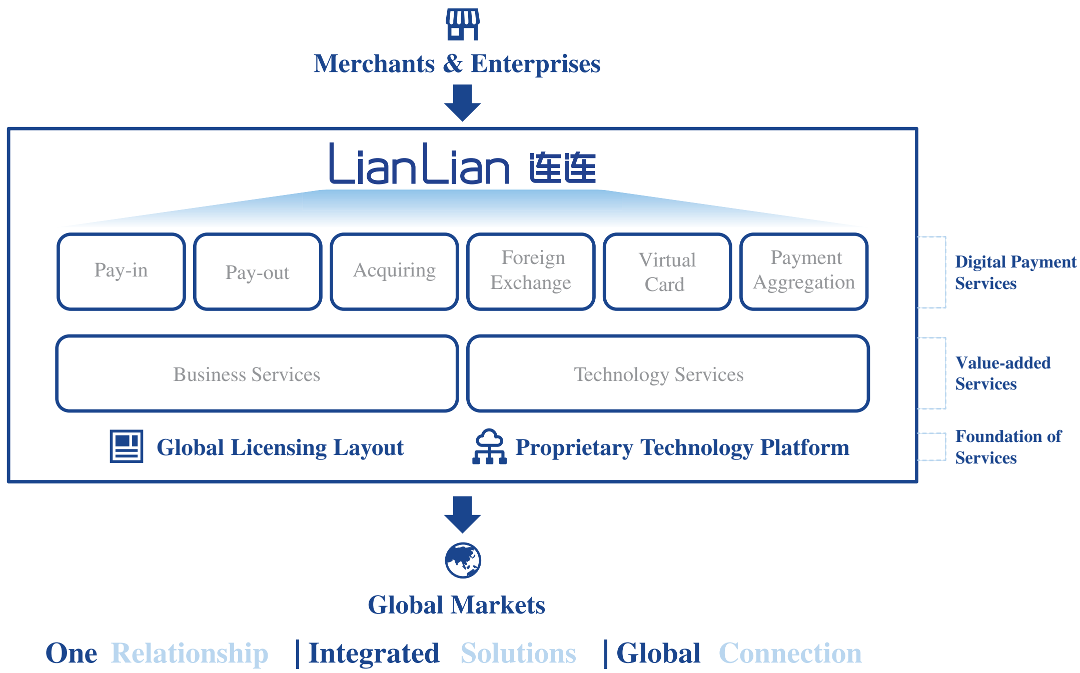
7. Refers to Lianlian's pay-out services – the process of fund distribution. A typical scenario of pay-out in Lianlian's global payment business is that Lianlian helps customers transfer funds from the virtual account assigned to a customer under Lianlian's account to a customer's home country bank account or to a third party bank account for payment.

For domestic payment, we act primarily as a payment service provider to help our enterprise customers to streamline their fund collection process and reduce operational costs by offering enterprise customers a digital platform, which consolidates payment information from various online and offline payment methods initiated by end-buyers when purchasing goods. Our services ultimately facilitate the completion of the payment process. By integrating different payment methods that our customers use to receive payments from their end-buyers, we save our customers the administrative burden of having to deal with various payment methods and play the role of a gateway between the merchants and banks or other financial institutions. The service we provide in this payment process is primarily acquiring. See "– Glossary and Conventions" for the definitions of pay-in, pay-out, foreign exchange and acquiring.

Categorized by function, our services include digital payment services and value-added services. Besides pay-in, pay-out, acquiring and foreign exchange, our digital payment services also include virtual card and payment aggregation. Our value-added services include business services and technology services. With business services, we provide digital marketing, operation support such as setting up stores on e-commerce platforms and arranging shipment and referral services. With technology services, we provide account and e-wallet services and software development services.

For our digital payment services, we primarily generate revenue from collecting service fees based on a certain percentage of the TPV and/or charging customers a fixed services fee per transaction. For our value-added services, we primarily generate revenue from collecting service fees based on TPV and/or the service scope.

The following diagram sets forth a collection of our payment and related services:



To serve our merchant and enterprise customers better and more effectively, we are dedicated to building a close partnership with the essential players in the e-commerce ecosystem, such as e-commerce platforms like Amazon, Shopee, Shopify and Shopyy, commercial banks, clearing institutions and third-party service providers. For this purpose, we strategically partner with affiliates of American Express Company ("**American Express**") through the joint venture Express (Hangzhou) Technology Services Company Limited ("**LianTong**"), which was established in 2017. Each of the Company and American Express is subject to a ten-year lock-up of equity, voting and economic interest transfer from the date on which LianTong formally commenced licensed business and operation. Pursuant to our agreement with affiliates of American Express, we will help LianTong to build its local network, infrastructure and systems as well as support it on regulatory communications; and American Express will bring its expertise, experience and resources to help LianTong to build its network, develop products, as well as support the operation of LianTong's business, including in the area of technology. LianTong acts as the clearing and settlement institution in a four party model payment network, and the participants of such network include cardholder, issuing bank, merchant and acquirer. Network wise, we assisted LianTong in facilitating its collaborations with major commercial banks in China by leveraging our local operation experience and partnership resources. LianTong's infrastructure investments primarily included clearing system, risk control and management platforms, IDC facilities and operation supporting system. We helped LianTong in the selection and initiation of its IDC facilities as well as its development of operational platforms. In terms of regulatory communications, we assisted LianTong in its local AIC business registration and bankcard clearing business license application, which required PBOC approval. American Express has helped LianTong establish operations protocols, enable connection of LianTong's China network to American Express's global network and develop American Express brand bankcard products in collaboration with issuing banks. LianTong was granted a bankcard clearing business license with long term validity (no expiration date) in June 2020, making it the first Sino-foreign joint venture bankcard clearing institution established in China, according to Frost & Sullivan. LianTong provides settlement, clearing and related activities for bank cards carrying "American Express" brands issued by card issuing banks in China, offering bankcard clearing and settlement services to issuing banks and merchant acquirers in its network as well as cardholder benefits to Chinese consumers both in China and globally.

Investment in the joint venture is a significant and strategic endeavor for Lianlian. We formed LianTong with affiliates of American Express with the primary purposes to (i) provide the best payment and payment-related fintech services to our commercial customers and consumers across the globe, (ii) leverage China's expansion of external opening of the financial sector and deepening of financial supply-side reform and (iii) provide diversified and differentiated payment services to financial consumers. We strategically invested in LianTong with a long-term goal, considering: (i) its bankcard clearing business license has significant strategic value and, as an important part of China's financial infrastructure, is indispensable in the payment industry value chain, (ii) as the first Sino-foreign joint venture bankcard clearing institution granted license in China, it is positioned with great growth potential in transaction related services and card related services, (iii) we may increasingly grow business synergy with LianTong in developing LianTong's local network, products and services, e-commerce user cases, economy of scale, and (iv) LianTong may leverage on the strength of American Express, especially in global network, products developments and operation support including those in the area of technology. We are confident that the businesses of LianTong will bring economic benefits to us and our shareholders in the long term once it comes out of the investment phase.

