*The following is the text of a report set out on pages [I-1] to[I-2B], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountant's Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*

***[Letterhead of PricewaterhouseCoopers]*** ***[DRAFT]***

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LIANLIAN DIGITECH CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED**

**Introduction**

We report on the historical financial information of Lianlian DigiTech Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[3] to I-[93], which comprises the consolidated balance sheets as at 31 December 2020, 2021, 2022 and 30 September 2023, the balance sheets of the Company as at 31 December 2020, 2021, 2022 and 30 September 2023, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2023 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[3] to I-[93] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of 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 Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountant's 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.

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 accountant's 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 accountant considers internal control relevant to the entity's preparation of 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 accountant's report, a true and fair view of the financial position of the Company as at 31 December 2020, 2021, 2022 and 30 September 2023 and the consolidated financial position of the Group as at 31 December 2020, 2021, 2022 and 30 September 2023 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

***Review of stub period comparative financial information***

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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-3] have been made.

***Dividends***

We refer to Note 38 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

[**PricewaterhouseCoopers**]
*Certified Public Accountants*
Hong Kong
[●]

## I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand RMB (RMB'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

| | Note | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|---|
| | | 2020 | 2021 | 2022 | 2022 | 2023 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Revenue | 5 | 588,502 | 643,644 | 742,748 | 532,350 | 736,690 |
| Cost of sales | 6 | (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 | 6 | (69,013) | (89,872) | (138,976) | (94,607) | (132,040) |
| General and administrative expenses | 6 | (289,990) | (263,138) | (258,314) | (188,208) | (310,541) |
| Research and development expenses | 6 | (124,053) | (174,235) | (210,401) | (153,220) | (188,575) |
| Other income | 8 | 25,127 | 18,219 | 27,169 | 15,912 | 59,585 |
| Other gains/(losses) – net | 9 | 57,604 | 4,260 | 15,440 | 6,748 | 21,283 |
| Reversal of/(provision for) impairment on financial assets | 3.1(b) | 2,468 | (99) | (747) | (387) | (3,464) |
| **Operating loss** | | (19,606) | (65,621) | (99,860) | (72,386) | (127,370) |
| Finance income | 10 | 16,039 | 23,419 | 8,419 | 6,770 | 1,730 |
| Finance costs | 10 | (6,859) | (977) | (4,181) | (1,278) | (8,763) |
| Finance income/(cost) – net | | 9,180 | 22,442 | 4,238 | 5,492 | (7,033) |
| Share of net loss of associates accounted for using the equity method | 17 | (328,455) | (687,271) | (805,016) | (569,677) | (470,728) |
| **Loss before income tax** | | (338,881) | (730,450) | (900,638) | (636,571) | (605,131) |
| Income tax expenses | 11 | (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) |
| **Loss for the year/period attributable to:** | | | | | | |
| – Owners of the Company | | (368,159) | (746,586) | (916,540) | (648,108) | (608,056) |
| – Non-controlling interests | | (590) | (250) | (326) | (367) | 1,337 |
| | | (368,749) | (746,836) | (916,866) | (648,475) | (606,719) |
| **Loss per share attributable to the owners of the Company** | | | | | | |
| Basic loss per share (in RMB) | 12(a) | (0.40) | (0.74) | (0.90) | (0.64) | (0.60) |
| Diluted loss per share (in RMB) | 12(b) | (0.40) | (0.74) | (0.90) | (0.64) | (0.60) |
| **Other comprehensive income/(loss)** | | | | | | |
| Items that may be reclassified to profit or loss | | | | | | |
| Exchange differences on translation of foreign operations | | 4,554 | (1,239) | 66 | (961) | (1,525) |
| Items that will not be reclassified to profit or loss | | | | | | |
| Changes in the fair value of equity investment at fair value through other comprehensive income | | 3,175 | 14,656 | 5,026 | 3,734 | 3,825 |
| **Other comprehensive income for the year/period, net of income tax** | | 7,729 | 13,417 | 5,092 | 2,773 | 2,300 |
| **Total comprehensive loss for the year/period** | | (361,020) | (733,419) | (911,774) | (645,702) | (604,419) |
| **Total comprehensive loss for the year/period attributable to:** | | | | | | |
| – Owners of the Company | | (360,356) | (733,153) | (911,376) | (645,622) | (605,764) |
| – Non-controlling interests | | (664) | (266) | (398) | (80) | 1,345 |
| | | (361,020) | (733,419) | (911,774) | (645,702) | (604,419) |

## CONSOLIDATED BALANCE SHEETS

| | | As at 31 December | | | As at 30 September |
|---|---|---|---|---|---|
| | *Note* | **2020** | **2021** | **2022** | **2023** |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | *13* | 119,991 | 128,729 | 132,967 | 123,294 |
| Right-of-use assets | *14(a)* | 17,583 | 22,439 | 15,531 | 12,248 |
| Investment properties | *15* | 194,270 | 181,008 | 169,053 | 166,045 |
| Intangible assets | *16* | 14,468 | 17,768 | 19,019 | 17,946 |
| Deferred income tax assets | *31* | 17,599 | 11,974 | 4,687 | 13,847 |
| Investments accounted for using the equity method | *17* | 97,907 | 390,636 | 205,620 | 167,892 |
| Financial assets at fair value through other comprehensive income | *23* | 20,535 | 37,779 | 43,689 | 48,190 |
| Financial assets at fair value through profit or loss | *21(a)* | 99,159 | 87,702 | 82,578 | 79,488 |
| **Total non-current assets** | | 581,512 | 878,035 | 673,144 | 628,950 |
| **Current assets** | | | | | |
| Prepayments, other receivables and other assets | *19* | 181,215 | 33,813 | 340,230 | 59,017 |
| Trade receivables | *20* | 16,060 | 32,976 | 40,623 | 79,245 |
| Financial assets at fair value through profit or loss | *21(a)* | 352,707 | 187,669 | 188,567 | 191,390 |
| Loan and factoring receivables | *22* | 156,997 | – | – | – |
| Inventories | | 786 | 518 | 687 | 672 |
| Customer accounts and restricted cash | *24* | 6,634,490 | 6,470,610 | 8,757,259 | 9,108,472 |
| Cash and cash equivalents | *24* | 1,300,476 | 871,460 | 145,504 | 142,222 |
| **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 |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | *29* | – | – | 158,950 | 147,900 |
| Lease liabilities | *14(b)* | 9,356 | 11,811 | 4,896 | 3,080 |
| Deferred income tax liabilities | *31* | 238 | 499 | 89 | – |
| Deferred income | *30* | 150 | 2,490 | 11,820 | 13,172 |
| **Total non-current liabilities** | | 9,744 | 14,800 | 175,755 | 164,152 |
| **Current liabilities** | | | | | |
| Trade payables | *27* | 20,093 | 25,382 | 38,946 | 72,715 |
| Contract liabilities | *5(d)* | 5,141 | 7,444 | 9,601 | 25,211 |
| Income tax payables | | 11,703 | 2,812 | 4,611 | 5,980 |
| Borrowings | *29* | – | – | 105,279 | 205,521 |
| Lease liabilities | *14(b)* | 6,225 | 10,130 | 9,071 | 7,500 |
| Accruals and other payables | *28* | 6,589,540 | 6,496,204 | 8,742,296 | 9,159,535 |
| **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 |
| **Equity** | | | | | |
| Share capital | *25* | 1,014,760 | 1,014,760 | 1,014,760 | 1,014,760 |
| Other reserves | *26* | 1,926,680 | 2,009,899 | 2,067,341 | 2,183,791 |
| Accumulated losses | | (360,584) | (1,107,170) | (2,023,710) | (2,633,111) |
| Equity attributable to owners of the Company | | 2,580,856 | 1,917,489 | 1,058,391 | 565,440 |
| Non-controlling interests | | 941 | 820 | 2,064 | 3,914 |
| **Total equity** | | 2,581,797 | 1,918,309 | 1,060,455 | 569,354 |
| **Total equity and liabilities** | | 9,224,243 | 8,475,081 | 10,146,014 | 10,209,968 |

## BALANCE SHEETS OF THE COMPANY

| | | As at 31 December | | | As at 30 September |
|---|---|---|---|---|---|
| | *Note* | 2020 | 2021 | 2022 | 2023 |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | | 144 | 241 | 645 | 556 |
| Right-of-use assets | | – | 611 | 365 | 192 |
| Intangible assets | | – | 459 | 347 | 263 |
| Investments accounted for using the equity method | *17* | 97,907 | 390,636 | 205,620 | 167,892 |
| Investments in subsidiaries | *17* | 1,112,631 | 943,908 | 995,213 | 1,105,242 |
| **Total non-current assets** | | 1,210,682 | 1,335,855 | 1,202,190 | 1,274,145 |
| **Current assets** | | | | | |
| Prepayments, other receivables and other current assets | *19* | 159,231 | 6,798 | 306,543 | 12,171 |
| Trade receivables | | 889 | – | – | – |
| Amounts due from subsidiaries | *36* | – | – | – | 19,712 |
| Financial assets at fair value through profit or loss | *21* | 177,615 | 187,669 | 188,567 | 191,390 |
| Restricted cash | *24* | – | – | 5,100 | – |
| Cash and cash equivalents | *24* | 1,221,671 | 754,762 | 23,573 | 11,820 |
| **Total current assets** | | 1,559,406 | 949,229 | 523,783 | 235,093 |
| **Total assets** | | 2,770,088 | 2,285,084 | 1,725,973 | 1,509,238 |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Lease liabilities | | – | 205 | 93 | – |
| **Current liabilities** | | | | | |
| Amounts due to subsidiaries | *36* | 37,010 | 137,360 | 325,679 | 495,755 |
| Accruals and other payables | *28* | 10,833 | 10,261 | 5,699 | 22,340 |
| Lease liabilities | | – | 678 | 597 | 241 |
| **Total current liabilities** | | 47,843 | 148,299 | 331,975 | 518,336 |
| **Total liabilities** | | 47,843 | 148,504 | 332,068 | 518,336 |
| **Equity** | | | | | |
| Share capital | *25* | 1,014,760 | 1,014,760 | 1,014,760 | 1,014,760 |
| Other reserves | *26* | 1,748,774 | 1,818,576 | 1,870,854 | 1,983,667 |
| Accumulated losses | | (41,289) | (696,756) | (1,491,709) | (2,007,525) |
| **Total equity** | | 2,722,245 | 2,136,580 | 1,393,905 | 990,902 |
| **Total equity and liabilities** | | 2,770,088 | 2,285,084 | 1,725,973 | 1,509,238 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | *Note* | **Share capital** | **Other reserves** | **Accumulated losses** | **Total** | **Non-controlling interests** | **Total equity** |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Balance as at 1 January 2020** | | 906,740 | 579,704 | (50,217) | 1,436,227 | 300 | 1,436,527 |
| Loss for the year | | – | – | (368,159) | (368,159) | (590) | (368,749) |
| Other comprehensive income/(loss) | | – | 7,803 | – | 7,803 | (74) | 7,729 |
| **Total comprehensive loss** | | – | 7,803 | (368,159) | (360,356) | (664) | (361,020) |
| **Transactions with equity holders of the Company:** | | | | | | | |
| Capital contribution from shareholders and non-controlling interests | *25* | 107,909 | 1,359,264 | – | 1,467,173 | 581 | 1,467,754 |
| Capital contribution from the ultimate controlling party | *26* | – | 51,113 | – | 51,113 | – | 51,113 |
| Convert into a joint stock company | *26* | 111 | (57,903) | 57,792 | – | – | – |
| Share-based compensation | *7, 37* | – | 110,585 | – | 110,585 | 387 | 110,972 |
| Deemed distribution | *32* | – | (119,300) | – | (119,300) | – | (119,300) |
| Transactions with non-controlling interests | *26* | – | (4,586) | – | (4,586) | 337 | (4,249) |
| **Balance as at 31 December 2020** | | 1,014,760 | 1,926,680 | (360,584) | 2,580,856 | 941 | 2,581,797 |
| **Balance as at 1 January 2021** | | 1,014,760 | 1,926,680 | (360,584) | 2,580,856 | 941 | 2,581,797 |
| Loss for the year | | – | – | (746,586) | (746,586) | (250) | (746,836) |
| Other comprehensive income/(loss) | | – | 13,433 | – | 13,433 | (16) | 13,417 |
| **Total comprehensive loss** | | – | 13,433 | (746,586) | (733,153) | (266) | (733,419) |
| **Transactions with equity holders of the Company:** | | | | | | | |
| Capital contributions from non-controlling interests | | – | – | – | – | 174 | 174 |
| Share-based compensation | *7, 37* | – | 69,802 | – | 69,802 | – | 69,802 |
| Transaction with non-controlling interests | | – | (16) | – | (16) | (29) | (45) |
| **Balance as at 31 December 2021** | | 1,014,760 | 2,009,899 | (1,107,170) | 1,917,489 | 820 | 1,918,309 |
| **Balance as at 1 January 2022** | | 1,014,760 | 2,009,899 | (1,107,170) | 1,917,489 | 820 | 1,918,309 |
| Loss for the year | | – | – | (916,540) | (916,540) | (326) | (916,866) |
| Other comprehensive income/(loss) | | – | 5,164 | – | 5,164 | (72) | 5,092 |
| **Total comprehensive loss** | | – | 5,164 | (916,540) | (911,376) | (398) | (911,774) |
| **Transactions with equity holders of the Company:** | | | | | | | |
| Share-based compensation | *7, 37* | – | 52,278 | – | 52,278 | – | 52,278 |
| Capital contributions from non-controlling interests | | – | – | – | – | 1,642 | 1,642 |
| **Balance as at 31 December 2022** | | 1,014,760 | 2,067,341 | (2,023,710) | 1,058,391 | 2,064 | 1,060,455 |

| | | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | *Note* | **Share capital** | **Other reserves** | **Accumulated losses** | **Total** | **Non-controlling interests** | **Total equity** |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Balance as at 1 January 2022** | | 1,014,760 | 2,009,899 | (1,107,170) | 1,917,489 | 820 | 1,918,309 |
| **(Unaudited)** | | | | | | | |
| Loss for the period | | – | – | (648,108) | (648,108) | (367) | (648,475) |
| Other comprehensive income/(loss) | | – | 2,486 | – | 2,486 | 287 | 2,773 |
| **Total comprehensive income/(loss)** | | – | 2,486 | (648,108) | (645,622) | (80) | (645,702) |
| **Transactions with equity holders of the Company:** | | | | | | | |
| Share-based compensation | *7, 37* | – | 39,209 | – | 39,209 | – | 39,209 |
| Capital contributions from non-controlling interests | | – | – | – | – | 1,642 | 1,642 |
| **Balance as at 30 September 2022 (unaudited)** | | 1,014,760 | 2,051,594 | (1,755,278) | 1,311,076 | 2,382 | 1,313,458 |
| **Balance as at 1 January 2023** | | 1,014,760 | 2,067,341 | (2,023,710) | 1,058,391 | 2,064 | 1,060,455 |
| (Loss)/profit for the period | | – | – | (608,056) | (608,056) | 1,337 | (606,719) |
| Other comprehensive income | | – | 2,292 | – | 2,292 | 8 | 2,300 |
| **Total comprehensive loss** | | – | 2,292 | (608,056) | (605,764) | 1,345 | (604,419) |
| **Transactions with equity holders of the Company:** | | | | | | | |
| Profit appropriations to statutory reserves | *26* | – | 1,345 | (1,345) | – | – | – |
| Share-based compensation | *7, 37* | – | 112,813 | – | 112,813 | – | 112,813 |
| Capital contributions from non-controlling interests | | – | – | – | – | 505 | 505 |
| **Balance as at 30 September 2023** | | 1,014,760 | 2,183,791 | (2,633,111) | 565,440 | 3,914 | 569,354 |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|---|
| | *Note* | 2020 | 2021 | 2022 | 2022 | 2023 |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| **Cash flows from operating activities** | | | | | | |
| Cash (used in)/generated from operations | *33(a)* | (81,276) | 94,994 | (55,121) | (60,658) | (5,687) |
| Interests 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 |
| **Cash flows from investing activities** | | | | | | |
| Proceeds from repayment of loans to related parties | *36(b)(vi)* | 2,650 | 150,000 | – | – | 300,000 |
| Interests received from loans to related parties | *36(b)(vi)* | 2,401 | 3,767 | – | – | 10,785 |
| Proceeds from disposal of property, plant and equipment and intangible assets | | 328 | 290 | 32 | 31 | – |
| Proceeds from disposal of financial assets at fair value through profit or loss ("FVPL") | *3.3(b)* | 299,252 | 879,353 | – | – | – |
| Disposal of subsidiaries, net of cash | *32(d)* | – | 140,546 | – | – | – |
| Other investment income received | *8* | – | – | 335 | 335 | 308 |
| Capital injection for associates | *17* | – | (980,000) | (620,000) | (370,000) | (433,000) |
| Payment for financial assets at FVPL | *3.3(b)* | (232,200) | (700,000) | – | – | (470) |
| Payment for acquisition of property, plant and equipment | | (6,939) | (18,022) | (11,986) | (11,616) | (669) |
| Payment for acquisition of intangible assets | | (1,242) | (4,180) | (9,450) | (9,273) | (1,969) |
| Payment for acquisition of subsidiaries, net of cash acquired | *32(b)* | (279,512) | – | – | – | – |
| Loans to related parties | *36(b)(vi)* | (152,650) | – | (300,000) | (125,000) | – |
| **Net cash (used in)/generated from investing activities** | | (367,912) | (528,246) | (941,069) | (515,523) | (125,015) |
| **Cash flows from financing activities** | | | | | | |
| Proceeds from capital contribution | | 1,467,173 | – | – | – | – |
| Proceeds from capital contribution from non-controlling interests | | 581 | 420 | 1,642 | 1,642 | 505 |
| Proceeds from loans from related parties | *36(b)(vii)* | 120,329 | – | – | – | – |
| Amounts received from related parties | *36(b)(iv)* | 4,754 | – | – | – | – |
| Proceeds from borrowings | | 699,392 | 30,000 | 259,415 | 201,007 | 365,581 |
| Release of pledged deposits | | – | – | – | – | 5,100 |
| Repayment of borrowings | | (699,392) | (30,000) | (557) | – | (275,270) |
| Amounts repaid to related parties | *36(b)(v)* | (10,984) | – | – | – | – |
| Repayment of loans to related parties | *36(b)(vii)* | (143,129) | – | – | – | – |
| Interests paid for loan from a related party | *36(b)(vii)* | (1,518) | – | – | – | – |
| Interests of borrowings paid | | (3,954) | – | (2,379) | – | (8,893) |
| Principal and interests of lease payments | *14(b)* | (10,226) | (6,633) | (10,427) | (7,201) | (7,074) |
| Transactions with non-controlling interests | *26* | (4,248) | (45) | – | – | – |
| Payment for acquisition of subsidiaries through a business combination under common control | *32(a)* | (119,300) | – | – | – | – |
| Payments for [**REDACTED**] expenses | | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Pledged deposits for borrowings | *24(a)* | – | – | (5,100) | (1,800) | – |
| **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/period | | 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** | *24* | 1,300,476 | 871,460 | 145,504 | 511,225 | 142,222 |

# II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

## 1 GENERAL INFORMATION AND GROUP STRUCTURE OF THE GROUP

### 1.1 General information

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

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

The Financial Information is presented in Renminbi ("**RMB**"), unless otherwise stated.

### 1.2 Group structure

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries:

| Company name | *Note* | Country/place and date of incorporation/ establishment and kind of legal entity | Particulars of registered/ issued share capital | Effective interests held by the Group as at 31 December 2020 | 31 December 2021 | 31 December 2022 | 30 September 2023 | Date of this report | Principal activities |
|---|---|---|---|---|---|---|---|---|---|
| **Subsidiaries directly held:** | | | | | | | | | |
| Lianlian Yintong Electronic Payment Co., Ltd. | *(ii)* | The PRC, 7 August 2003, limited liability company | RMB325,000,000 | 100% | 100% | 100% | 100% | 100% | Internet payment |
| Lianlian Yinjia Information Technology Co., Ltd. | *(ii)* | The PRC, 8 July 2016, limited liability company | RMB100,000,000 | 100% | 100% | 100% | 100% | 100% | Information technology service |
| Hangzhou Lianke Investment Co., Ltd. | *(ii)* | The PRC, 22 July 2011, limited liability company | RMB283,000,000 | 100% | 100% | 100% | 100% | 100% | Investment holding |
| Lianlian Hong Kong Company Limited | *(ii)* | Hong Kong, 17 April 2018, limited liability company | USD4,500,000 | 100% | 100% | 100% | 100% | 100% | Investment holding |
| Lianlian (Hangzhou) Information Technology Co., Ltd. | *(ii)* | The PRC, 20 October 2005, limited liability company | RMB80,198,000 | 100% | 100% | 100% | 100% | 100% | Information technology service |
| Shanghai Lianlian Micro Loan Co., Ltd. | *(iii)* | The PRC, 3 July 2015, limited liability company | RMB300,000,000 | 100% | NA | NA | NA | NA | Micro-Loan |
| Shanghai Lianlian Digitech Co., Ltd. | *(iii)* | The PRC, 9 August 2018, limited liability company | RMB100,000,000/ RMB55,600,000 | 100% | NA | NA | NA | NA | Investment holding |
| **Subsidiaries indirectly held:** | | | | | | | | | |
| Lianlian Pay Global Limited | *(i)* | Cayman, 23 September 2019, limited liability company | USD50,000/ USD1,541 | 100% | 100% | 100% | 100% | 100% | Investment holding |
| Zhejiang Lianlian Information Technology Co., Ltd. | *(ii)* | The PRC, 2 August 2011, limited liability company | RMB318,000,000 | 100% | 100% | 100% | 100% | 100% | Investment properties leasing and property management |
| Lianlianbao (Hangzhou) Information Technology Co., Ltd. | *(ii)* | The PRC, 15 August 2019, limited liability company | RMB100,000,000/ RMB75,000,000 | 100% | 100% | 100% | 100% | 100% | Information technology service |

| Company name | Note | Country/place and date of incorporation/ establishment and kind of legal entity | Particulars of registered/ issued share capital | Effective interests held by the Group as at 31 December 2020 | 31 December 2021 | 31 December 2022 | 30 September 2023 | Date of this report | Principal activities |
|---|---|---|---|---|---|---|---|---|---|
| LL Pay UK Limited | *(ii)* | The U.K., 13 July 2016, limited liability company | GBP350,000 | 100% | 100% | 100% | 100% | 100% | Internet payment |
| Lianlian Bao HK Company Limited | *(ii)* | Hong Kong, 16 August 2019, limited liability company | 2020: USD2,810,000/ USD2,800,000 2021,2022 and 30 September 2023: USD2,810,000 | 100% | 100% | 100% | 100% | 100% | Information technology service |
| LL Pay U.S. LLC | *(ii)* | The U.S.A., 5 July 2016, limited liability company | 2020: USD3,930,000 2021: USD5,180,000 2022: USD7,080,000/ USD6,680,000 30 September 2023: USD7,720,000/ USD7,720,000 | 100% | 100% | 100% | 100% | 100% | Internet payment |
| Lianlian Pay Global Limited BVI *(Note 32(a))* | *(i)* | British Virgin Islands, 12 April 2017, limited liability company | USD50,000/ USD36,501 | 100% | 100% | 100% | 100% | 100% | Investment holding |
| Lianlian Pay Japan Co., Ltd. ("Lianlian Japan") *(Note 32(c))* | *(i)* | Japan, 16 December 2019, limited liability company | JPY1,000,000 | 100% | 100% | 100% | 100% | 100% | Information technology service |
| LIANLIAN IRELAND LIMITED | *(ii)* | Ireland, 23 July 2019, limited liability company | EUR350,000 | 100% | 100% | 100% | 100% | 100% | Information technology service |
| Lianlian International Company Limited | *(ii)* | Hong Kong, 20 June 2016, limited liability company | HKD1 | 100% | 100% | 100% | 100% | 100% | Internet payment |
| Lianlian StarFX Company Limited | *(vi)* | Hong Kong, 17 June 2022, limited liability company | HKD1/Nil | NA | NA | 100% | 100% | 100% | Information technology service |
| Lianlian Europe S.A. | | Luxembourg, 18 January 2023, limited liability company | EUR350,000 | NA | NA | NA | 100% | 100% | Information technology service |
| Zhejiang Lianlianbao Network Co., Ltd. | *(ii)* | The PRC, 22 February 2019, limited liability company | 2020, 2021 and 2022: RMB50,000,000/ RMB20,000,000 30 September 2023: RMB50,000,000/ RMB30,000,000 | 100% | 100% | 100% | 100% | 100% | Information technology service |
| Hangzhou Hulian Internet Technology Service Co., Ltd. | *(ii)* | The PRC, 9 January 2018, limited liability company | RMB10,000,000/ RMB2,500 | 100% | 100% | 100% | 100% | 100% | Information technology service |
| Hangzhou Ruixin Data Technology Co., Ltd. | *(ii)* | The PRC, 23 January 2018, limited liability company | 2020, 2021 and 2022: RMB5,000,000/ RMB2,125,000 30 September 2023: RMB5,000,000 | 100% | 100% | 100% | 100% | 100% | Information technology service |
| Ningbo Lianhui Commercial Factoring Co., Ltd. | *(iii)* | The PRC, 12 February 2018, limited liability company | RMB100,000,000/ RMB50,000,000 | 100% | NA | NA | NA | NA | Financial facilitation and commercial factoring service |

| Company name | Note | Country/place and date of incorporation/ establishment and kind of legal entity | Particulars of registered/ issued share capital | Effective interests held by the Group as at 31 December 2020 | 31 December 2021 | 31 December 2022 | 30 September 2023 | Date of this report | Principal activities |
|---|---|---|---|---|---|---|---|---|---|
| LIANLIAN PAY BRASIL PAGAMENTOS ELETRÔNICOS LTDA | *(i)* | Brazil, 31 March 2017, limited liability company | 2020: BRL5,000,000/ BRL4,776,500 2021: BRL8,000,000 2022: BRL16,000,000/ BRL10,511,000 30 September 2023: BRL16,000,000/ BRL12,805,000 | 95% | 95% | 97.5% | 97.5% | 97.5% | Internet payment |
| Lianlian Pay Electronic Payment (Thailand) Company Limited | *(ii)* | Thailand, 1 June 2017, limited liability company | 2020: THB50,000,000/ THB27,500,000 2021: THB50,000,000/ THB47,000,000 2022: THB60,000,000/ THB56,000,000 30 September 2023: THB60,000,000/ THB60,000,000 | 98% | 98% | 98.33% | 98.33% | 98.33% | Internet payment |
| Lite Pay Company Limited | *(ii)* | Hong Kong, 9 September 2016, limited liability company | HKD1 | 100% | 100% | 100% | 100% | 100% | Internet payment |
| Nuna Network LLC ("Nuna") | *(i)* | The U.S.A., 2 January 2018, limited liability company | 2020: USD3,050,000 2021: USD4,640,000 2022: USD5,210,000 30 September 2023: USD5,770,000 | 100% | 100% | 100% | 100% | 100% | Information technology service |
| Starlink Financial Technologies Pte. Ltd. | *(i)* | Singapore, 7 March 2018, limited liability company | 2020 and 2021: USD500,000 2022: USD1,500,000 30 September 2023: USD1,800,000 | 67.5% | 67.5% | 67.5% | 67.5% | 67.5% | Internet payment |
| Starlink Technologies SDN. BHD. | *(ii)* | Malaysia, 3 October 2018, limited liability company | MYR414,750 | 67.5% | 67.5% | 67.5% | 67.5% | 67.5% | Information technology service |
| Starlink Financial Technologies Joint Stock Company *(Note 32(c))* | *(ii)* | Vietnam, 18 October 2019, limited liability company | 2020 and 2021: VND200,000,000 2022 and 30 September 2023: VND6,000,000,000 | 60.75% | 66.15% | 67.05% | 67.05% | 67.05% | Information technology service |
| PT Buana Gemah Ripah | *(i),(iv)* | Indonesia, 11 February 2004, limited liability company | 2020, 2021 and 2022: IDR500,000,000 30 September 2023 IDR2,500,000,000/ IDR2,107,460,000 | 67.5% | 67.5% | 67.5% | 67.5% | 67.5% | Information technology service |
| PT INTERNASIONAL SUKSES REMITEN | *(iv),(v)* | Indonesia, 26 May 2016, limited liability company | IDR500,000,000 | NA | NA | 60.75% | 60.75% | 65.55% | Internet payment |
| DFX Holding Limited | | Hong Kong, 27 April 2023, limited liability company | HKD1,000,000/ Nil | NA | NA | NA | 100% | 100% | Investment holding |

| Company name | *Note* | Country/place and date of incorporation/ establishment and kind of legal entity | Particulars of registered/ issued share capital | Effective interests held by the Group as at 31 December 2020 | 31 December 2021 | 31 December 2022 | 30 September 2023 | Date of this report | Principal activities |
|---|---|---|---|---|---|---|---|---|---|
| DFX Labs Company Limited | | Hong Kong, 2 May 2023, limited liability company | HKD1,000,000/ Nil | NA | NA | NA | 100% | 100% | Information technology service |
| DFX Custody Company Limited | | Hong Kong, 8 August 2023, limited liability company | HKD1,000,000/Nill | NA | NA | NA | 100% | 100% | Information technology service |

(i) All companies comprising the Group have adopted 31 December as their financial year end date.