Our Market Opportunities

The market size of global commerce is huge and has been growing steadily over the years. According to Frost & Sullivan, the total volume of global trades increased from US$51.0 trillion in 2018 to US$64.0 trillion in 2022, representing a CAGR of 5.8%. The cross-border e-commerce penetration rate globally was only 7.5% in 2022 and it is expected to reach 12.2% by 2027. Businesses engaging in cross-border e-commerce globally are affected by high barriers for account opening, expensive banking costs and lack of high-quality services, according to Frost & Sullivan. In addition, businesses are burdened with increasingly complex and evolving legal and regulatory requirements in different jurisdictions.

For details, see "Business – Overview – Our Market Opportunities" and "Business – Our Solutions."

Our Value Proposition

Our value proposition to stakeholders in global commerce include: (i) enhance fund turnover and transaction transparency through our global payment network, (ii) reduce commerce barriers and transaction costs and allow businesses to focus on core operations, (iii) navigate global regulatory challenges for our customers, (iv) offer effective access to global markets, (v) provide a secure, stable and reliable technology platform, and (vi) promote digital transformation and create more value and profits. See "Business – Our Value Proposition."

Key Application Scenarios

The following paragraphs set forth three typical scenarios of our services based on significance of TPV contribution during the Track Record Period. Please see "Business – Our Business Model – Key Application Scenarios" for further details and additional application scenarios as well as diagrams illustrating the fund and information flows of our services.

For Chinese cross-border merchants, the Company provides pay-in, pay-out and acquiring services

Merchant A is a Chinese merchant that sells goods through a shop set up on the cross-border e-commerce platform Amazon. When an end-buyer places order for Merchant A's products on Amazon, we help Merchant A to collect US dollar funds from Amazon through a virtual account that we provide to Merchant A (pay-in service), exchange the funds from US dollar or other local currency to RMB (foreign exchange service) and transfer the converted funds back to Merchant A's mainland China bank account (pay-out service). Merchant A also utilizes its funds at the virtual account to pay third-party advertisement and logistics services (pay-out service). Similarly, Merchant B operates a store on Shopify, an independent site platform. We help Merchant B to receive payments from end-buyers using mainstream payment methods including international credit cards, local payments, bank card payments and e-wallets (acquiring service), and transfer such acquired funds to its virtual account at the Company (pay-in service).

TPV contribution from circumstances where we provide a mix of pay-in, pay-out and acquiring services to Chinese cross-border merchants represented 96.4%, 93.6%, 87.2% and 78.7% of our total TPV of global payment services in 2020, 2021, 2022 and for the nine months ended September 30, 2023, respectively.

For Chinese cross-border enterprises, the Company provides pay-in and pay-out services

Enterprise C is a Chinese enterprise that conducts international trade. We help Enterprise C to collect and transmit foreign currency funds from its end-buyers to a virtual account that we provide to Enterprise C (pay-in service), exchange foreign currency funds to RMB (foreign exchange service) and transfer the converted funds back to Enterprise C's mainland China bank account (pay-out service). Enterprise C also utilizes its funds at the virtual account to pay third-party for advertisement and logistics services (pay-out service).

TPV contribution from circumstances where we provide pay-in and pay-out services for Chinese cross-border enterprises represented 3.6%, 6.2%, 12.3% and 19.2% of our total TPV of global payment services in 2020, 2021, 2022 and for the nine months ended September 30, 2023, respectively.

For domestic enterprises, the Company provides acquiring, pay-in, and pay-out services

Enterprise E is a Chinese enterprise that operates e-commerce business, who develops a WeChat Mini-program to sell goods. We help Enterprise E to accept payments from its end-buyers, who may use various payment methods to pay, and then transfer acquired money to its own domestic bank account (acquiring service). We also help Enterprise E to make payments to third parties with acquired funds in some circumstance (pay-out service). Enterprise E may also choose to top up the Company's depository account (pay-in service) and then make payments with such funds (pay-out service).

TPV contribution from circumstances where we provide a mix of acquiring, pay-in, and pay-out services to domestic enterprises represented 49.6%, 54.2%, 85.1% and 92.2% of our total TPV of domestic payment services in 2020, 2021, 2022 and for the nine months ended September 30, 2023, respectively.

OUR STRENGTHS

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

- Leader in China digital payment solution market and global commerce digitalization;
- A global business supported by global license layout and regulatory compliance framework;
- Proprietary technology platform designed for complex global commerce transactions;
- Integrated solutions for businesses to succeed;
- Fast growing and loyal customer base; and
- Management team with international know-how.

For details, see "Business – Our Strengths."

OUR STRATEGIES

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

- Further expand our global business;
- Explore the application of the latest technologies in digital payment;
- Continue to upgrade and develop innovative solutions; and
- Attract, retain and motivate talents.

For details, see "Business – Our Strategies."

KEY OPERATING AND FINANCIAL METRICS

Our business depends on our ability to attract, engage, or generally increase customers' use of our services, which is measured by number of active customers and TPV. We regularly review a number of key operating data to evaluate our core business operations, identify trends, formulate financial projections and make strategic decisions.

The following table sets forth our key operating metrics for the periods indicated:

	Year ended December 31,			For the twelve months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
Number of Active Customers(i)					
Chinese cross-border merchants(ii)	421,885	688,825	845,102	826,466	1,102,604
Chinese cross-border enterprises(iii)	11	33	1,956	1,192	4,249
Overseas merchants and enterprises(iv)	82	506	2,312	1,764	3,560
Domestic enterprises(v)	3,482	3,406	3,328	4,062	3,228
Average TPV expansion rate of new Chinese cross-border merchants(vi)	284%	199%	211%	193%	320%

Notes:

(i) The number of active customers refers to those who have at least one transaction activity with our solutions for the 12 months ended December 31, 2020, 2021, 2022 and September 30, 2022 and 2023, respectively.

(ii) Refer to Chinese merchants engaging in cross-border transactions whose payment transactions involve end-buyers from different jurisdictions.

(iii) Refer to Chinese enterprises engaging in cross-border transactions whose payment transactions involve counter-parties from different jurisdictions.

(iv) Refer to merchants and enterprises located outside China.

(v) Refer to Chinese enterprises whose payment transactions are purely processed in China.

(vi) Average TPV expansion rate of new Chinese cross-border merchants refers to TPV recorded during a period divided by the TPV of the immediate previous period. The average TPV expansion rate of new Chinese cross-border merchants decreased from 284% in 2020 to 199% in 2021, mainly due to the impact of COVID-19 pandemic which negatively affected the cross-border commerce and business activities of our customers. The average TPV expansion rate of new Chinese cross-border merchants subsequently increased to 211% in 2022, primarily because, over time, the temporary restrictive measures implemented has cultivated a large pool of consumers who are accustomed to online purchases, driving up the demand for cross-border commerce and the TPV of our customers. The average TPV expansion rate of new Chinese cross-border merchants increased from 193% for the 12 months ended September 30, 2022 to 320% for the 12 months ended September 30, 2023, primarily because restrictions related to COVID-19 have been substantially lifted and business activities are resuming globally.

	Year ended December 31,			For the nine months ended September 30,	
	2020	2021	2022	2022	2023
New customers	333,908	535,300	738,082	532,662	1,347,751
Average cost in acquiring new customers (RMB)(i)	207	168	188	178	98

Notes:

(i) Average cost in acquiring new customers refers to total selling and marketing expenses during the given period divided number of new customers in each period.

(ii) The substantial increase in the number of new customers from 532,662 for the nine months ended September 30, 2022 to 1,347,751 for the nine months ended September 30, 2023 was primarily due to our partnership with new e-commerce platforms that enabled us to attract many new customers for our service offerings.

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

	For the year ended December 31,						For the nine months ended September 30,			
	2020		2021		2022		2022		2023	
	(RMB in millions, except for percentages)									
TPV of digital payment services										
Global payment(i)	**106,284**	**12.5%**	**135,184**	**13.9%**	**134,813**	**11.7%**	**96,944**	**10.7%**	**121,750**	**9.3%**
Chinese cross-border merchants	102,507	12.1%	126,572	13.0%	117,507	10.2%	85,416	9.5%	95,854	7.3%
Chinese cross-border enterprises	3,777	0.4%	8,320	0.9%	16,626	1.4%	11,130	1.2%	23,351	1.8%
Overseas merchants and enterprises	–	–	292	0.0%	680	0.1%	398	0.0%	2,545	0.2%
Domestic payment(ii)	**743,110**	**87.5%**	**836,040**	**86.1%**	**1,018,219**	**88.3%**	**804,954**	**89.3%**	**1,190,218**	**90.7%**
Domestic enterprises	743,110	87.5%	836,040	86.1%	1,018,219	88.3%	804,954	89.3%	1,190,218	90.7%
Total	**849,394**	**100.0%**	**971,224**	**100.0%**	**1,153,032**	**100.0%**	**901,898**	**100.0%**	**1,311,968**	**100.0%**

Notes:

(i) The TPV generated by Chinese cross-border merchants, Chinese cross-border enterprises and overseas merchants and enterprises are only recorded under TPV of global payment services.

(ii) The TPV generated by domestic enterprises are only recorded under TPV of domestic payment services.

As domestic payment generally has a lower fee rate compared to global payment, despite domestic payment contributed the substantial majority of the Company's TPV of digital payment services during the Track Record Period, revenue contribution by domestic payment is relatively low.

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

	Year ended December 31,						For the nine months ended September 30,			
	2020		2021		2022		2022		2023	
	(RMB in thousands, except for percentages)									
							(unaudited)			
Revenue										
Digital payment services	537,930	91.4%	588,003	91.3%	630,097	84.8%	456,533	85.8%	625,675	84.9%
Global payment[(i)]	378,111	64.2%	440,543	68.4%	478,622	64.4%	341,314	64.1%	484,127	65.7%
Domestic payment[(ii)]	159,819	27.2%	147,460	22.9%	151,475	20.4%	115,219	21.6%	141,548	19.2%
Value-added services	7,798	1.3%	21,810	3.4%	91,052	12.3%	59,085	11.1%	96,768	13.1%
Others[(iii)]	42,774	7.3%	33,831	5.3%	21,599	2.9%	16,732	3.1%	14,247	1.9%
Total	**588,502**	**100.0%**	**643,644**	**100.0%**	**742,748**	**100.0%**	**532,350**	**100.0%**	**736,690**	**100.0%**

Notes:

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

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

(iii) In addition to our core business of offering digital solutions, we also operate certain other businesses, primarily including property rental and micro-loan and factoring services. For details, see "Business – Other Business."

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

	Year ended December 31,			For the nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in millions, except percentages)				
				(unaudited)	
Revenue	588.5	643.6	742.7	532.4	736.7
Gross profit margin	64.3%	68.2%	62.7%	64.1%	57.9%
Net losses	(368.7)	(746.8)	(916.9)	(648.5)	(606.7)
EBITDA (non-IFRS measure)	(313.7)	(726.5)	(874.7)	(619.9)	(575.5)
Adjusted EBITDA (non-IFRS measure)	(202.7)	(656.7)	(822.4)	(580.7)	(423.2)

For the discussion for EBITDA (non-IFRS measure) and Adjusted EBITDA (non-IFRS measure), please refer to "– Non-IFRS Financial Measures".

CUSTOMERS AND SUPPLIERS

Our customers primarily include Chinese cross-border merchants and enterprises, overseas merchants and enterprises and domestic enterprises. Merchants primarily engage in retail business with end-buyers transacting through e-commerce platforms. Enterprises directly sell goods or provide services to end-buyers including companies and institutions. For the years ended December 31, 2020, 2021, 2022 and for the nine months ended September 30, 2023, the aggregate revenue generated from our top five customers in each year/period of the Track Record Period amounted to RMB61.1 million, RMB71.7 million, RMB63.1 million and RMB70.5 million, which accounted for 10.4%, 11.1%, 8.5% and 9.6% of our total revenue, respectively. For the same periods, revenue from the largest customer amounted to RMB26.0 million, RMB36.7 million, RMB17.5 million and RMB21.8 million, which accounted for 4.4%, 5.7%, 2.4% and 3.0% of our total revenue, respectively.

Our suppliers primarily include commercial banks, clearing institutions that charge the Company processing fees and channel partners that charge the Company commission fees. For the years ended December 31, 2020, 2021, 2022 and for the nine months ended September 30, 2023, the aggregate purchases from our top five suppliers in each year/period of the Track Record Period amounted to RMB105.6 million, RMB114.9 million, RMB122.1 million and RMB154.2 million, which accounted for 62.8%, 68.6%, 53.0% and 56.6% of our total purchases, respectively. For the same periods, purchases from our largest supplier amounted to RMB28.8 million, RMB38.0 million, RMB44.9 million and RMB59.1 million, which accounted for 17.1%, 22.7%, 19.5% and 21.7% of our total purchases, respectively.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors" in this Document. You should read that section in its entirety carefully before you decide to [**REDACTED**] in our H Shares. Some of the major risks we face include:

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

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

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

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

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

- Geopolitical tensions between China and the U.S. may adversely impact our existing business, future expansion plans and results of operations;

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

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

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhang, Chuanglianzhixin, Mr. Lu and Ms. Xiao are collectively interested in approximately 38.91% of our total issued share capital. Therefore, Mr. Zhang, Chuanglianzhixin, Mr. Lu and Ms. Xiao comprise a group of controlling shareholders (as defined in the Listing Rules) of our Company before [**REDACTED**]. Immediately upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the [**REDACTED**] Share Option Schemes), our Controlling Shareholders will be interested in and control approximately [**REDACTED**]% of the total issued share capital of our Company and will remain as a group of controlling shareholders (as defined in the Listing Rules) of our Company. On January 1, 2021, Mr. Zhang, Mr. Lu and Ms. Xiao entered into an acting in concert agreement, pursuant to which the aforementioned parties confirmed that they had been acting in concert historically and agreed that they would vote in agreement in Shareholders' meetings by agreeing to reach a consensus beforehand. For further details, see "Relationship with Our Controlling Shareholders".