No statutory audited financial statements were issued for these companies as there is no statutory requirement in their respective places of incorporation.

(ii) The statutory financial statements of the Company for the years ended 31 December 2020, 2021 and 2022 were audited by PricewaterhouseCoopers Zhong Tian LLP.

The statutory financial statements of Lianlian Hong Kong Company Limited, Lianlian International Company Limited, Lite Pay Company Limited and Lianlian Bao HK Company Limited for the years ended 31 December 2020, 2021 and 2022 were audited by PricewaterhouseCoopers.

The statutory financial statements of the subsidiaries located in China for the years ended 31 December 2020, 2021 and 2022 were audited by ZhongHui Certificated Public Accountants LLP.

The statutory financial statements of LL Pay U.S. LLC for the years ended 31 December 2020, 2021 and 2022 were audited by CohnReznick LLP.

The statutory financial statements of LL Pay UK Limited for the years ended 31 December 2020, 2021 and 2022 were audited by Grant Thornton UK LLP.

The statutory financial statements of LIANLIAN IRELAND LIMITED for the years ended 31 December 2020, 2021 and 2022 were audited by Mazars Chartered Accountants & Statutory Audit Firm.

The statutory financial statements of Lianlian Pay Electronic Payment (Thailand) Company Limited for the years ended 31 December 2020, 2021 and 2022 were audited by Newell Audit & Accounting (Thailand) Co., Ltd.

The statutory financial statements of Starlink Financial Technologies Joint Stock Company for the year ended 31 December 2020 was audited by ASIA AUDITING AND FINANCIAL INVESTMENT CONSULTANT COMPANY LIMITED, and the statutory financial statements for the years ended 31 December 2021 and 2022 were audited by Tri Thuc Viet Company Limited.

The statutory financial statements of Starlink Technologies SDN. BHD. for the years ended 31 December 2020, 2021 and 2022 were audited by BEH, LEE & ASSOCIATES.

The statutory financial statement of PT INTERNASIONAL SUKSES REMITEN for the year ended 31 December 2022 was audited by KAP Deddy Koe.

(iii) On 28 May 2021, the Group disposed 100% of the equity interests of Shanghai Lianlian Micro Loan Co., Ltd. ("**Lianlian Micro Loan**") and Shanghai Lianlian Digitech Co., Ltd. ("**Shanghai Lianlian**") and its subsidiary, Ningbo Lianhui Commercial Factoring Co., Ltd. ("**Lianhui Factoring**") to a related party (Note 32(d)).

(iv) The Group controls PT Buana Gemah Ripah and PT INTERNASIONAL SUKSES REMITEN ("**PT ISR**") through contractual arrangements.

(v) On 8 June 2022, the Group acquired 90% of the equity interests of PT ISR from a third-party (Note 32(c)).

(vi) The statutory financial statements of these subsidiaries were not issued for the year ended 31 December 2022.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

### 2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

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

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

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

All effective standards, amendments to standards and interpretations, which are mandatory for the financial years beginning on or after 1 January 2020, have been early adopted and are consistently applied to the Group throughout the Track Record Period.

***(a) New Standards, amendments to standards and interpretations not yet adopted***

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

| | **New/amended standards** | **Effective date** |
|---|---|---|
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to IAS 1 | Non-current liabilities with covenants | 1 January 2024 |
| Amendment to IFRS 16 | Leases on sale and leaseback | 1 January 2024 |
| Amendments to IAS 7 and IFRS 7 | Supplier finance arrangements | 1 January 2024 |
| Amendments to IAS 21 | Lack of exchangeability | 1 January 2025 |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

***(b) Changes in accounting policy and disclosures***

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

**2.2 Principles of consolidation and equity accounting**

***2.2.1 Subsidiaries***

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group except for the business combinations under common control (Refer to Note 2.2.5(a)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive loss, statements of changes in equity and balance sheets respectively.

***2.2.2 Associates***

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee and the share of other comprehensive income of the investee after the date of acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associate are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profits/(losses) of investments accounted for using the equity method" in the consolidated statement of comprehensive income.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

***2.2.3 Equity method***

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

***2.2.4 Changes in ownership interests***

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

***2.2.5 Business combinations***

*(a) Business combinations under common control*

Business combinations under common control refers to combinations where combining entities/businesses are controlled by the same parties before and after the combination and that control is not transitory.

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control, where all assets and liabilities are recorded at predecessor carrying amounts, as if the combining entities have been consolidated from the date when they first came under the control of the controlling party, where differences between consideration payable and the net assets value are taken to the capital reserve.

*(b) Business combination not under common control*

The acquisition method of accounting is used to account for business combinations not under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interests in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interests in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a gain on bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

#### *2.2.6 Separate financial statements*

Investments in subsidiaries is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiary are accounted for by the Group on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the Historical Financial Information of the investee's net assets including goodwill.

### 2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and the other key management.

### 2.4 Foreign currency translation

#### *2.4.1 Functional and presentation currency*

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currencies of the Company and the Company's subsidiaries in the Mainland China are RMB. The functional currency of the Company's subsidiaries outside Mainland China are measured using the currency of the primary economic environment in which the subsidiary operates.

As the major operations of the Group during the Track Record Period are within the Mainland China, the Group determined to present its Historical Financial Information in RMB (unless otherwise stated).

#### *2.4.2 Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in the consolidated balance sheets as part of the fair value gain or loss.

*2.4.3 Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

**2.5 Property, plant and equipment**

Property, plant and equipment, are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the Track Record Period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives:

| | **Estimated useful lives** | **Residual rate** |
|---|---|---|
| – Buildings | 5 years, 10 years, 46 years | 5% |
| – Vehicles | 5-10 years | 5% |
| – Furniture and office equipment | 3-5 years | 5% |
| – Electronic equipment | 3-5 years | 5% |
| – Leasehold improvement | Shorter of remaining lease term or useful life | |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in "Other gains, net" in the consolidated statements of comprehensive loss.

**2.6 Investment properties**

Investment properties are properties held to earn rentals. Investment properties are initially measured at cost and are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

The above investment properties are depreciated over their estimated useful lives of 46 years using the straight-line method. Depreciation is recognized over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**2.7 Intangible assets**

***(a) Software***

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortized using the straight-line method over their estimated useful lives of 3-10 years. Costs associated with maintaining computer software programs are recognized as expense as incurred.

***(b) Trademarks and patents***

Acquired trademarks and patents are capitalized on the basis of the costs incurred to acquire. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives of 10 years.

***(c) Licence***

Licence acquired in a business combination are recognised at fair value at the acquisition date. They have an indefinite life and are subsequently carried at cost without amortisation, but is tested for impairment annually.

***(d) Goodwill***

Goodwill is measured as described in Note 16. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("**CGU**") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

***(e) Research and development expenditures***

The Group incurs significant costs and efforts on research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed products and all the following can be demonstrated:

- it is technically feasible to complete the development project so that it will be available for use;
- management intends to complete the development project, and use or sell it;
- the ability to use or sell the development project;
- it can be demonstrated how the development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and the ability to use or sell the development project are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the development project include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Other development expenditures that do not meet those above criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

During the Track Record Period, there were no development costs meeting these criteria and capitalised as intangible assets.

**2.8 Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**2.9 Financial assets and liabilities**

***2.9.1 Financial assets***

*(a) Classification*

The Group classifies its financial assets in the following measurement categories:

(i) Those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**"), or through profit or loss), and

(ii) Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

*(b) Recognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset.

*(c) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("**SPPI**") are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any expected credit losses ("**ECL**") allowance) or to the amortised cost of a financial liability. The calculation does not consider ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ("**POCI**") financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e., net of the ECL provision).

(ii) FVOCI: Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses) – net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains/(losses) – net". Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

(iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of comprehensive loss within "Other gains/(losses) – net" in the period in which it arises.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "**SPPI test**"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

<u>Equity instruments</u>

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

*(d) Impairment*

The Group assesses the ECL associated with its debt instruments carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 3.1(b) provides more details of how the "Provision for impairment" is measured.

*(e) Derecognition*

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

*(f) Write-off*

Financial assets (and the related ECL allowance) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

***2.9.2 Financial liabilities***

*(a) Classification and subsequent measurement*

Financial liabilities are classified as subsequently measured at amortised cost, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

*(b) Derecognition*

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

**2.10 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets where the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**2.11 Trade receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's impairment policies.

**2.12 Cash and cash equivalents and customer account**

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include deposits held at call with banks, cash at other third-party online payment platforms, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Customer accounts mainly represent customer funds actually collected and awaiting disbursement as requested.

**2.13 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

**2.14 Trade and other payables**

Trade payables mainly represent the obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The Group shares its payment service revenue with distribution channels in the form of commissions in accordance with the terms of the service agreements.

Payables to merchants included in other payables represent the funds in customer deposit accounts which has not been transferred to merchant customers due to the settlement cycle or the preferences of merchant customers for periodic collection of funds. The carrying amounts are estimated to be approximating their fair values, due to their short-term nature. Trade and other payables are presented as current liabilities unless payment is not due within one year or less after the reporting period.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**2.15 Borrowings and borrowing costs**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other borrowing costs are expensed in the period in which they are incurred.

**2.16 Current and deferred income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

***(a) Current income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

***(b) Deferred income tax***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and income tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group considers the asset and the liability separately for lease transactions. The Group recognises a deferred income tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred income tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities since initial recognition.

**2.17 Employee benefits**

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

The Group only operates defined contribution pension plans. Employees of the Group are covered by various government-sponsored social security plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments. Contributions to these plans are expensed as incurred.

Employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred.

***(b) Short-term obligations***

Liabilities for salaries and bonuses, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations and reflected in "Accruals and other payables" in the balance sheets.

***(c) Share-based payments***

Share-based compensation benefits are provided to employees via shares issued by the Group and the employee option plan. Information relating to these schemes is set out in Note 37.

For shares issued by the Group to employees vest immediately, on the grant date, the difference of the fair value of such shares and the exercise price is recognised as share-based compensation expense with a corresponding increase in equity.

*Employee options*

The fair value of options granted under the employee option plan is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)

- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognized for that award, as at the date of forfeiture, is treated as if it had never been recognized. At the same time, any expense previously recognized on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

Where there is any modification of terms and conditions in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

The grant by the Company of its equity instruments to the employees of the subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses are treated as part of the "investments in subsidiaries" in the Company's balance sheets.

***(d) Profit-sharing and bonus plans***

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

***(e) Termination benefits***

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**2.18 Revenue recognition**

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

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

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

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

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

***2.18.1 The accounting policy for the Group's principal revenue types***

*(a) Digital payment services*

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

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

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

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

*(b) Value-added services*

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

*(c) Revenue from other sources*

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

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

Factoring income mainly consists of factoring interest income and other factoring related service income. Factoring interest income are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### 2.19 Loss per share

***(i) Basic loss per share***

Basic loss per share is calculated by dividing:

- The losses attributable to equity holders of the Company;
- By the weighted average number of ordinary shares outstanding during the financial year.

***(ii) Diluted loss per share***

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.20 Leases

***(a) Definition of a lease and the Group as a lessee***

The Group leases various buildings and data centre in the PRC and abroad as lessee. Rental contracts are typically made for fixed periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following (if applicable):

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment (Note 2.8). Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

*(i) Modification of lease*

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use assets.

***(b) The Group as a lessor***

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in consolidated statements of comprehensive loss due to its operating nature.

**2.21 Interest income**

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets in "Other gains/(losses) – net", see Note 9 below.

Interest income is presented as "Finance income" where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

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

Interest income from financial assets at amortised cost is included in the "Finance income", see Note 10 below.

The effective interest method is a method of calculating the amortised cost of a financial asset (including a group of financial assets) and of allocating the interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (but does not consider future credit losses). The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management of the Group. The Group currently does not use any derivative financial instruments to hedge certain risk exposure.

***(a) Market risk***

*(i) Foreign exchange risk*

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

The functional currency of most of the Group's subsidiaries outside PRC are US dollars. As at 31 December 2020, 2021, 2022 and 30 September 2023, if the RMB strengthened/weakened by 5% against the USD with all other variables held constant, loss before income tax for the year would have been approximately RMB7,621,000 higher/lower, RMB7,751,000 higher/lower, RMB12,448,000 higher/lower and RMB15,796,000 higher/lower, respectively. If the USD strengthened/weakened by 5% against other currencies with all other variables held constant, loss before income tax for the year would have been approximately RMB29,000 higher /lower, RMB36,000 higher/lower, RMB94,000 higher/lower and RMB1,341,000 higher/lower, respectively.

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

*(ii) Cash flow and fair value interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets and liabilities, except for lease liabilities (Note 14(b)), cash and cash equivalents (Note 24), customer accounts and restricted cash (Note 24), and borrowings (Note 29). Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate risk mainly arises from borrowings. As at 31 December 2022 and 30 September 2023, the Group's borrowings were borrowings that carried at fixed rates and floating rates, which exposed the Group to fair value interest rate risk and cash flow interest rate risk.

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

***(b) Credit risk***

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

*(i) Risk management*

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

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

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

In respect of the Group's unsecured loan receivables, they are not secured by any collaterals and management has a set of procedures in place to reduce the potential credit risks.

The Group has a set of loan approval procedures that takes into account the external credit data and behavioral patterns to assess the creditworthiness of its customers requesting credit. These assessments focus on the individual credit reports obtained from a third-party, occupation and background of the customer, the general business and economic conditions at the time of application and corroborate with the supporting documents provided by the customers.

The Group engages debt collection agents to handle the collection of outstanding repayments of delinquent loans. The debt collection agents would then perform various procedures to approach and follow up with the customers on the outstanding repayments. If procedures are considered not effective, the Group will then initiate legal actions against the customers to recover the outstanding amounts.

Management continuously monitors the behavior of customers and works closely with debt collection agents on the outstanding repayments of delinquent loans. Given the procedures and policies in place, management considers the Group's credit risk to unsecured loans is limited to a certain extent.