OUR [REDACTED] INVESTORS

From January 2018 to October 2020, our Company underwent several rounds of [**REDACTED**] investments with our [**REDACTED**] Investors, which include, among others, Saizhibole (which is the general partner of Hangshi Sailian, Sailian Fund II, Saizhi Yunsheng, Sailian Fund I); Everbright Investment, Boyu Jingtai, Sequoia Zhensheng, CICC Jiatai and Taikang Insurance (as defined in "History, Development and Corporate Structure – Information about our [**REDACTED**] Investors"). For further details, see "History, Development and Corporate Structure – [**REDACTED**] Investments".

OUR CONTRACTUAL ARRANGEMENTS

We provide payment services through the Indonesian OpCos in Indonesia. As advised by our Indonesian Legal Advisor, the maximum foreign direct investment in a company providing payment services is limited to 49%. Starlink, our subsidiary, has entered into the Contractual Arrangements with Indonesian nationals for each of the Indonesian OpCos to consolidate control over and derive the economic benefits from such Indonesian OpCos. The business and operations of the Indonesian OpCos remain in developmental stage and their respective contribution to the Group's assets and revenue remains substantially lower than 5% for each of the years/period comprising the Track Record Period. These contributions are deemed insignificant to the Group in terms of their impact on the overall business and financial results. For further details, see "Contractual Arrangements".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Operating Results

The following table sets forth our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Revenue	588,502	643,644	742,748	532,350	736,690
Cost of sales	(210,251)	(204,400)	(276,779)	(190,974)	(310,308)
Gross profit	**378,251**	**439,244**	**465,969**	**341,376**	**426,382**
Selling and marketing expenses	(69,013)	(89,872)	(138,976)	(94,607)	(132,040)
General and administrative expenses	(289,990)	(263,138)	(258,314)	(188,208)	(310,541)
Research and development expenses	(124,053)	(174,235)	(210,401)	(153,220)	(188,575)
Other income	25,127	18,219	27,169	15,912	59,585
Other gains – net	57,604	4,260	15,440	6,748	21,283
Reversal of/(provision for) impairment on financial assets	2,468	(99)	(747)	(387)	(3,464)
Operating loss	**(19,606)**	**(65,621)**	**(99,860)**	**(72,386)**	**(127,370)**
Finance income/(cost) – net	9,180	22,442	4,238	5,492	(7,033)
Finance income	16,039	23,419	8,419	6,770	1,730
Finance costs	(6,859)	(977)	(4,181)	(1,278)	(8,763)
Share of net loss of associates accounted for using the equity method	(328,455)	(687,271)	(805,016)	(569,677)	(470,728)
Loss before income tax	**(338,881)**	**(730,450)**	**(900,638)**	**(636,571)**	**(605,131)**

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Income tax expenses	(29,868)	(16,386)	(16,228)	(11,904)	(1,588)
Loss for the year/period	**(368,749)**	**(746,836)**	**(916,866)**	**(648,475)**	**(606,719)**
Owners of the Company	(368,159)	(746,586)	(916,540)	(648,108)	(608,056)
Non-controlling interests	(590)	(250)	(326)	(367)	1,337

Non-IFRS Financial Measures

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

The following tables reconcile Non-IFRS measures for the years/periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards for the years/periods:

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Reconciliation					
Loss for the year/period	(368,749)	(746,836)	(916,866)	(648,475)	(606,719)
Add:					
Income tax expense	29,868	16,386	16,228	11,904	1,588
Finance (income)/cost – net	(9,180)	(22,442)	(4,238)	(5,492)	7,033
Depreciation of property, plant and equipment	18,834	12,057	13,909	10,195	10,265
Depreciation of right-of-use assets	9,447	7,620	8,726	6,220	6,512
Depreciation of investment properties	4,416	4,231	4,025	3,099	3,008
Amortization of intangible assets	1,646	2,501	3,510	2,603	2,816
EBITDA(i) (Non-IFRS measure)	**(313,718)**	**(726,483)**	**(874,706)**	**(619,946)**	**(575,497)**
Add:					
Share-based compensation expenses(ii)	110,972	69,802	52,278	39,209	112,813
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted EBITDA(iii) (Non-IFRS measure)	**(202,746)**	**(656,681)**	**(822,428)**	**(580,737)**	**(423,208)**

Notes:

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

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

(iii) Adjusted EBITDA (Non-IFRS measure) refers to EBITDA (Non-IFRS measure) adjusted by adding back (i) one-off [**REDACTED**] expenses, which relate to the [**REDACTED**], and (ii) share-based compensation expenses, which are non-cash in nature.

The substantial majority of our revenue is generated from our digital payment services, including global payment and domestic payment. During the Track Record Period, we witnessed resilient growth in our business operations. Our total revenue increased from RMB588.5 million in 2020 to RMB643.6 million in 2021 and further to RMB742.7 million in 2022, with a CAGR of 12.3% from 2020 to 2022. Our total revenue increased by 38.4% from RMB532.4 million for the nine months ended September 30, 2022 to RMB736.7 million for the nine months ended September 30, 2023. During the Track Record Period, revenue generated from our digital payment services increased from RMB537.9 million in 2020 to RMB588.0 million in 2021, and to RMB630.1 million in 2022, representing 91.4%, 91.3% and 84.8% of our total revenue in 2020, 2021 and 2022, respectively. Revenue generated from our digital payment services increased from RMB456.5 million for nine months ended September 30, 2022 to RMB625.7 million for nine months ended September 30, 2023, representing 85.8% and 84.9% of our total revenue in the same period, respectively. See "Business – Digital Payment Services."

Gross profit represents our revenue less our cost of sales. In 2020, 2021 and 2022, our gross profit were RMB378.3 million, RMB439.2 million and RMB466.0 million, respectively. Our gross profit were RMB341.4 million and RMB426.4 million for the nine months ended September 30, 2022 and 2023, respectively. The increase in gross profit in these periods was primarily driven by the growth of our overall business scale as well as the drivers set forth in "Financial Information – Revenue." Gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit margins were 64.3%, 68.2%, 62.7%, 64.1% and 57.9% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. The decrease of our gross profit margin from 68.2% in 2021 to 62.7% in 2022 was primarily attributable to a significant decrease in our value-added services margin as a result of (i) the change of our service mix, due to the growth of our digital marketing and (ii) an increase in commission costs from enhanced customer acquisition. The decrease of our gross profit margin from 64.1% for the nine months ended September 30, 2022 to 57.9% for the nine months ended September 30, 2023 was primarily due to (i) the expansion of acquiring services with lower gross profit margin, (ii) increasing revenue contribution from digital marketing with lower gross profit margin.

We incurred net loss of RMB368.7 million, RMB746.8 million, RMB916.9 million, RMB648.5 million and RMB606.7 million, in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. Our net loss resulted primarily from (i) our strategic investments in innovative products and solutions, global expansion and core talents and (ii) our share of net loss in LianTong, which amounted to RMB328.5 million, RMB687.3 million, RMB805.0 million, RMB569.7 million and RMB470.4 million, respectively, in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively.