*(ii) Impairment of financial assets*

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

Trade receivables

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

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

The loss allowance as at 31 December 2020, 2021, 2022 and 30 September 2023 was determined as follows for trade receivables.

| | As at 31 December 2020 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Expected credit loss rate** | **Loss allowance** |
| | *RMB'000* | | *RMB'000* |
| Within 3 months | 15,100 | 3.61% | (545) |
| 3 months to 6 months | 1,213 | 14.51% | (176) |
| 6 months to 1 year | 788 | 45.30% | (357) |
| More than 1 year | 111 | 66.67% | (74) |
| | 17,212 | 6.69% | (1,152) |

| | As at 31 December 2021 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Expected credit loss rate** | **Loss allowance** |
| | *RMB'000* | | *RMB'000* |
| Within 3 months | 32,105 | 4.54% | (1,456) |
| 3 months to 6 months | 2,368 | 14.48% | (343) |
| 6 months to 1 year | 315 | 49.52% | (156) |
| More than 1 year | 717 | 80.06% | (574) |
| | 35,505 | 7.12% | (2,529) |

| | As at 31 December 2022 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Expected credit loss rate** | **Loss allowance** |
| | *RMB'000* | | *RMB'000* |
| Within 3 months | 30,694 | 1.28% | (392) |
| 3 months to 6 months | 5,885 | 3.82% | (225) |
| 6 months to 1 year | 4,906 | 23.24% | (1,140) |
| More than 1 year | 2,201 | 59.34% | (1,306) |
| | 43,686 | 7.01% | (3,063) |

| | As at 30 September 2023 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Expected credit loss rate** | **Loss allowance** |
| | *RMB'000* | | *RMB'000* |
| Within 3 months | 69,288 | 2.76% | (1,912) |
| 3 months to 6 months | 9,509 | 8.24% | (784) |
| 6 months to 1 year | 3,420 | 44.30% | (1,515) |
| More than 1 year | 3,698 | 66.50% | (2,459) |
| | 85,915 | 7.76% | (6,670) |

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

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| **At beginning of the year/period** | (1,315) | (1,152) | (2,529) | (2,529) | (3,063) |
| Reversal/ (increase) in loss allowance | 68 | (1,734) | (640) | (357) | (3,607) |
| Write-off | 95 | 357 | 106 | 106 | – |
| **At end of the year/period** | (1,152) | (2,529) | (3,063) | (2,780) | (6,670) |

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

Other financial assets at amortised cost

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

*Other receivables*

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

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

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

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

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

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

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

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| **At beginning of the year/period** | (263) | (368) | (236) | (236) | (336) |
| (Increase)/ Reversal in loss allowance | (105) | (195) | (107) | (30) | 143 |
| Written off | – | 327 | 7 | 1 | – |
| **At end of the year/period** | (368) | (236) | (336) | (265) | (193) |

*Loan and factoring receivables*

For loan and factoring receivables, the expected loss rates are determined based on the historical loss rates as well as the average expected loss rates of some small loan companies in the same industry. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. As to loan and factoring receivables, a significant increase in credit risk is presumed when they become overdue for 30 days. In such case, loans to customers are classified as underperforming receivables.

During the Track Record Period, the Group provided for credit losses against loan and factoring receivables as follows:

| | Basis for recognition of expected credit loss provision | Expected credit loss rate | Gross amount | Carrying amount (net of impairment provision) |
|---|---|---|---|---|
| | | | *RMB'000* | *RMB'000* |
| **As at 31 December 2020** | | | | |
| Loan to customers | | | | |
| – Performing | 12 months expected losses | 3.42% | 162,194 | 156,652 |
| – Underperforming | Life-time expected losses | 79.34% | 1,670 | 345 |
| | | | 163,864 | 156,997 |

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

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| **At beginning of the year/period** | – | (6,867) | – | – | – |
| (Increase) /Reversal in loss allowance | (10,169) | 1,830 | – | – | – |
| Written off | 3,302 | – | – | – | – |
| Disposal of subsidiaries | – | 5,037 | – | – | – |
| **At end of the year/period** | (6,867) | – | – | – | – |

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

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| **At beginning of the year/period** | (1,578) | (8,387) | (2,765) | (2,765) | (3,399) |
| Increase in loss allowance *(i)* | (10,206) | (99) | (747) | (387) | (3,464) |
| Written off | 3,397 | 684 | 113 | 107 | – |
| Disposal of subsidiaries | – | 5,037 | – | – | – |
| **At end of the year/period** | (8,387) | (2,765) | (3,399) | (3,045) | (6,863) |

(i) For the year ended 31 December 2020, the aggregate net reversals of impairment on financial assets recorded in the consolidated income statement amounted to RMB2,468,000, which comprised of the loss from provision of impairment of RMB10,206,000 in the table above, and a gain from reversals amounted to RMB12,674,000. Such reversals were due to that, certain loan and factoring receivables of subsidiaries acquired in 2020 were fully impaired and with nil fair value at the acquisition date while were subsequently collected at a higher amount in 2020.

***(c) Liquidity risk***

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

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

| | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2020** | | | | | |
| Trade payables | 20,093 | – | – | – | 20,093 |
| Lease liabilities | 6,896 | 3,929 | 6,213 | – | 17,038 |
| Other payables (excluding VAT payables, other tax payables and staff salaries and welfare payables) | 6,538,137 | – | – | – | 6,538,137 |
| | 6,565,126 | 3,929 | 6,213 | – | 6,575,268 |

| | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2021** | | | | | |
| Trade payables | 25,382 | – | – | – | 25,382 |
| Lease liabilities | 10,577 | 7,858 | 5,054 | – | 23,489 |
| Other payables (excluding VAT payables, other tax payables and staff salaries and welfare payables) | 6,422,608 | – | – | – | 6,422,608 |
| | 6,458,567 | 7,858 | 5,054 | – | 6,471,479 |

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

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 30 September 2023** | | | | | |
| Trade payables | 72,715 | – | – | – | 72,715 |
| Lease liabilities | 7,625 | 2,419 | 770 | – | 10,814 |
| Borrowing (including interests) | 213,752 | 17,410 | 49,525 | 127,894 | 408,581 |
| Other payables (excluding VAT payables, other tax payables and staff salaries and welfare payables) | 9,080,872 | – | – | – | 9,080,872 |
| | 9,374,964 | 19,829 | 50,295 | 127,894 | 9,572,982 |

### 3.2 Capital risk management

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

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

As at 31 December 2020, 2021, 2022 and 30 September 2023, the asset-liability ratio was as follows:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Total liabilities | 6,642,446 | 6,556,772 | 9,085,559 | 9,640,614 |
| Total assets | 9,224,243 | 8,475,081 | 10,146,014 | 10,209,968 |
| Asset-liability ratio | 72% | 77% | 90% | 94% |

### 3.3 Fair value estimation

#### *(a) Fair value hierarchy*

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

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

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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

As at 31 December 2020, 2021, 2022 and 30 September 2023, none of the Group's financial liabilities are measured at fair value. None of the Group's financial assets are measured at fair value using level 1 and level 2 inputs.

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

The following table presents the changes in level 3 instruments for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023:

| | **Investment in wealth management products ("WMPs")** | **Unlisted equity investments** |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Opening balance 1 January 2020** | – | 245,698 |
| Acquisition of subsidiaries | 240,747 | – |
| Additions *(Note 21)* | 232,200 | – |
| Disposals | (299,252) | – |
| Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)* | 1,397 | 54,641 |
| Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)* | – | 3,735 |
| Foreign currency translation | – | (6,765) |
| **Closing balance 31 December 2020** | 175,092 | 297,309 |

| | Investment in wealth management products ("WMPs") | Unlisted equity investments |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Additions *(Note 21)* | 700,000 | – |
| Disposals | (879,353) | – |
| Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)* | 4,261 | 754 |
| Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)* | – | 17,244 |
| Foreign currency translation | – | (2,157) |
| **Closing balance 31 December 2021** | – | 313,150 |
| **Opening balance 1 January 2022** | – | 313,150 |
| Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)* | – | (11,879) |
| Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)* | – | 5,910 |
| Foreign currency translation | – | 7,653 |
| **Closing balance 31 December 2022** | – | 314,834 |
| **Opening balance 1 January 2022** | – | 313,150 |
| Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)* | – | (18,411) |
| Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)* | – | 4,393 |
| Foreign currency translation | – | 8,610 |
| **Closing balance 30 September 2022 (unaudited)** | – | 307,742 |
| **Opening balance 1 January 2023** | – | 314,834 |
| Additions *(Note 21)* | – | 470 |
| Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)* | – | (3,155) |
| Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)* | – | 4,501 |
| Foreign currency translation | – | 2,418 |
| **Closing balance 30 September 2023** | – | 319,068 |

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

Investments in wealth management products are issued by banks in the PRC with floating return of investment. The Group uses discounted cash flow model with inputted interest rate, which was influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of the structured deposits classified as Level 3 financial assets.

| Description | Fair value | | | | Significant unobservable inputs | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|
| | As at 31 December | | | As at 30 September | | | |
| | 2020 | 2021 | 2022 | 2023 | | | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | | | |
| Investment in WMPs | 175,092 | – | – | – | Expected rate of return | 2.40% | The higher the expected rate of return, the higher the fair value. |
| Unlisted equity investments | | | | | | | |
| Current: | | | | | | | |
| – financial assets at FVPL | 177,615 | 187,669 | 188,567 | 191,390 | Risk-free interest rate during the option life | 2.18%-2.70% | The higher the risk-free interest rate during the option life, the lower the fair value. |
| | | | | | Estimated equity price volatility | 42.93%-55.26% | The higher the estimated equity price volatility, the higher the fair value. |
| Non-current: | | | | | | | |
| – financial assets at FVPL | 99,159 | 87,702 | 82,578 | 79,022 | Average growth rate of income | 26.23%-36.99% | The higher the average growth rate of income, the higher the fair value. |
| | | | | | Discount for lack of marketability ("DLOM") | 20.00% | The higher the DLOM during the option life, the lower the fair value. |
| | | | | | Discount for lack of control ("DLOC") | 10.00% | The higher the DLOC during the option life, the lower the fair value. |
| | | | | | Perpetuity growth rate | 1.00% | The higher the perpetuity growth rate, the higher the fair value. |
| | | | | | Conversion rate | 13.00%-14.00% | The higher the conversion rate during the option life, the lower the fair value. |
| | – | – | – | 466 | Latest transaction price | Not applicable | The higher the transaction price, the higher the fair value. |

| Description | Fair value | | | | Significant unobservable inputs | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|
| | As at 31 December | | | As at 30 September | | | |
| | 2020 | 2021 | 2022 | 2023 | | | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | | | |
| Non-current: | | | | | | | |
| – financial assets at FVOCI | 20,535 | 37,779 | 43,689 | 48,190 | Comparable company multiples | 2.30-11.36 | If the comparable company multiples had increased/decreased by 10% with all other variables held constant, the fair value at the year ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2023 would have increased/decreased by RMB2,053,000, RMB3,778,000, RMB4,369,000 and RMB4,819,000, respectively. |
| | | | | | DLOM | 20.00%-30.00% | If the DLoM had increased/decreased by 10% with all other variables held constant, the fair value at the year ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2023 would have decreased/increased by RMB513,000, RMB944,000, RMB1,872,000 and RMB2,065,000, respectively. |
| **Total** | **472,401** | **313,150** | **314,834** | **319,068** | | | |

If the fair values of financial assets at FVPL held by the Group had been 10% higher/lower, the loss before income tax for the year ended 2020, 2021, 2022 and for the nine months ended 30 September 2023 would have been approximately RMB45,187,000, RMB27,537,000, RMB27,115,000 and RMB27,088,000 lower/higher, respectively.

***(c) Valuation processes***

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

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### (a) Fair value for financial instruments

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

### (b) Expected credit loss

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

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

The Group adopts the Black – Scholes option pricing model to determine the fair value of share options. The fair values of share options granted are measured based on the fair value of the underlying shares on the grant date. Significant estimates on key assumptions, such as risk-free interest rate, expected volatility and dividend yield, are required to be made in applying the Black – Scholes option-pricing model (Note 37).

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

### (d) Current and deferred income taxes

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

### (e) Impairment of other non-financial assets

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

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

## 5 REVENUE AND SEGMENT INFORMATION

### (a) Revenue

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

Breakdown of revenue by business lines is as follows:

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| **Revenue from contracts with customers:** | | | | | |
| Digital payment services | 537,930 | 588,003 | 630,097 | 456,533 | 625,675 |
| Value-added services | 7,798 | 21,810 | 91,052 | 59,085 | 96,768 |
| Others | 14,935 | 5,410 | 413 | 413 | 441 |
| | 560,663 | 615,223 | 721,562 | 516,031 | 722,884 |
| **Revenue from other sources:** | | | | | |
| Rental income | 20,249 | 21,462 | 21,186 | 16,319 | 13,806 |
| Micro-loan interest and factoring income | 7,590 | 6,959 | – | – | – |
| | 27,839 | 28,421 | 21,186 | 16,319 | 13,806 |
| **Total** | 588,502 | 643,644 | 742,748 | 532,350 | 736,690 |
| **Revenue from contracts with customers:** | | | | | |
| At a point in time | 542,679 | 598,002 | 691,624 | 493,622 | 711,910 |
| Over time | 17,984 | 17,221 | 29,938 | 22,409 | 10,974 |
| | 560,663 | 615,223 | 721,562 | 516,031 | 722,884 |

### (b) Segment information

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

– Global payment

– Domestic payment

– Value-added services

– Others

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

*(i) Segment results, assets and liabilities*

Segment information as at and for the year ended 31 December 2020 is as follows:

| | Global payment | Domestic payment | Value-added services | Others | Unallocated amounts | Inter-segment elimination | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | 378,111 | 159,819 | 7,798 | 42,774 | – | – | 588,502 |
| Cost of sales | (63,835) | (121,960) | (819) | (23,637) | – | – | (210,251) |
| Segment gross profit | 314,276 | 37,859 | 6,979 | 19,137 | – | – | 378,251 |
| Depreciation, amortisation and impairment charges included in segment cost | (6,636) | (12,411) | (347) | (14,949) | – | – | (34,343) |
| Finance income | 104 | 1,057 | – | 10,906 | 4,436 | (464) | 16,039 |
| Finance costs | (4,396) | (3,061) | (48) | (2,246) | – | 2,892 | (6,859) |
| Share of losses of investments accounted for using the equity method | – | – | – | – | (328,455) | – | (328,455) |
| Profit/(loss) before income tax | 47,497 | (53,350) | (10,030) | (6,859) | (316,139) | – | (338,881) |
| Income tax expenses | (17,519) | (2,309) | (995) | (9,022) | (23) | – | (29,868) |
| Profit/(loss) for the year | 29,978 | (55,659) | (11,025) | (15,881) | (316,162) | – | (368,749) |
| Segment assets | 4,291,350 | 2,852,995 | 2,677 | 615,594 | 3,180,262 | (1,718,635) | 9,224,243 |
| Segment liabilities | 4,307,666 | 2,445,533 | 8,308 | 159,356 | 140,272 | (418,689) | 6,642,446 |

Segment information as at and for the year ended 31 December 2021 is as follows:

| | Global payment | Domestic payment | Value-added services | Others | Unallocated amounts | Inter-segment elimination | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | 440,543 | 147,460 | 21,810 | 33,831 | – | – | 643,644 |
| Cost of sales | (79,249) | (102,605) | (4,065) | (18,481) | – | – | (204,400) |
| Segment gross profit | 361,294 | 44,855 | 17,745 | 15,350 | – | – | 439,244 |
| Depreciation, amortisation and impairment charges included in segment cost | (4,961) | (11,213) | (882) | (9,353) | – | – | (26,409) |
| Finance income | 476 | 1,613 | – | 19,337 | 1,993 | – | 23,419 |
| Finance costs | (2,544) | (807) | – | – | – | 2,374 | (977) |
| Share of losses of investments accounted for using the equity method | – | – | – | – | (687,271) | – | (687,271) |
| Profit/(loss) before income tax | 49,323 | (37,252) | (1,432) | 4,026 | (745,115) | – | (730,450) |
| Income tax (expenses)/credits | (14,461) | (4,776) | 1,156 | 1,501 | 194 | – | (16,386) |
| Profit/(loss) for the year | 34,862 | (42,028) | (276) | 5,527 | (744,921) | – | (746,836) |
| Segment assets | 5,186,588 | 1,807,426 | 8,859 | 366,465 | 2,405,004 | (1,299,261) | 8,475,081 |
| Segment liabilities | 5,202,439 | 1,456,843 | 10,300 | 52,830 | 346,179 | (511,819) | 6,556,772 |

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

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

Segment information as at and for the nine months ended 30 September 2022 is as follows:

(Unaudited)

| | Global payment | Domestic payment | Value-added services | Others | Unallocated amounts | Inter-segment elimination | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | 341,314 | 115,219 | 59,085 | 16,732 | – | – | 532,350 |
| Cost of sales | (66,118) | (84,144) | (30,880) | (9,832) | – | – | (190,974) |
| Segment gross profit | 275,196 | 31,075 | 28,205 | 6,900 | – | – | 341,376 |
| Depreciation, amortisation and impairment charges included in segment cost | (4,140) | (9,119) | (2,833) | (6,025) | – | – | (22,117) |
| Finance income | 308 | 243 | – | 6,219 | – | – | 6,770 |
| Finance costs | (869) | (409) | – | – | – | – | (1,278) |
| Share of losses of investments accounted for using the equity method | – | – | – | – | (569,677) | – | (569,677) |
| Profit/(loss) before income tax | 23,961 | (24,920) | (1,055) | 2,821 | (637,378) | – | (636,571) |
| Income tax expenses | (7,035) | (1,340) | (2,273) | (635) | (621) | – | (11,904) |
| Profit/(loss) for the period | 16,926 | (26,260) | (3,328) | 2,186 | (637,999) | – | (648,475) |
| Segment assets | 7,170,876 | 1,894,272 | 42,226 | 541,011 | 2,018,891 | (1,621,015) | 10,046,261 |
| Segment liabilities | 7,257,509 | 1,399,244 | 24,581 | 225,108 | 627,904 | (801,543) | 8,732,803 |

Segment information as at and for the nine months ended 30 September 2023 is as follows:

| | Global payment | Domestic payment | Value-added services | Others | Unallocated amounts | Inter-segment elimination | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | 484,127 | 141,548 | 96,768 | 14,247 | – | – | 736,690 |
| Cost of sales | (130,037) | (103,524) | (67,779) | (8,968) | – | – | (310,308) |
| Segment gross profit | 354,090 | 38,024 | 28,989 | 5,279 | – | – | 426,382 |
| Depreciation, amortisation and impairment charges included in segment cost | (4,242) | (9,129) | (2,674) | (6,556) | – | – | (22,601) |
| Finance income | 465 | 147 | – | 1,118 | – | – | 1,730 |
| Finance costs | (1,965) | (1,619) | – | (5,179) | – | – | (8,763) |
| Share of losses of investments accounted for using the equity method | – | – | – | – | (470,728) | – | (470,728) |
| Profit/(loss) before income tax | 22,070 | (84,247) | (17,625) | (11,841) | (513,488) | – | (605,131) |
| Income tax (expenses)/credits | (8,798) | 5,864 | (564) | (129) | 2,039 | – | (1,588) |
| Profit/(loss) for the period | 13,272 | (78,383) | (18,189) | (11,970) | (511,449) | – | (606,719) |
| Segment assets | 6,436,247 | 3,518,723 | 70,756 | 657,206 | 1,625,659 | (2,098,623) | 10,209,968 |
| Segment liabilities | 6,468,694 | 2,962,434 | 79,549 | 342,707 | 1,075,018 | (1,287,788) | 9,640,614 |

**(c) Information about major customers**

No revenue from services provided to a single customer accounted for 10% or more of total revenue of the Group during the Track Record Period.

**(d) Contract liabilities**

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

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Contract liabilities – Current | 5,141 | 7,444 | 9,601 | 25,211 |

***(i) Changes in contract liabilities***

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

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

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Credited to the consolidated statements of comprehensive loss | 1,139 | 5,141 | 7,444 | 7,444 | 9,601 |

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

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

## 6 EXPENSES BY NATURE

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Employee benefits *(Note 7)* | 388,666 | 416,010 | 458,712 | 331,510 | 462,495 |
| Processing fees to financial institutions and payment networks | 163,540 | 155,628 | 162,821 | 113,325 | 173,372 |
| Commission costs | 4,492 | 11,854 | 67,637 | 43,609 | 99,263 |
| [**REDACTED**] expenses | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Professional service expenses | 28,838 | 25,172 | 34,279 | 26,019 | 35,506 |
| Marketing and promotion expenses | 12,041 | 19,828 | 29,611 | 16,941 | 21,891 |
| Travelling expenses | 11,446 | 14,580 | 18,463 | 15,239 | 19,520 |
| Office and telecommunication expenses | 11,201 | 13,731 | 18,246 | 12,626 | 11,956 |
| Depreciation of property, plant and equipment *(Note 13(a))* | 18,834 | 12,057 | 13,909 | 10,195 | 10,265 |
| Outsourcing labour costs | 4,356 | 7,988 | 10,903 | 7,535 | 7,693 |
| Depreciation of right-of-use assets *(Note 14(a))* | 9,447 | 7,620 | 8,726 | 6,220 | 6,512 |
| Other taxes and surcharges | 3,626 | 4,982 | 5,566 | 4,145 | 4,709 |
| Property management expenses | 4,303 | 4,507 | 5,157 | 3,928 | 3,343 |
| Depreciation of investment properties *(Note 15)* | 4,416 | 4,231 | 4,025 | 3,099 | 3,008 |
| Amortisation of intangible assets *(Note 16)* | 1,646 | 2,501 | 3,510 | 2,603 | 2,816 |
| Expense relating to short-term leases *(Note 14(b))* | 963 | 1,619 | 1,603 | 1,217 | 1,826 |
| Auditors' remuneration | 1,106 | 1,548 | 1,407 | 1,041 | 512 |
| Others | 24,386 | 27,789 | 39,895 | 27,757 | 37,301 |
| Total cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses | 693,307 | 731,645 | 884,470 | 627,009 | 941,464 |

## 7 EMPLOYEE BENEFITS EXPENSES

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Wages, salaries and bonuses | 226,805 | 276,337 | 313,820 | 228,853 | 278,359 |
| Share-based compensation expenses *(Note 37)* | 110,972 | 69,802 | 52,278 | 39,209 | 112,813 |
| Employee social security plans, medical insurances, other social insurances obligations and housing benefits *(a)* | 28,664 | 52,025 | 72,948 | 51,223 | 50,973 |
| Welfare and other benefits | 22,225 | 17,846 | 19,666 | 12,225 | 20,350 |
| | 388,666 | 416,010 | 458,712 | 331,510 | 462,495 |

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

No forfeited contributions were utilised during the years end 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023 to offset the Group's contribution to the abovementioned social security plans.

**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023, include 2, 3, 3, 3 and 4 directors whose emoluments are reflected in analysis shown in Note 7(c) below. The emoluments payable to the remaining 3, 2, 2, 2 and 1 individuals for the years ended 31 December 2020, 2021, 2022 the nine months ended 30 September 2022 and 2023 are as follows:

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Wages, salaries and bonuses | 4,217 | 3,838 | 3,369 | 2,530 | 1,125 |
| Employee social security plans, medical insurances, other social insurances obligations and housing benefits | 203 | 220 | 270 | 195 | 122 |
| Employee welfare | 28 | 345 | 14 | 11 | 5 |
| Share-based compensation expenses | 42,644 | 8,443 | 6,045 | 4,534 | 4,779 |
| | 47,092 | 12,846 | 9,698 | 7,270 | 6,031 |

The remaining highest paid individuals fell within the following bands:

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Emolument bands: | | | | | |
| HK$3,500,001-HK$4,000,000 | – | – | – | 1 | – |
| HK$4,000,001-HK$4,500,000 | – | – | – | 1 | – |
| HK$4,500,001-HK$5,000,000 | 1 | – | 1 | – | – |
| HK$5,000,001-HK$5,500,000 | 1 | 1 | – | – | – |
| HK$6,000,001-HK$6,500,000 | – | – | 1 | – | – |
| HK$6,500,001-HK$7,000,000 | – | – | – | – | 1 |
| HK$9,500,001-HK$10,000,000 | – | 1 | – | – | – |
| HK$42,500,001-HK$50,000,000 | 1 | – | – | – | – |
| | 3 | 2 | 2 | 2 | 1 |

**(c) Benefits and interests of directors**

The remuneration of each director and chief executive, including their role as senior management or employees before their appointment as directors respectively, for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023 respectively is set out below:

***Emoluments paid or payable in respect of a person's service as a director***

| | Salaries | Discretionary bonuses | Share-based compensation expenses | Social security plans, housing benefits and employee welfare | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **For the year ended 31 December 2020** | | | | | |
| **Executive directors** | | | | | |
| Zhang Zhengyu *(i)* | 1,200 | 500 | – | 67 | 1,767 |
| Wang Yu *(ii)* | 1,080 | 600 | 1,205 | 73 | 2,958 |
| Xue Qiangjun *(ii)* | 1,109 | 500 | 6,987 | 67 | 8,663 |
| Zhu Xiaosong *(ii)* | 1,325 | 800 | 6,987 | 167 | 9,279 |
| **Independent non-executive directors** | | | | | |
| Yan Yan *(iv)* | – | – | – | – | – |
| Li Qi *(v)* | – | – | – | – | – |
| Feng Yan *(v)* | – | – | – | – | – |
| **Supervisors** | | | | | |
| Wu Wei *(vii)* | – | – | – | – | – |
| Song Jingfang *(vii)* | 126 | 25 | 361 | 37 | 549 |
| Hong Xiaoxue *(vii)* | 193 | 33 | 241 | 80 | 547 |
| | 5,033 | 2,458 | 15,781 | 491 | 23,763 |

| | Salaries | Discretionary bonuses | Share-based compensation expenses | Social security plans, housing benefits and employee welfare | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **For the year ended 31 December 2021** | | | | | |
| **Executive directors** | | | | | |
| Zhang Zhengyu *(i)* | 1,200 | 250 | – | 106 | 1,556 |
| Wang Yu *(ii)* | 1,080 | 800 | 2,814 | 116 | 4,810 |
| Xue Qiangjun *(ii)* | 1,200 | 600 | 2,814 | 106 | 4,720 |
| Zhu Xiaosong *(ii)* | 1,194 | 800 | 3,190 | 116 | 5,300 |
| Xin Jie *(iii)* | 1,124 | 600 | – | 103 | 1,827 |
| **Independent non-executive directors** | | | | | |
| Yan Yan *(iv)* | – | – | – | – | – |
| Li Qi *(v)* | 200 | – | – | – | 200 |
| Feng Yan *(v)* | 200 | – | – | – | 200 |
| Chun Chang *(vi)* | 200 | – | – | – | 200 |
| **Supervisors** | | | | | |
| Wu Wei *(vii)* | 200 | – | – | – | 200 |
| Song Jingfang *(vii)* | 217 | 46 | – | 96 | 359 |
| Hong Xiaoxue *(vii)* | 159 | 35 | – | 57 | 251 |
| | 6,974 | 3,131 | 8,818 | 700 | 19,623 |
| **For the year ended 31 December 2022** | | | | | |
| **Executive directors** | | | | | |
| Zhang Zhengyu *(i)* | 1,200 | 36 | – | 118 | 1,354 |
| Wang Yu *(ii)* | 1,080 | 36 | 3,238 | 124 | 4,478 |
| Xue Qiangjun *(ii)* | 1,200 | 36 | 3,238 | 118 | 4,592 |
| Zhu Xiaosong *(ii)* | 1,200 | 36 | 3,670 | 118 | 5,024 |
| Xin Jie *(iii)* | 1,200 | 36 | – | 124 | 1,360 |
| **Independent non-executive directors** | | | | | |
| Li Qi *(v)* | 200 | – | – | – | 200 |
| Feng Yan *(v)* | 200 | – | – | – | 200 |
| Chun Chang *(vi)* | 200 | – | – | – | 200 |
| **Supervisors** | | | | | |
| Wu Wei *(vii)* | 200 | – | – | – | 200 |
| Song Jingfang *(vii)* | 236 | 8 | – | 93 | 337 |
| Hong Xiaoxue *(vii)* | 204 | 11 | – | 80 | 295 |
| | 7,120 | 199 | 10,146 | 775 | 18,240 |

| | Salaries | Discretionary bonuses | Share-based compensation expenses | Social security plans, housing benefits and employee welfare | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **For the nine months ended 30 September 2022 (unaudited)** | | | | | |
| **Executive directors** | | | | | |
| Zhang Zhengyu *(i)* | 900 | 38 | – | 82 | 1,020 |
| Wang Yu *(ii)* | 810 | 34 | 2,429 | 88 | 3,361 |
| Xue Qiangjun *(ii)* | 900 | 38 | 2,429 | 82 | 3,449 |
| Zhu Xiaosong *(ii)* | 900 | 38 | 2,753 | 82 | 3,773 |
| Xin Jie *(iii)* | 900 | 38 | – | 87 | 1,025 |
| **Independent non-executive directors** | | | | | |
| Li Qi *(v)* | 100 | – | – | – | 100 |
| Feng Yan *(v)* | 100 | – | – | – | 100 |
| Chun Chang *(vi)* | 100 | – | – | – | 100 |
| **Supervisors** | | | | | |
| Wu Wei *(vii)* | 100 | – | – | – | 100 |
| Song Jingfang *(vii)* | 176 | 7 | – | 67 | 250 |
| Hong Xiaoxue *(vii)* | 150 | 6 | – | 51 | 207 |
| | 5,136 | 199 | 7,611 | 539 | 13,485 |
| **For the nine months ended 30 September 2023** | | | | | |
| **Executive directors** | | | | | |
| Zhang Zhengyu *(i)* | 900 | 225 | – | 90 | 1,215 |
| Wang Yu *(ii)* | 810 | 191 | 4,044 | 106 | 5,151 |
| Xue Qiangjun *(ii)* | 900 | 225 | 4,779 | 90 | 5,994 |
| Zhu Xiaosong *(ii)* | 1,184 | 183 | 4,887 | 195 | 6,449 |
| Xin Jie *(iii)* | 900 | 225 | 14,694 | 94 | 15,913 |
| **Independent non-executive directors** | | | | | |
| Chun Chang *(vi)* | 100 | – | – | – | 100 |
| Feng Yan *(v)* | 132 | – | – | – | 132 |
| Li Qi *(v)* | 103 | – | – | – | 103 |
| Wong Chi Kin *(v)* | 50 | – | – | – | 50 |
| Lin Lanfen *(v)* | 50 | – | – | – | 50 |
| **Supervisors** | | | | | |
| Wu Wei *(vii)* | 100 | – | – | – | 100 |
| Song Jingfang *(vii)* | 189 | 47 | – | 71 | 307 |
| Hong Xiaoxue *(vii)* | 170 | 42 | – | 64 | 276 |
| | 5,588 | 1,138 | 28,404 | 710 | 35,840 |

(i) Mr. Zhang Zhengyu has been appointed as the executive director of the Company since 3 December 2020, and he was the chief executive officer of the Company till March 2023.