We strategically invested in LianTong with a long-term goal, considering: (i) its bankcard clearing business license has significant strategic value and, as an important part of China's financial infrastructure, is indispensable in the payment industry value chain, (ii) as the first Sino-foreign joint venture bankcard clearing institution granted license in China, it is positioned with great growth potential in transaction related services and card related services, (iii) we may increasingly grow business synergy with LianTong in developing LianTong's local network, products and services, e-commerce user cases, economy of scale, and (iv) LianTong may leverage on the strength of American Express, especially in global network, products developments and operation support including those in the area of technology. We are confident that the businesses of LianTong will bring economic benefits to us and our shareholders in the long term once it comes out of the investment phase. In July 2023, we made a capital injection of RMB130 million to LianTong. In December 2023, we and American Express provided additional capital of RMB74.6 million and RMB625.4 million, respectively, to LianTong to support its operations.

LianTong's clearing system is complex, and consistent with industry norm, its establishment and maintenance require significant initial investment, especially in areas of partner incentives, marketing and benefit expenses, technology and infrastructure, service outsourcing cost, personnel and other operating cost. According to Frost & Sullivan, it typically takes a number of years for a new player like LianTong to reach the breakeven point. Since the commencement of LianTong's operations in August 2020, the joint venture has invested primarily in (i) technology and infrastructure for network and infrastructure build-up and product developments; and (ii) new customer acquisition and acceptance coverage. In 2020, 2021, 2022 and nine months ended September 30, 2023, as LianTong expanded its scale of operations, of LianTong's operating losses: (i) its technology and infrastructure expenses, as well as the selling and marketing expenses in connection with incentive costs paid to issuing banks and acquiring banks/institutions, promotion, employee benefits for business development personnel and premium services for cardholders represented approximately 55% to 80%, and (ii) general and administrative expenses in connection with depreciation and amortization expenses as well as employee benefit expenses represented approximately 25% to 40%. The COVID-19 outbreak negatively impacted both consumer traveling and spending and thus payment behavior, resulting in underperforming sales volume and revenue for LianTong since its commencement of operation. In addition, the Notice on Credit Card Business promulgated in July 2022 slowed down the growth of LianTong's new card issuance and hence negatively impacted its revenue growth in 2022. See "Regulatory Overview – Regulations in Relation to Credit Card Business" for details.

The manner in which revenue and costs are recognized also explains LianTong's loss position. The total incentives for new card issuance are accounted for as cost at the time of acquisition of a consumer whilst revenue from the cards, including brand royalty fees and transaction related fees, will be realized over the lifetime of the cards, typically five years, which leads to a disproportionate recognition of the costs compared to revenue at the initial stage of LianTong's business when it is focusing on the acquisition of new customers.

Leveraging China's expansion of external opening of the financial sector and deepening of financial supply-side reform, we believe LianTong is in a good position to capture the future market developments. We believe that LianTong will continue to build its cardholder base, expand its acceptance network, and improve its operation efficiency and effectiveness. As such, it is anticipated that the initial investment in LianTong will be recovered in the long term, paving the way for LianTong to attain profitability. Our joint venture agreement with American Express does not include any restrictions over dividend distribution, other than approval by LianTong's board of directors and applicable regulatory authorities. Subject to the approval of the board of directors and when the initial shareholder investment has been fully recouped, shareholders of LianTong may receive dividend distribution.

We had net losses of RMB368.7 million, RMB746.8 million, RMB916.9 million, RMB648.5 million and RMB606.7 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, primarily attributable to (i) our strategic investments in innovative products and solutions, global expansion and core talents and (ii) our share of net loss in LianTong. We record the equity loss related to LianTong capped at the sum of net book value at the beginning of a financial period and the capital injection during the same period. Following the capital injection made by us and American Express to LianTong in December 2023, of which we contributed RMB74.6 million, we expect the net book value of LianTong to increase by the amount of such capital injection and we will record a one-off dilution gain of approximately RMB240.0 million from the subsequent change in shareholding. For 2024, we expect to continue recording share of net loss from LianTong. We had adjusted EBITDA (Non-IFRS measure) of a loss of RMB202.7 million, a loss of RMB656.7 million, a loss of RMB822.4 million, a loss of RMB580.7 million and a loss of RMB423.2 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Total non-current assets	581,512	878,035	673,144	628,950
Total current assets	8,642,731	7,597,046	9,472,870	9,581,018
Total assets	**9,224,243**	**8,475,081**	**10,146,014**	**10,209,968**
Total non-current liabilities	9,744	14,800	175,755	164,152
Total current liabilities	6,632,702	6,541,972	8,909,804	9,476,462
Total liabilities	**6,642,446**	**6,556,772**	**9,085,559**	**9,640,614**
Net assets	**2,581,797**	**1,918,309**	**1,060,455**	**569,354**
Non-controlling interests	941	820	2,064	3,914

We recorded net assets of RMB2,581.8 million, RMB1,918.3 million, RMB1,060.5 million and RMB569.4 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. The fluctuation across periods was mainly due to the loss for the year/period incurred, which were RMB746.8 million in 2021, RMB916.9 million in 2022 and RMB606.7 million for the nine months ended September 30, 2023; partially offset by share-based compensation expenses, which were RMB69.8 million in 2021 and RMB52.3 million in 2022 and RMB112.8 million for the nine months ended September 30, 2023. See the Accountants' Report set out in Appendix I to this Document for a detailed description of our statements of changes in equity.

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of November 30,
	2020	2021	2022	2023	2023
	(RMB in thousands)				
					(Unaudited)
Current asset					
Prepayments, other receivables and other assets	181,215	33,813	340,230	59,017	66,510
Trade receivables	16,060	32,976	40,623	79,245	99,511
Financial assets at fair value through profit or loss	352,707	187,669	188,567	191,390	191,389
Loan and factoring receivables	156,997	–	–	–	–
Inventories	786	518	687	672	669
Customer accounts and restricted cash	6,634,490	6,470,610	8,757,259	9,108,472	11,719,458
Cash and cash equivalents	1,300,476	871,460	145,504	142,222	117,991
Total current asset	**8,642,731**	**7,597,046**	**9,472,870**	**9,581,018**	**12,195,528**
Current liabilities					
Trade payables	20,093	25,382	38,946	72,715	91,055
Contract liabilities	5,141	7,444	9,601	25,211	17,682
Income tax payables	11,703	2,812	4,611	5,980	8,602
Borrowings	–	–	105,279	205,521	205,424
Lease liabilities	6,225	10,130	9,071	7,500	6,973
Accruals and other payables	6,589,540	6,496,204	8,742,296	9,159,535	11,769,849
Total current liabilities	**6,632,702**	**6,541,972**	**8,909,804**	**9,476,462**	**12,099,585**
Net current asset	**2,010,029**	**1,055,074**	**563,066**	**104,556**	**95,943**

We recorded net current assets of RMB2,010.0 million, RMB1,055.1 million, RMB563.1 million, RMB104.6 million and RMB95.9 million as of December 31, 2020, 2021, 2022, September 30, 2023 and November 30, 2023. Our net current assets decreased during the Track Record Period primarily attributable to our decreased cash and cash equivalent balances resulting from capital injection for LianTong during the Track Record Period. The decrease of cash and cash equivalents from RMB871.5 million as of December 31, 2021 to RMB145.5 million as of December 31, 2022 was primarily attributable to our capital injection for LianTong of RMB620.0 million in 2022.