(ii) Mr. Wang Yu, Mr. Xue Qiangjun and Mr. Zhu Xiaosong have been appointed as the executive directors of the Company since 3 December 2020.

(iii) Mr. Xin Jie has been appointed as the executive director of the Company since 4 April 2021. He was appointed as the chief executive officer of the Company in March 2023.

(iv) Mr. Yan Yan was appointed as an independent non-executive director of the Company on 3 December 2020 and resigned on 4 April 2021.

(v) Ms. Li Qi and Ms. Feng Yan have been appointed as independent non-executive directors of the Company since 3 December 2020. Ms. Li Qi and Ms. Feng Yan resigned in 2023, Mr. Wong Chi Kin and Ms. Lin Lanfen have been appointed as independent non-executive directors to replaced their positions in June and July 2023, respectively.

(vi) Mr. Chun Chang has been appointed as an independent non-executive director of the Company since 4 April 2021.

(vii) Mr. Wu Wei, Ms. Song Jingfang, Ms. Hong Xiaoxue have been appointed as supervisors of the Company since 3 December 2020.

**(d) Directors' retirement benefits**

None of the directors received any retirement benefits during the Track Record Period, except for contributions to pension plans.

**(e) Directors' termination benefits**

None of the directors received any termination benefits during the Track Record Period.

**(f) Consideration provided to third parties for making available directors' services**

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors' services.

**(g) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors**

Save as disclosed in the Note 36(b), there were no loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors during the Track Record Period.

**(h) Directors' material interests in transactions, arrangements or contracts**

Save as disclosed in Note 36(b), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

## 8 OTHER INCOME

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Interest income on customer accounts | 12,329 | 10,530 | 21,761 | 12,225 | 56,777 |
| Government grants *(i)* | 11,626 | 6,754 | 4,134 | 2,839 | 1,560 |
| Additional deductible VAT input tax | 1,172 | 935 | 939 | 513 | 940 |
| Dividend income *(ii)* | – | – | 335 | 335 | 308 |
| | 25,127 | 18,219 | 27,169 | 15,912 | 59,585 |

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

(ii) For the year ended 31 December 2022 and the period ended 30 September 2023, dividends were received from financial assets measured at FVOCI.

## 9 OTHER GAINS/(LOSSES) – NET

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Foreign exchange (losses)/gains, net | (2,915) | (5,001) | 22,869 | 24,548 | 18,215 |
| Interest income on borrowing to related parties *(Note 36(b)(vi))* | 2,437 | 3,363 | 4,538 | 609 | 6,247 |
| Fair value gains/(losses) of financial assets at FVPL *(Note 3.3)* | 54,641 | 754 | (11,879) | (18,411) | (3,155) |
| (Losses)/gains on disposal of property, plant and equipment | (303) | 139 | (15) | (15) | – |
| Fair value gains of WMP *(Note 3.3)* | 1,397 | 4,261 | – | – | – |
| Investment income from disposal of subsidiaries *(Note 32(d))* | – | 297 | – | – | – |
| Gains on termination of right-of-use assets | 481 | – | – | – | – |
| Fair value gain arising from a derivative liability *(i)* | 15,444 | – | – | – | – |
| Gains on acquisition of a subsidiary *(Note 32(b)(ii))* | 2,701 | – | – | – | – |
| Losses on liquidation of a subsidiary *(ii)* | (5,878) | – | – | – | – |
| Impairment of intangible assets *(i)* | (10,420) | – | – | – | – |
| Others | 19 | 447 | (73) | 17 | (24) |
| | 57,604 | 4,260 | 15,440 | 6,748 | 21,283 |

(i) The Group entered into an agreement with NetEase, Inc., in 2019, to acquire 100% Shanghai Lianlian Micro Loan Co., Ltd. ("**Lianlian Micro Loan**") and the acquisition was completed in 2020 (Note 32). NetEase, Inc. was entitled to repurchase no more than 20% equity of Lianlian Micro Loan from the Group at the original purchase price within 36 months from the acquisition date. The Group considered the repurchase option as derivative financial liabilities which were measured at fair value. At the acquisition date, the fair value of derivative financial liabilities amounted to RMB15,444,000.

Pursuant to *the Interim Measures for the Administration of Online Microfinance Business (Draft for Solicitation of Comments)* (the "**Exposure Draft**") issued by China Banking and Insurance Regulatory Commission ("**CBIRC**"), the PBOC and other departments on 2 November 2020, it is clarified that the micro-loan business should only be operated in registered provinces. Affected by the Exposure Draft, the Group's management assessment concluded that there would be uncertainty on the future profitability of Lianlian Micro Loan. Therefore, the Group made a full provision for impairment of the business permits and licenses of Lianlian Micro Loan. Lianlian Micro Loan was disposed by the Group in May 2021.

Due to the significant changes in regulations related to the micro-loan business in 2020, the directors are of the view that NetEase, Inc. will no longer exercise the repurchase option. As a result, the management of the Group held the view that the fair value of the repurchase option was nil as at 31 December 2020.

(ii) Hangzhou UDCredit Network Technology Co., Ltd., a subsidiary of the Company, was liquidated with a loss of RMB5,878,000 in 2020.

## 10 FINANCE INCOME/(COST) – NET

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| **Finance income:** | | | | | |
| Interest income on cash and cash equivalents | 16,039 | 23,419 | 8,419 | 6,770 | 1,730 |
| **Finance costs:** | | | | | |
| Interest expense on bank and other borrowings | (3,932) | (53) | (3,266) | (415) | (8,305) |
| Interest expense on loans from related parties *(Note 36(b)(vii))* | (1,518) | – | – | – | – |
| Interest expense on lease liabilities *(Note 14(b))* | (1,409) | (924) | (915) | (863) | (458) |
| | (6,859) | (977) | (4,181) | (1,278) | (8,763) |
| **Finance income/(cost) – net** | 9,180 | 22,442 | 4,238 | 5,492 | (7,033) |

## 11 INCOME TAX EXPENSE

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Current income tax expense | 13,068 | 12,917 | 10,238 | 8,988 | 11,513 |
| Deferred income tax expense/(credit) *(Note 31)* | 16,800 | 3,469 | 5,990 | 2,916 | (9,925) |
| | 29,868 | 16,386 | 16,228 | 11,904 | 1,588 |

**PRC corporate income tax**

The Group's subsidiaries established and operated in Mainland China are subject to the EIT on the taxable income as reported in their respective statutory financial statements adjusted in accordance with the Enterprise Income Tax Law ("**EIT Law**"). Pursuant to the EIT Law, the Group's subsidiaries established in Mainland China are generally subject to EIT at the statutory rate of 25%.

Lianlian Yintong Electronic Payment Co., Ltd. ("**Lianlian Yintong**") obtained its High and New Technology Enterprises ("**HNTE**") status in 2014 and renewed the qualification in 2017 and 2020. The applicable EIT rate of Lianlian Yintong was 15% during the Track Record Period.

Lianlian (Hangzhou) Information Technology Co., Ltd. ("**Lianlian Hangzhou**") obtained its HNTE status in 2021. The applicable EIT rate of Lianlian Hangzhou was 15% for the years ended 31 December 2021, 2022 and the nine months ended 30 September 2022 and 2023.

Lianlian Bao (Hangzhou) obtained the High-Tech Enterprise qualification in 2021, renewed the qualification in 2022 and is expected to renew the qualification in 2023. Accordingly, it is entitled to a preferential EIT rate of 15% for the years ended 31 December 2021, 2022 and the nine months ended 30 September 2022 and 2023.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 175%-200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for the year ("**Super Deduction**").

**Hong Kong profits tax**

Under the current Hong Kong Inland Revenue Ordinance, the Company's subsidiaries incorporated in Hong Kong are subject to a two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

**Cayman Islands and British Virgin Islands corporate income tax**

Under the current laws of Cayman Islands and the British Virgin Islands, the entities incorporated in the Cayman Islands and British Virgin Islands are not subject to tax on income or capital gain.

**Other countries**

Corporate income tax in other jurisdictions income tax on profit arising from other jurisdictions, including the United States, Europe countries, Japan and Southeast Asian, etc, had been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 12.5% to 34%.

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

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Loss before income tax | (338,881) | (730,450) | (900,638) | (636,571) | (605,131) |
| Tax calculated at statutory tax rates of 25% | (84,720) | (182,613) | (225,160) | (159,143) | (151,283) |
| Different tax jurisdiction | (4,765) | (2,699) | (1,343) | (669) | (2,111) |
| Preferential income tax benefits applicable to subsidiaries in PRC | (1,321) | (3,557) | (5,735) | (4,937) | (1,034) |
| Income not subject to income tax purposes | (1,451) | (170) | (832) | (781) | (1,240) |
| Expenses not deductible for tax purpose *(i)* | 30,380 | 18,637 | 15,202 | 11,453 | 26,963 |
| Super Deduction for research and development expenses | (10,491) | (12,390) | (15,839) | (10,224) | (15,341) |
| Utilisation of previously unrecognised tax losses and temporary differences | – | (3,463) | – | – | – |
| Temporary differences for which no deferred tax asset was recognised | 84,736 | 171,951 | 202,004 | 147,022 | 117,470 |
| Tax losses for which no deferred tax assets were recognized *(ii)* | 17,500 | 30,690 | 47,931 | 29,183 | 28,164 |
| Income tax expenses | 29,868 | 16,386 | 16,228 | 11,904 | 1,588 |

***(i) Expenses not deductible for tax purpose***

Expenses not deductible for tax purpose was mainly comprised of share-based compensation expenses of the Group for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023.

***(ii) Tax losses***

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Unused tax losses for which no deferred tax asset has been recognised will be expired | | | | |
| 2021 | 4 | – | – | – |
| 2022 | 402 | 402 | – | – |
| 2023 | 204,873 | 204,873 | 204,873 | 204,873 |
| After 2024 | 191,556 | 266,035 | 398,781 | 463,590 |
| Infinite | 13,374 | 22,048 | 44,531 | 62,142 |
| | 410,209 | 493,358 | 648,185 | 730,605 |

As at 31 December 2020, 2021, 2022 and 30 September 2023, the Group had unused tax losses of approximately RMB410,209,000, RMB493,358,000, RMB648,185,000 and RMB730,605,000 respectively, that can be carried forward against future taxable income. Deferred income tax asset has not been recognized in respect of such tax losses due to the unpredictability of future taxable income.

The Group principally conducted its business in the PRC, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expirations of unused tax losses of HNTE and Small & Middle-Sized High-Tech Enterprises issued in August 2018, the accumulated tax losses of Lianlian Hangzhou, Lianlian Yinjia Information Technology Co., Ltd. and Hangzhou Hulian Internet Technology Service Co., Ltd. will expire within 10 years.

***(iii) Global minimum top-up tax***

The Group has adopted International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 upon their release on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from December 31, 2023. The mandatory exception applies retrospectively and the retrospective application has no impact on the Historical Financial Information.

## 12 LOSS PER SHARE

On 3 December 2020, the Company was converted into a joint stock company with limited liability and total 1,005,580,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective owners of the Company according to the share capital registered under these equity holders on that day. For the purpose of computation of basic and diluted loss earnings per share, the weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined assuming the share capital had been fully converted into ordinary share deemed in issue at the same conversion ratio of 1:1 as upon conversion into joint stock company.

### (a) Basic loss per share

Basic loss per share during the Track Record Periods is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

| | For the year ended 31 December | | | For the nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Net loss attributable to the owners of the Company | (368,159) | (746,586) | (916,540) | (648,108) | (608,056) |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | 928,753 | 1,014,760 | 1,014,760 | 1,014,760 | 1,014,760 |
| Basic loss per share (RMB per share) | (0.40) | (0.74) | (0.90) | (0.64) | (0.60) |

### (b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

During the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023, the Company had one category of potential ordinary shares: share options granted under the ESOP plans. As the Company incurred losses for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, the amounts of diluted loss per share for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023 were the same as basic loss per share of the respective year/period.

## 13 PROPERTY, PLANT AND EQUIPMENT

| | Buildings | Vehicles | Electronic equipment | Furniture and office equipment | Leasehold improvement | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | | | | | | |
| Cost | 169,516 | 2,263 | 63,546 | 5,777 | 504 | 241,606 |
| Accumulated depreciation | (31,340) | (1,700) | (48,189) | (2,769) | (77) | (84,075) |
| Net book value | 138,176 | 563 | 15,357 | 3,008 | 427 | 157,531 |
| **Year ended 31 December 2020** | | | | | | |
| Opening net book value | 138,176 | 563 | 15,357 | 3,008 | 427 | 157,531 |
| Additions | 1,465 | 308 | 1,996 | 575 | 987 | 5,331 |
| Acquisition of subsidiaries *(Note 32)* | – | 524 | 65 | 263 | – | 852 |
| Transfer to investment properties *(Note 15)* | (21,251) | – | – | – | – | (21,251) |
| Disposals | (2,625) | – | (873) | (140) | – | (3,638) |
| Depreciation charge *(Note 6)* | (8,250) | (794) | (6,738) | (2,262) | (790) | (18,834) |
| Closing net book value | 107,515 | 601 | 9,807 | 1,444 | 624 | 119,991 |
| **As at 31 December 2020** | | | | | | |
| Cost | 145,640 | 3,096 | 62,696 | 6,416 | 1,491 | 219,339 |
| Accumulated depreciation | (38,125) | (2,495) | (52,889) | (4,972) | (867) | (99,348) |
| Net book value | 107,515 | 601 | 9,807 | 1,444 | 624 | 119,991 |
| **Year ended 31 December 2021** | | | | | | |
| Opening net book value | 107,515 | 601 | 9,807 | 1,444 | 624 | 119,991 |
| Additions | 136 | 1,224 | 11,490 | 184 | 364 | 13,398 |
| Transfer from investment properties *(Note 15)* | 8,624 | – | – | – | – | 8,624 |
| Disposals | (172) | (43) | (94) | (13) | – | (322) |
| Disposal of a subsidiary | – | (439) | (259) | (207) | – | (905) |
| Depreciation charge *(Note 6)* | (6,002) | (261) | (4,520) | (715) | (559) | (12,057) |
| Closing net book value | 110,101 | 1,082 | 16,424 | 693 | 429 | 128,729 |
| **As at 31 December 2021** | | | | | | |
| Cost | 154,202 | 2,549 | 73,010 | 6,337 | 1,855 | 237,953 |
| Accumulated depreciation | (44,101) | (1,467) | (56,586) | (5,644) | (1,426) | (109,224) |
| Net book value | 110,101 | 1,082 | 16,424 | 693 | 429 | 128,729 |

| | Buildings | Vehicles | Electronic equipment | Furniture and office equipment | Leasehold improvement | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2022** | | | | | | |
| Opening net book value | 110,101 | 1,082 | 16,424 | 693 | 429 | 128,729 |
| Additions | 343 | 825 | 6,307 | 3,051 | 178 | 10,704 |
| Transfer from investment properties *(Note 15)* | 7,650 | – | – | – | – | 7,650 |
| Disposals | (161) | (25) | (21) | – | – | (207) |
| Depreciation charge *(Note 6)* | (5,869) | (333) | (6,695) | (792) | (220) | (13,909) |
| Closing net book value | 112,064 | 1,549 | 16,015 | 2,952 | 387 | 132,967 |
| **As at 31 December 2022** | | | | | | |
| Cost | 161,945 | 2,872 | 78,882 | 9,387 | 460 | 253,546 |
| Accumulated depreciation | (49,881) | (1,323) | (62,867) | (6,435) | (73) | (120,579) |
| Net book value | 112,064 | 1,549 | 16,015 | 2,952 | 387 | 132,967 |

| | Buildings | Vehicles | Electronic equipment | Furniture and office equipment | Leasehold improvement | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2022** | | | | | | |
| Cost | 154,202 | 2,549 | 73,010 | 6,337 | 1,855 | 237,953 |
| Accumulated depreciation | (44,101) | (1,467) | (56,586) | (5,644) | (1,426) | (109,224) |
| Net book value | 110,101 | 1,082 | 16,424 | 693 | 429 | 128,729 |
| **Nine months ended 30 September 2022 (unaudited)** | | | | | | |
| Opening net book value | 110,101 | 1,082 | 16,424 | 693 | 429 | 128,729 |
| Additions | 342 | 825 | 5,917 | 3,018 | 178 | 10,280 |
| Transfer from investment properties *(Note 15)* | 2,708 | – | – | – | – | 2,708 |
| Disposals | (161) | (25) | (21) | – | – | (207) |
| Depreciation charge *(Note 6)* | (4,246) | (235) | (4,994) | (556) | (164) | (10,195) |
| Closing net book value | 108,744 | 1,647 | 17,326 | 3,155 | 443 | 131,315 |
| **As at 30 September 2022 (unaudited)** | | | | | | |
| Cost | 157,377 | 2,873 | 78,491 | 9,355 | 665 | 248,761 |
| Accumulated depreciation | (48,633) | (1,226) | (61,165) | (6,200) | (222) | (117,446) |
| Net book value | 108,744 | 1,647 | 17,326 | 3,155 | 443 | 131,315 |

| | Buildings | Vehicles | Electronic equipment | Furniture and office equipment | Leasehold improvement | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2023** | | | | | | |
| Cost | 161,945 | 2,872 | 78,882 | 9,387 | 460 | 253,546 |
| Accumulated depreciation | (49,881) | (1,323) | (62,867) | (6,435) | (73) | (120,579) |
| Net book value | 112,064 | 1,549 | 16,015 | 2,952 | 387 | 132,967 |
| **Nine months ended 30 September 2023** | | | | | | |
| Opening net book value | 112,064 | 1,549 | 16,015 | 2,952 | 387 | 132,967 |
| Additions | – | – | 435 | 157 | – | 592 |
| Depreciation charge *(Note 6)* | (4,575) | (291) | (4,659) | (573) | (167) | (10,265) |
| Closing net book value | 107,489 | 1,258 | 11,791 | 2,536 | 220 | 123,294 |
| **As at 30 September 2023** | | | | | | |
| Cost | 161,945 | 2,872 | 79,317 | 9,544 | 460 | 254,138 |
| Accumulated depreciation | (54,456) | (1,614) | (67,526) | (7,008) | (240) | (130,844) |
| Net book value | 107,489 | 1,258 | 11,791 | 2,536 | 220 | 123,294 |

**(i) Pledged of assets**

The Group's buildings with net book value of RMB112,064,000 and RMB107,489,000 as at 31 December 2022 and 30 September 2023, were pledged for the Group's long-term bank borrowings (Note 29).

**(ii)** Depreciation of property, plant and equipment has been charged to the consolidated statements of comprehensive loss as follows:

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| General and administrative expenses | 11,680 | 8,024 | 7,815 | 5,744 | 5,883 |
| Research and development expenses | 3,987 | 2,211 | 3,423 | 2,652 | 2,538 |
| Cost of sales | 2,993 | 1,673 | 2,386 | 1,593 | 1,583 |
| Selling and marketing expenses | 174 | 149 | 285 | 206 | 261 |
| | 18,834 | 12,057 | 13,909 | 10,195 | 10,265 |

## 14 LEASES

### (a) Right-of-use assets

| | Offices | Land use rights | Data Centre | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | | | | |
| Cost | 9,714 | 3,786 | 14,088 | 27,588 |
| Accumulated depreciation | (1,816) | (513) | (3,251) | (5,580) |
| Net book value | 7,898 | 3,273 | 10,837 | 22,008 |
| **Year ended 31 December 2020** | | | | |
| Opening net book value | 7,898 | 3,273 | 10,837 | 22,008 |
| Additions | – | – | 13,487 | 13,487 |
| Depreciation charge *(Note 6)* | (3,529) | (240) | (5,678) | (9,447) |
| Early termination | – | – | (7,857) | (7,857) |
| Transfer to investment properties *(Note 15)* | – | (608) | – | (608) |
| Closing net book value | 4,369 | 2,425 | 10,789 | 17,583 |
| **As at 31 December 2020** | | | | |
| Cost | 9,714 | 3,178 | 13,486 | 26,378 |
| Accumulated depreciation | (5,345) | (753) | (2,697) | (8,795) |
| Net book value | 4,369 | 2,425 | 10,789 | 17,583 |
| **Year ended 31 December 2021** | | | | |
| Opening net book value | 4,369 | 2,425 | 10,789 | 17,583 |
| Additions | 8,518 | – | 3,551 | 12,069 |
| Depreciation charge *(Note 6)* | (3,572) | (134) | (3,914) | (7,620) |
| Transfer from investment properties *(Note 15)* | – | 407 | – | 407 |
| Closing net book value | 9,315 | 2,698 | 10,426 | 22,439 |
| **As at 31 December 2021** | | | | |
| Cost | 11,993 | 3,585 | 17,039 | 32,617 |
| Accumulated depreciation | (2,678) | (887) | (6,613) | (10,178) |
| Net book value | 9,315 | 2,698 | 10,426 | 22,439 |
| **Year ended 31 December 2022** | | | | |
| Opening net book value | 9,315 | 2,698 | 10,426 | 22,439 |
| Additions | 1,538 | – | – | 1,538 |
| Depreciation charge *(Note 6)* | (4,744) | (67) | (3,915) | (8,726) |
| Transfer from investment properties *(Note 15)* | – | 280 | – | 280 |
| Closing net book value | 6,109 | 2,911 | 6,511 | 15,531 |

| | Offices | Land use rights | Data Centre | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2022** | | | | |
| Cost | 11,630 | 3,865 | 17,039 | 32,534 |
| Accumulated depreciation | (5,521) | (954) | (10,528) | (17,003) |
| Net book value | 6,109 | 2,911 | 6,511 | 15,531 |
| **As at 1 January 2022** | | | | |
| Cost | 11,993 | 3,585 | 17,039 | 32,617 |
| Accumulated depreciation | (2,678) | (887) | (6,613) | (10,178) |
| Net book value | 9,315 | 2,698 | 10,426 | 22,439 |
| **Nine months ended 30 September 2022 (unaudited)** | | | | |
| Opening net book value | 9,315 | 2,698 | 10,426 | 22,439 |
| Additions | 1,538 | – | – | 1,538 |
| Depreciation charge *(Note 6)* | (3,396) | (55) | (2,769) | (6,220) |
| Transfer from investment properties *(Note 15)* | – | 93 | – | 93 |
| Closing net book value | 7,457 | 2,736 | 7,657 | 17,850 |
| **As at 30 September 2022 (unaudited)** | | | | |
| Cost | 11,630 | 3,673 | 17,039 | 32,342 |
| Accumulated depreciation | (4,173) | (937) | (9,382) | (14,492) |
| Net book value | 7,457 | 2,736 | 7,657 | 17,850 |
| **As at 1 January 2023** | | | | |
| Cost | 11,630 | 3,865 | 17,039 | 32,534 |
| Accumulated depreciation | (5,521) | (954) | (10,528) | (17,003) |
| Net book value | 6,109 | 2,911 | 6,511 | 15,531 |
| **Nine months ended 30 September 2023** | | | | |
| Opening net book value | 6,109 | 2,911 | 6,511 | 15,531 |
| Additions | 3,229 | – | – | 3,229 |
| Depreciation charge *(Note 6)* | (3,485) | (72) | (2,955) | (6,512) |
| Closing net book value | 5,853 | 2,839 | 3,556 | 12,248 |
| **As at 30 September 2023** | | | | |
| Cost | 14,213 | 3,930 | 17,039 | 35,182 |
| Accumulated depreciation | (8,360) | (1,091) | (13,483) | (22,934) |
| Net book value | 5,853 | 2,839 | 3,556 | 12,248 |

*(i)* ***Pledged of assets***

The Group's land use rights amounted to RMB2,911,000 and RMB2,839,000 as at 31 December 2022 and 30 September 2023 respectively, were pledged to secure the Group's long term bank borrowings (Note 29).

*(ii)* Depreciation of right-of-use assets has been charged to the consolidated statements of comprehensive loss as follows:

| | **Year ended 31 December** | | | **Nine months ended 30 September** | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| General and administrative expenses | 3,769 | 3,706 | 4,811 | 3,228 | 3,519 |
| Research and development expenses | 5,678 | 3,914 | 3,915 | 2,992 | 2,993 |
| Total | 9,447 | 7,620 | 8,726 | 6,220 | 6,512 |

**(b)** **Lease liabilities**

(i) The carrying amounts of the Group's lease liabilities and the movements for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023 are as follows:

| | **Year ended 31 December** | | | **Nine months ended 30 September** | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Carrying amounts at the beginning of the year/period | 19,249 | 15,581 | 21,941 | 21,941 | 13,967 |
| Additions | 13,487 | 12,069 | 1,538 | 1,538 | 3,229 |
| Accretion of interest recognized *(Note 10)* | 1,409 | 924 | 915 | 863 | 458 |
| Payments | (10,226) | (6,633) | (10,427) | (7,201) | (7,074) |
| Early termination | (8,338) | – | – | – | – |
| Carrying amounts at the end of the year/period | 15,581 | 21,941 | 13,967 | 17,141 | 10,580 |

| | **As at 31 December** | | | **As at 30 September** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Lease liabilities** | | | | |
| Current | 6,225 | 10,130 | 9,071 | 7,500 |
| Non-current | 9,356 | 11,811 | 4,896 | 3,080 |
| | 15,581 | 21,941 | 13,967 | 10,580 |

(ii) A maturity analysis of lease liabilities during the Track Record Period is shown in the table below:

***Minimum lease payments due***

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 6,896 | 10,577 | 9,492 | 7,625 |
| Between 1 and 2 years | 3,929 | 7,858 | 5,136 | 2,419 |
| Between 2 and 5 years | 6,213 | 5,054 | – | 770 |
| | 17,038 | 23,489 | 14,628 | 10,814 |
| Less: future finance charges | (1,457) | (1,548) | (661) | (234) |
| | 15,581 | 21,941 | 13,967 | 10,580 |

***Present value of lease liabilities***

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 6,225 | 10,130 | 9,071 | 7,500 |
| Between 1 and 2 years | 3,655 | 7,400 | 4,896 | 2,320 |
| Between 2 and 5 years | 5,701 | 4,411 | – | 760 |
| | 15,581 | 21,941 | 13,967 | 10,580 |

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Interest expenses (included in finance cost) *(Note 10)* | 1,409 | 924 | 915 | 863 | 458 |
| Expense relating to short-term leases (included in expenses) *(Note 6)* | 963 | 1,619 | 1,603 | 1,217 | 1,826 |
| | 2,372 | 2,543 | 2,518 | 2,080 | 2,284 |
| Cash outflow for leases as operating activities | 963 | 1,619 | 1,603 | 1,217 | 1,826 |
| Cash outflow for leases as financing activities | 10,226 | 6,633 | 10,427 | 7,201 | 7,074 |
| | 11,189 | 8,252 | 12,030 | 8,418 | 8,900 |

## 15 INVESTMENT PROPERTIES

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Opening net book amount | 176,827 | 194,270 | 181,008 | 181,008 | 169,053 |
| Transfer from/(to) right-of-use assets *(Note 14)* | 608 | (407) | (280) | (93) | – |
| Transfer from/(to) property, plant and equipment *(Note 13)* | 21,251 | (8,624) | (7,650) | (2,708) | – |
| Depreciation of investment properties *(Note 6)* | (4,416) | (4,231) | (4,025) | (3,099) | (3,008) |
| **Closing net book value** | 194,270 | 181,008 | 169,053 | 175,108 | 166,045 |
| **At end of the year/period** | | | | | |
| Cost | 214,984 | 204,876 | 195,819 | 201,678 | 195,819 |
| Accumulated depreciation | (20,714) | (23,868) | (26,766) | (26,570) | (29,774) |
| **Net book value** | 194,270 | 181,008 | 169,053 | 175,108 | 166,045 |
| **Fair value** | 295,000 | 283,000 | 275,600 | 275,600 | 270,400 |

### (i) Amounts recognised in profit or loss for investment properties

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Rental income from operating leases | 20,249 | 21,462 | 21,186 | 16,319 | 13,806 |
| Direct operating expenses that generated rental income | (8,719) | (8,738) | (9,182) | (7,027) | (6,351) |
| | 11,530 | 12,724 | 12,004 | 9,292 | 7,455 |

### (ii) Non-current assets pledged as security

The Group's investment properties with net book value of RMB169,053,000 and RMB166,045,000 as at 31 December 2022 and 30 September 2023 respectively, were pledged for the Group's long-term bank borrowings (Note 29).