We had cash and cash equivalents of RMB1,300.5 million, RMB871.5 million, RMB145.5 million and RMB142.2 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. Our cash and cash equivalents remained relatively stable at RMB145.5 million and RMB142.2 million as of December 31, 2022 and September 30, 2023, respectively. Our gross profit margins were 64.3%, 68.2%, 62.7%, 64.1% and 57.9% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Summary of Consolidated Statement of Cash Flow

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

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
			(RMB in thousands)		
				(unaudited)	
Net cash (used in)/generated from operating activities	(59,187)	105,791	(33,337)	(42,437)	45,739
Net cash (used in)/generated from investing activities	(367,912)	(528,246)	(941,069)	(515,523)	(125,015)
Net cash generated from/(used in) financing activities	1,299,478	(6,258)	242,594	193,648	73,555
Net increase/(decrease) in cash and cash equivalents	872,379	(428,713)	(731,812)	(364,312)	(5,721)
Cash and cash equivalents at beginning of the year	429,883	1,300,476	871,460	871,460	145,504
Effects of exchange rate changes on cash and cash equivalents	(1,786)	(303)	5,856	4,077	2,439
Cash and cash equivalents at end of the year/period	**1,300,476**	**871,460**	**145,504**	**511,225**	**142,222**

We recorded net operating cash outflows of RMB59.2 million, RMB33.3 million and RMB42.4 million for 2020, 2022 and nine months ended September 30, 2022, respectively, primarily attributable to (i) our loss before income tax and as adjusted by non-cash item, which primarily comprised share of loss of investments accounted for using the equity method which resulted from our investment in LianTong and share-based compensation and (ii) changes in working capital in the corresponding periods. We recorded net cash inflow of RMB105.8 million and RMB45.7 million in 2021 and for the nine months ended September 30, 2023, respectively. See "– Financial Information – Liquidity and Capital Resources – Net Cash Flows (Used in)/Generated from Operating Activities" for further details.

PATH TO PROFITABILITY

During the Track Record Period, we witnessed growth in our business operations despite COVID-19-caused setbacks on global and Chinese economic growth, but made losses. We set forth our plans to profitability with discussion of key industry background and our historical performance in below:

Industry Background

According to Frost & Sullivan, the digitalization trend in global commerce and development of digital infrastructure continue to shift traditional trade from offline to online and accelerate the digital penetration of cross-border payments between enterprises. This will prompt digital payment solution providers to actively develop innovative solutions to cater to growing customer demand. According to Frost & Sullivan, both the digital payment service and value-added service market are expected to see great potential for future growth in the overall digital payment solution market. We ranked the first among the independent digital payment solution providers in China in terms of the TPV in 2022, with a market share of 9.1%. With our service portfolio and global layout, we are poised to take the opportunities to grow our business.

TPV is one of the key driving factors for digital payment services revenue. TPV of both the cross-border digital payment market and domestic digital payment market in China are expected to grow significantly. According to Frost & Sullivan, the TPV of cross-border digital payment services market in China is expected to increase from RMB4.6 trillion in 2022 to RMB14.1 trillion in 2027, representing a CAGR of 25.2% from 2022 to 2027. The TPV for domestic digital payment services market in China is expected to increase from RMB176.6 trillion in 2022 to RMB339.5 trillion in 2027, representing a CAGR of 14.0% from 2022 to 2027. In addition, revenue of value-added services attributable to digital payment solution providers in China is expected to grow from RMB33.9 billion in 2022 to RMB88.3 billion in 2027, representing a CAGR of 21.1% from 2022 to 2027. Moreover, according to Frost & Sullivan, bank card clearing market is also expected to grow as the market size of credit card transaction in China has shown a steady growth trend.

According to Frost & Sullivan, digital payment solutions typically require significant investment in the early stage, particularly in areas such as technology platform upgrade, risk and data compliance management, accumulation in industry insights for customers, acquiring and maintaining licenses and relevant qualifications, as well as establishing operational teams in various regions. According to Frost & Sullivan, it is anticipated that once a digital payment solution provider completes its initial strategic investments, it will be able to grow in business scale, accumulate industry advantages, drive incremental revenue, and provide itself with stable revenue and profit growth opportunities.

Our Historical Performance

During the Track Record Period, our strategic investments significantly progressed our operations, and we have developed a business model that features one-stop shop service portal with a wide range of integrated solutions, and global coverage with strong synergies across various service offerings.

During the Track Record Period, we witnessed resilient growth in our business operations. Our TPV increased from RMB849.4 billion in 2020 to RMB1,153.0 billion in 2022, with a CAGR of 16.5% from 2020 to 2022, and further increased to RMB1,312.0 billion for the nine months ended September 30, 2023. Our total revenue increased from RMB588.5 million in 2020 to RMB742.7 million in 2022, with a CAGR of 12.3% from 2020 to 2022. Our total revenue increased at an accelerated growth rate of 38.4% period to period from RMB532.4 million for the nine months ended September 30, 2022 to RMB736.7 million for the nine months ended September 30, 2023. While experiencing rapid business growth, we have maintained gross profit margin of approximately 60.0% during the Track Record Period, demonstrating a healthy business model and the driving role of strategic investments in the company's medium and long-term growth.

Our operating losses during the Track Record Period reflected continuous strategic investments that require time to gradually translate into our long-term core competencies. Our strategic investments are primarily attributable to investments in the following areas:

(i) Innovative products and solutions aiming to enhance our technological capabilities and the stability of our business systems, thereby strengthening market competitiveness and expanding our customer base.

We achieved economies of scale and benefit from the accumulated product capabilities and industry insights evidenced by our improved operating revenue this year. For the nine months ended September 30, 2023, our research and development expenses as a percentage of revenue decreased year over year from 28.8% to 25.6%, while our revenue increased by 38.4% for the same period;

(ii) Global expansion including obtaining local licenses and qualifications as well as setting up local operational teams, to enhance our global regulatory compliance framework and service capabilities.

For the nine months ended September 30, 2023, our revenue from overseas merchants and enterprises increased significantly with rapid expansion in Southeast Asia countries and across other parts of the world. For the same periods, our operating expenses including selling and marketing, research and development, and general and administrative expenses had moderate growth, with combined operating expenses excluding the impact from share-based compensation as a percentage of revenue decreased from 74.5% to 70.4% as compared to nine months ended September 30, 2022, which is mainly driven by enhanced know-hows and experience in digital payment services as well as economies of scale and

(iii) Core talents, with a focus on retaining our top-notch professionals with extensive expertise and experience through share-based payments. We aim to build and maintain a high-quality team, enhance team stability, and ensure our long-term core competencies. During the Track Record Period, we invested a total of RMB345.9 million in share-based compensation and benefits. During the Track Record Period, employee benefits constituted a majority of our total costs and expenses. With operation and capital leverage accumulated, our revenue and TPV expansion rate have outpaced the growth rate of expenses of employee benefits. Our expenses arising out of employee benefits as a percentage of revenue decreased from 66.0% in 2020 to 61.8% in 2022. The same data remained stable at 62.8% for the nine months ended September 30, 2023. Excluding the impact from share-based payment, our expenses arising out of employee benefits as a percentage of revenue decreased from 54.9% for the nine months ended September 30, 2022 to 47.5% for the nine months ended September 30, 2023.

In addition, we also have a share of net losses from an associate accounted for using the equity method, reflecting our shared loss in LianTong. We recorded RMB328.5 million, RMB687.3 million, RMB805.0 million, RMB569.7 million and RMB470.7 million of share of net loss of associates using the equity method in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively, representing 89.1%, 92.0%, 87.8%, 87.8% and 77.6% of our net losses for the respective periods.

Our adjusted EBITDA (Non-IFRS measure) amounted to a loss of RMB202.7 million, a loss of RMB656.7 million, a loss of RMB822.4 million, a loss of RMB580.7 million and a loss of RMB423.2 million in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023. The loss of RMB822.4 million in 2022 was primarily due to (i) an increase in employee benefits driven by an increase in the number of employees from 697 in 2020 to 1,007 in 2022 in line with our strategic planning for the ramp-up of our digital payment and business services; (ii) an increase in commission costs which accounted for 9.1% of revenue in 2022 as compared to 1.8% in 2021, in line with the rapid expansion of our business services such as digital marketing during the same period; and (iii) the impact of COVID-19 pandemic that adversely affected cross-border commerce, which, in turn, negatively affected the business operations of our customers. Notwithstanding to the above, our adjusted EBITDA (Non-IFRS measure) narrowed from a loss of approximately RMB580.7 million for the nine months ended September 30, 2022 to a loss of approximately RMB423.2 million for the nine months ended September 30, 2023, driven by our revenue growth as well as improved operational efficiency during the same period.

As a result, our net losses were RMB368.7 million, RMB746.8 million, RMB916.9 million, RMB648.5 million and RMB606.7 million in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively.

Our Path to Profitability

We plan to achieve profitability through the following ways: (i) increasing revenue scale through strategic positioning and creating value for our customers; (ii) maintaining a stable high gross profit margin through effective cost control and healthy business model; (iii) synergizing our products, technology, and license layout to continuously reduce marginal costs of new product development and business expansion; and (iv) assessing the operations of LianTong and improving economic benefits of our shareholders. For details, see "Financial Information – Path to Profitability."

BUSINESS SUSTAINABILITY

Our Directors believe that we have a sustainable business, taking into account (i) the expected rapid development of both cross-border and domestic digital payment solution markets in China, (ii) our competitive positioning as the largest independent digital payment solution provider in China in terms of the TPV in 2022, according to Frost and Sullivan, (iii) the fact that, according to Frost and Sullivan, once a digital payment solution provider completes its initial strategic investments, it will be able to grow in business scale, accumulate industry advantages, drive incremental revenue, and provide itself with stable revenue and profit growth opportunities, (iv) our continuous efforts to improve operating efficiency that leads to a decrease in general and administrative expenses as a percentage of total revenue during the Track Record Period, and (v) our profitability plan as discussed in "– Path to Profitability".

WORKING CAPITAL SUFFICIENCY

The following table sets forth the changes in working capital and net cash (used in)/ generated from operation for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	(RMB in thousands)			*(unaudited)*	
Loss before income tax	(338,881)	(730,450)	(900,638)	(636,571)	(605,131)
Operating cash flows before changes in working capital	**49,269**	**11,342**	**(31,406)**	**(5,417)**	**(48,669)**
Changes in working capital:	**(130,545)**	**83,652**	**(23,715)**	**(55,241)**	**42,982**
Trade receivables, inventories and prepayments, other receivables and other current assets	4,347	(21,229)	(10,117)	(42,894)	(63,558)

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Loans and advances to customers	(120,373)	21,983	–	–	–
Deferred income	45	2,340	9,330	9,330	1,352
Trade payables, other payables and accruals, and contract liabilities	2,979,360	(84,386)	2,257,507	1,961,835	461,501
Customer accounts and restricted cash	(2,993,924)	164,944	(2,280,435)	(1,983,512)	(356,313)
Cash (used in)/generated from operations	**(81,276)**	**94,994**	**(55,121)**	**(60,658)**	**(5,687)**
Interest received	26,889	35,765	29,164	19,424	58,842
Income tax paid	(4,800)	(24,968)	(7,380)	(1,203)	(7,416)
Net cash (used in)/generated from operating activities	**(59,187)**	**105,791**	**(33,337)**	**(42,437)**	**45,739**

Our Working Capital

We carefully managed our working capital and changes in working capital did not account for a material portion of cash used/generated during operations. In 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, changes in working capital amounted to RMB130.5 million cash used, RMB83.7 million cash generated, RMB23.7 million cash used, RMB55.2 million cash used and RMB43.0 million cash generated. See Note 33(a) to the Accountant's Report included in Appendix I to this Document for details on changes in work capital.

During the Track Record Period, changes from customer accounts related balances accounted for a significant majority of changes in working capital. However, the balance of customer accounts and payables to merchants and other customers are held by the Company on behalf of customers and not for our general use. Customer accounts mainly represent customer funds collected and awaiting disbursement as requested. We hold customer accounts as other assets. Payables to merchants and other customers mainly represent the funds in customer deposit accounts which has not been transferred to merchant customers due to the settlement cycle or the preferences of customers for periodic collection of funds. We hold payables to merchants and other customers as other payables. By business nature, the movements of customer accounts and payables to merchants and other customers are primarily in line with the growth of TPV, while net cash flows from the accounts' movements reflect the difference between our revenue not yet withdrew from the customer accounts and our own cash resources used for clients' disbursement.

Other changes in working capital primarily include trade receivables, trade payables, and loans and other factoring receivables. We had decrease of working capital of RMB130.5 million in 2020, primarily due to the micro-loan and factoring services issued loan to customers of RMB120.4 million, which business was discontinued in May 2021.

Net Cash Flow Generated from Operations

Although our loss before income tax were RMB338.9 million, RMB730.5 million, RMB900.6 million and RMB605.1 million in 2020, 2021, 2022 and the nine months ended September 30, 2023, our operating cash flows before changes in working capital amounted to RMB49.3 million of cash inflow, RMB11.3 million of cash inflow, RMB31.4 million of cash outflow, and RMB48.7 million of cash outflow. Subject to the movement of customer accounts and payables to customers, our changes in working capital did not account for a material portion of cash used in/generated from operation during the Track Record Period and were cash generative in 2021 and the nine months ended September 30, 2023. Our loss before income tax narrowed from RMB636.6 million for the nine months ended September 30, 2022 to RMB605.1 million for the nine months ended September 30, 2023 due to a narrowed share of net loss of associates accounted for using the equity method, reflecting our shared loss in LianTong. As a result of the foregoing, considering changes in working capital as well as other non-cash adjustment and interests received, we recorded net cash generated from operations of RMB45.7 million for the nine months ended September 30, 2023, as compared to cash used in operations of RMB42.4 million for the nine months ended September 30, 2022.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities, bank facilities and funds raised from financing activities, including the [**REDACTED**] we will receive from the [**REDACTED**].

Sufficiency Statement

Our Directors are of the opinion that, taking into account anticipated cash flow from our operating activities, existing cash and cash equivalents, expected capital expenditure and capital commitment, available bank facilities and the estimated [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document. After making reasonable inquiries of our management about our working capital, nothing has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to cast doubt on the Directors' view.

The foregoing forward-looking statements on our working capital forecast are based on assumptions regarding our present and future business strategies and the environment in which we will be operating. Our future financial position and results of operations may be affected by complicated factors and may be subject to risks and uncertainties discussed in the section headed "Risk Factors" in this Document, many of which are beyond our control.

[**REDACTED**]

DIVIDENDS

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

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to, and were not aware of any threat of, any legal, arbitral or administrative proceeding which, in our opinion, would likely have a material and adverse effect on our business, financial condition or results of operations. We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business.

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 Track Record Period and up to the Latest Practicable Date, we had not been and 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.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] stated in this Document.

We intend to use the [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated over the next five years to enhance our technological capabilities;

- approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated over the next five years to expand our business operations globally;

- approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated over the next five years for future strategic investment and acquisitions to enrich our service and product offerings, enhance our technology capabilities and strengthen our international operations; and

- approximately [**REDACTED**]% or approximately HK$[**REDACTED**] is expected to be used for general corporate purposes and working capital needs.

For details, please see "Future Plans and Use of [**REDACTED**]."

[REDACTED] EXPENSES INCURRED AND TO BE INCURRED

The total [**REDACTED**] expenses payable by our Company are estimated to be approximately HK$[**REDACTED**] (or approximately RMB[**REDACTED**]) assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), accounting for approximately [**REDACTED**]% of gross [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, (i) [**REDACTED**], including [**REDACTED**] commission, are expected to be approximately RMB[**REDACTED**], and (ii) non-[**REDACTED**] expenses of approximately RMB[**REDACTED**], comprising (a) fees and expenses of legal advisors and Reporting Accountant of approximately RMB[**REDACTED**] and (b) other fees and expenses of approximately RMB[**REDACTED**].

Among the total [**REDACTED**] expenses payable of RMB[**REDACTED**], RMB[**REDACTED**] is expected to be expensed through the statement of profit or loss and the remaining amount of RMB[**REDACTED**] is directly attributable to the issue of shares and deducted from equity. As of September 30, 2023, we have incurred [**REDACTED**] expenses of RMB[**REDACTED**] expensed through the statement of comprehensive loss and prepaid [**REDACTED**] expenses of RMB[**REDACTED**] directly attributable to the comprehensive loss issue of shares and deducted from equity.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied for the [**REDACTED**] under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (i) our revenue for the year ended December 31, 2022, being RMB742.7 million, which is over HK$500 million as required by Rule 8.05(3) of the Listing Rules, and (ii) our expected market capitalization at the time of the [**REDACTED**], which, based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low end of the [**REDACTED**], exceeds HK$4 billion as required by Rule 8.05(3) of the Listing Rules. We have applied to the Stock Exchange for the granting of the [**REDACTED**] of, and permission to deal in, the H Shares in issue and to be issued pursuant to the [**REDACTED**] (including (i) any Shares which may be issued pursuant to the exercise of the [**REDACTED**]; (ii) the options granted under the [**REDACTED**] Share Option Schemes; and (iii) the H Shares to be converted from Unlisted Shares).

RECENT DEVELOPMENTS

As of November 30, 2023, we had cash and cash equivalent of RMB118.0 million and unutilized banking facilities of RMB593.8 million. We expect to record a narrowed forecasted loss for the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to narrowed share of net loss of associates accounted for using the equity method, reflecting our shared loss in LianTong.

Impact of the COVID-19 Outbreak

The outbreak of the COVID-19 and its recurrence had caused temporary disruption to our operations to the extent that certain on-site meetings, employee deployment and technical support had to be delayed or canceled. For instance, the stress experienced by the global financial markets in 2020 due to the COVID-19 pandemic as well as the restrictive measures taken by major economies globally has, to a limited extent, adversely affected cross-border commerce, which, in turn, negatively affected the business operations of our customers. In addition, due to COVID-19 and related restrictive measures, some employees had to handle their work from home or remotely, which had affected their normal work deployment on duty. Such a negative impact, together with an increase in the number of employees in line with our strategic planning for the ramp-up of the Company's digital payment and business services and increased commission costs due to expansion of business services, led to loss of adjusted EBITDA (Non-IFRS measures) of RMB822.4 million in 2022. However, COVID-19 had not had any material adverse impact on our business operation or key operating performance during the Track Record Period. Over time, the temporary restrictive measures implemented has cultivated a large pool of consumers who are accustomed to online purchases, driving up the demand for cross-border commerce. With the revival of cross-border commerce, we expect that we will witness faster pace of revenue growth in the future. For instance, our revenue increased by 38.4% from RMB532.4 million for the nine months ended September 30, 2022, to RMB736.7 million for the nine months ended September 30, 2023, outpacing a CAGR of 12.3% for revenue from RMB588.5 million in 2020 to RMB742.7 million in 2022. Given that restrictions related to COVID-19 have been substantially lifted and business activities are resuming globally, we do not expect that the COVID-19 will have a material adverse impact on our business as of the Latest Practicable Date.

Recent PRC Regulatory Developments

Overseas [**REDACTED**]

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by 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 supporting guidelines, which took effect on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek to [**REDACTED**] and [**REDACTED**] securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC. The Trial Measures provide that if the issuer meets both of the following criteria, the overseas securities [**REDACTED**] and

[**REDACTED**] conducted by such issuer will be deemed as indirect overseas [**REDACTED**] by PRC domestic companies: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by PRC domestic companies, and (ii) the main parts of the issuer's business activities are conducted in Mainland China, or its main places of operations are located in Mainland China, or the senior managers in charge of its operation and management are mostly Chinese citizens or domiciled in the PRC. Where an issuer submits an application for [**REDACTED**] to competent overseas regulators, such issuer must file with the CSRC within three PRC business days after such application is submitted. Given that we meet both of the conditions stated above and as advised by our PRC legal advisor, we have made the filings with the CSRC with respect to the [**REDACTED**] and [**REDACTED**]. We have submitted our filing application to the CSRC according to the Trial Measures. According to the information disclosed on the CSRC's official website, the International Cooperation Department of the CSRC accepted our filing application on July 12, 2023. As of the Latest Practicable Date, the CSRC have not yet issued the filing record.

No Material Adverse Change

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since September 30, 2023, the end of the period reported on the Accountant's Report included in Appendix I to this Document.

[**REDACTED**]