### (iii) Valuations for investment properties

The fair values of the Group's investment properties are categorized under Level 3 fair value hierarchy and determined using income approach by taking into account the rental income derived from existing leases and achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalisation rate. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value.

The Group engaged an external, independent and qualified valuer to determine the fair value of the investment properties.

## 16 INTANGIBLE ASSETS

| | Trademarks and Patent | Software | Licenses | Goodwill | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | | | | | |
| Cost | 1,368 | 14,330 | – | 17,414 | 33,112 |
| Accumulated amortization | (278) | (6,557) | – | – | (6,835) |
| Impairment *(i)* | (601) | – | – | (13,764) | (14,365) |
| Net book value | 489 | 7,773 | – | 3,650 | 11,912 |
| **Year ended 31 December 2020** | | | | | |
| Opening net book value | 489 | 7,773 | – | 3,650 | 11,912 |
| Acquisition of subsidiaries *(Note 32)* | 32 | – | 11,071 | – | 11,103 |
| Additions | – | 3,559 | – | – | 3,559 |
| Disposals | – | (40) | – | – | (40) |
| Amortization charge *(Note 6)* | (51) | (1,595) | – | – | (1,646) |
| Impairment charge *(Note 9)* | (29) | – | (10,391) | – | (10,420) |
| Closing net book value | 441 | 9,697 | 680 | 3,650 | 14,468 |
| **As at 31 December 2020** | | | | | |
| Cost | 700 | 17,721 | 11,071 | 3,650 | 33,142 |
| Accumulated amortization | (230) | (8,024) | – | – | (8,254) |
| Impairment | (29) | – | (10,391) | – | (10,420) |
| Net book value | 441 | 9,697 | 680 | 3,650 | 14,468 |
| **Year ended 31 December 2021** | | | | | |
| Opening net book value | 441 | 9,697 | 680 | 3,650 | 14,468 |
| Disposal of subsidiaries *(Note 32)* | – | – | (680) | – | (680) |
| Additions | – | 6,481 | – | – | 6,481 |
| Amortization charge *(Note 6)* | (48) | (2,453) | – | – | (2,501) |
| Closing net book value | 393 | 13,725 | – | 3,650 | 17,768 |
| **As at 31 December 2021** | | | | | |
| Cost | 668 | 24,201 | – | 3,650 | 28,519 |
| Accumulated amortization | (275) | (10,476) | – | – | (10,751) |
| Net book value | 393 | 13,725 | – | 3,650 | 17,768 |

| | Trademarks and Patent | Software | Licenses | Goodwill | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2022** | | | | | |
| Opening net book value | 393 | 13,725 | – | 3,650 | 17,768 |
| Acquisition of a subsidiary *(ii)* | – | – | 2,892 | – | 2,892 |
| Additions | – | 1,869 | – | – | 1,869 |
| Amortization charge *(Note 6)* | (46) | (3,464) | – | – | (3,510) |
| Closing net book value | 347 | 12,130 | 2,892 | 3,650 | 19,019 |
| **As at 31 December 2022** | | | | | |
| Cost | 668 | 26,071 | 2,892 | 3,650 | 33,281 |
| Accumulated amortization | (321) | (13,941) | – | – | (14,262) |
| Net book value | 347 | 12,130 | 2,892 | 3,650 | 19,019 |
| **As at 1 January 2022** | | | | | |
| Cost | 668 | 24,201 | – | 3,650 | 28,519 |
| Accumulated amortization | (275) | (10,476) | – | – | (10,751) |
| Net book value | 393 | 13,725 | – | 3,650 | 17,768 |
| **Nine months ended 30 September 2022 (unaudited)** | | | | | |
| Opening net book value | 393 | 13,725 | – | 3,650 | 17,768 |
| Acquisition of a subsidiary *(ii)* | – | – | 2,892 | – | 2,892 |
| Additions | – | 1,865 | – | – | 1,865 |
| Amortization charge *(Note 6)* | (35) | (2,568) | – | – | (2,603) |
| Closing net book value | 358 | 13,022 | 2,892 | 3,650 | 19,922 |
| **As at 30 September 2022 (unaudited)** | | | | | |
| Cost | 668 | 26,071 | 2,892 | 3,650 | 33,281 |
| Accumulated amortization | (310) | (13,049) | – | – | (13,359) |
| Net book value | 358 | 13,022 | 2,892 | 3,650 | 19,922 |
| **As at 1 January 2023** | | | | | |
| Cost | 668 | 26,071 | 2,892 | 3,650 | 33,281 |
| Accumulated amortization | (321) | (13,941) | – | – | (14,262) |
| Net book value | 347 | 12,130 | 2,892 | 3,650 | 19,019 |

| | Trademarks and Patent | Software | Licenses | Goodwill | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Nine months ended 30 September 2023** | | | | | |
| Opening net book value | 347 | 12,130 | 2,892 | 3,650 | 19,019 |
| Additions | – | 1,743 | – | – | 1,743 |
| Amortization charge *(Note 6)* | (26) | (2,790) | – | – | (2,816) |
| Closing net book value | 321 | 11,083 | 2,892 | 3,650 | 17,946 |
| **As at 30 September 2023** | | | | | |
| Cost | 668 | 27,814 | 2,892 | 3,650 | 35,024 |
| Accumulated amortization | (347) | (16,731) | – | – | (17,078) |
| Net book value | 321 | 11,083 | 2,892 | 3,650 | 17,946 |

Amortisation of intangible assets has been charged to the consolidated statements of comprehensive loss as follows:

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Research and development expenses | 851 | 1,413 | 1,564 | 1,100 | 1,236 |
| Cost of sales | 502 | 502 | 1,373 | 1,014 | 1,073 |
| General and administrative expenses | 215 | 329 | 447 | 396 | 385 |
| Selling and marketing expenses | 78 | 257 | 126 | 93 | 122 |
| Total | 1,646 | 2,501 | 3,510 | 2,603 | 2,816 |

(i) The management of the Group was of the view that the Group's subsidiary, Hangzhou UDCredit Network Technology Co., Ltd. ("Hangzhou UDCredit") was not able to generate positive cash flow in the future, therefore, Hangzhou UDCredit was liquidated pursuant to the board resolution, and goodwill impairment of RMB13,764,000 was written off accordingly in 2020.

The goodwill of RMB3,650,000 throughout the Track Record Period was mainly arising from the acquisition of Lianlian Yintong and is attributable to the acquired market shares, future expansion prospect, economies of scale and synergies expected to be derived from combining the resources and operations of the Group following the acquisition.

Impairment review on the goodwill of the Group has been conducted by management as at 31 December 2020, 2021, 2022 and 30 September 2023 according to IAS 36 "Impairment of assets". For the purpose of the impairment review, the recoverable amount of goodwill is determined based on fair value less costs of disposal. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to Lianlian Yintong was recognized during the Track Record Period.

As at 31 December 2020, 2021, 2022 and 30 September 2023, based on management's assessment on the recoverable amounts, the headroom of Lianlian Yintong were as below:

| | **As at 31 December** | | | **As at 30 September** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Lianlian Yintong | 377,679 | 212,066 | 249,592 | 404,099 |

The following table sets out the key assumptions for Lianlian Yintong:

| | **As at 31 December** | | | **As at 30 September** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Comparable company multiples | 2.73 | 1.94 | 1.55 | 1.76 |
| Liquidity discount | 30% | 30% | 30% | 28% |

As at 31 December 2020, 2021, 2022 and 30 September 2023, 20% decrease in comparable company multiples will decrease the headroom of Lianlian Yintong by approximately RMB89,378,000, RMB60,718,000, RMB65,040,000 and RMB83,472,000, respectively. A reasonably possible change in key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount.

(ii) On 8 June 2022, the Group acquired a payment license of Indonesia held by PT ISR from its former shareholders. The cash consideration paid in 2022 is IDR6,000,000,000 (equivalent to RMB2,892,000).

Impairment review on the license of the Group has been conducted by management as at 31 December 2022 according to IAS 36 "Impairment of assets". For the purpose of the impairment review, the recoverable amount of license is determined based on value in use ("VIU"). VIU was determined using the cash flow projections based on business projection covering a five-year period. The management leveraged their extensive experiences in the industries and prepared the forecast based on their expectation of future business projection and market development. The discount rates adopted were derived from the analysis of the Group's time value and specific risk.

As at 31 December 2022 and 30 September 2023, based on management's assessment on the recoverable amounts, the headroom of the license were IDR570,358,000 and IDR853,624,000.

The following table sets out the level-3 key assumptions for impairment testing of the license. The directors of the Group were of the view that reasonably possible change in the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

| | **Key assumptions** |
|---|---|
| Revenue growth rate during the projection period | 18.0% to 49.4% |
| Terminal value growth rate | 2.00% |
| Pre-tax discount rate | 15.86%-15.96% |

## 17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES

**The Group and the Company**

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

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| LianTong *(a)* | 97,907 | 390,636 | 205,620 | 165,227 |
| Zhejiang Zhong Pu Lian Technology Co., Ltd ("Zhong Pu Lian Technology") *(b)* | – | – | – | 2,665 |
| | 97,907 | 390,636 | 205,620 | 167,892 |

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

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| LianTong *(a)* | (328,455) | (687,271) | (805,016) | (569,677) | (470,393) |
| Zhong Pu Lian Technology *(b)* | – | – | – | – | (335) |
| | (328,455) | (687,271) | (805,016) | (569,677) | (470,728) |

***(a) Investment in LianTong***

Set out below are the investment in LianTong as at 31 December 2020, 2021, 2022 and 30 September 2023.

| Name of entity | Place of business/ country of establishment | % of ownership interest | | | | Nature of relationship | Measurement method | Carrying amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | As at 31 December | | | As at 30 September |
| | | **2020** | **2021** | **2022** | **2023** | | | **2020** | **2021** | **2022** | **2023** |
| | | % | % | % | % | | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| LianTong | The PRC | 50 | 50 | 50 | 50 | Associate | Equity method | 97,907 | 390,636 | 205,620 | 165,227 |

Set out below are the movement of LianTong for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023.

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Carrying amounts at the beginning of the year/period | 426,362 | 97,907 | 390,636 | 390,636 | 205,620 |
| Additions | – | 980,000 | 620,000 | 370,000 | 430,000 |
| Share of net loss accounted for using the equity method | (328,455) | (687,271) | (805,016) | (569,677) | (470,393) |
| Carrying amounts at the end of the year/period | 97,907 | 390,636 | 205,620 | 190,959 | 165,227 |

(i) The Group entered into a joint venture agreement with affiliates of American Express Company to establish LianTong in 2017. LianTong obtained its bankcard clearing business license in June 2020, and provides bankcard clearing and settlement services to issuing banks and merchant acquirers in its network, and offers cardholder benefits to Chinese consumers.

The Company holds 50% of the equity interests in LianTong. The Group has significant influence over LianTong through board representation. Pursuant to the agreement between American Express Company and the Company, the Company does not have control nor joint control over LianTong's operation. Accordingly, LianTong was accounted for as an associate of the Group by using the equity method during the Track Record Period.

(ii) The Group performed impairment assessment when the associate resulted in a loss and indicates the investment might be impaired. The Group compared the recoverable amount of the associate with the carrying amount of the investment in the associate of the Group. The Group assessed the market value of LianTong by referencing to the market comparables' ratios of the enterprise value to the revenue and considering the lack of marketability discount. During the assessment, the Group also made adjustments of LianTong's excess cash and interest bearing debt to get the market value of LianTong.

The following table sets out the key assumptions for impairment testing of investments in LianTong.

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| Key assumptions | | | | |
| Enterprise value to sales ratio of market comparables | 8.2 | 6.9 | 5.0 | 5.9 |
| DLOM | 25.6% | 24.1% | 25.2% | 25.1% |

Based on the impairment assessment performed by the Group, the recoverable amount of investment in LianTong as at 31 December, 2020, 2021, 2022 and 30 September 2023 was higher than the respective carrying amount of the investment, and the directors of the Company believe that there is no need for impairment provision in the carrying values of the Group's investments in LianTong.

Summarised balance sheets of LianTong

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current assets** | | | | |
| Cash and cash equivalents | 301,226 | 579,204 | 977,151 | 173,831 |
| Other current assets | 89,639 | 165,548 | 204,515 | 242,083 |
| **Total current assets** | 390,865 | 744,752 | 1,181,666 | 415,914 |
| **Non-current assets** | 389,442 | 629,378 | 544,185 | 438,298 |
| **Current liabilities** | (565,843) | (548,324) | (1,279,586) | (491,188) |
| **Non-current liabilities** | (18,650) | (44,534) | (35,024) | (32,569) |
| **Net assets** | 195,814 | 781,272 | 411,241 | 330,455 |

Reconciliation of above summarised financial information presented to carrying amounts of the Group's share of interests in the associate:

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Opening net assets | 852,723 | 195,814 | 781,272 | 781,272 | 411,241 |
| Capital contribution from its shareholders | – | 1,960,000 | 1,240,000 | 740,000 | 860,000 |
| Loss for the year/period | (656,909) | (1,374,542) | (1,610,031) | (1,139,353) | (940,786) |
| Closing net assets | 195,814 | 781,272 | 411,241 | 381,919 | 330,455 |
| Group's share in % | 50% | 50% | 50% | 50% | 50% |
| Group's share and carrying amount | 97,907 | 390,636 | 205,620 | 190,959 | 165,227 |

Summarised income statements of LianTong

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Revenue | 67,827 | 81,758 | 105,254 | 74,353 | 242,831 |
| Interest income | 14,287 | 18,343 | 20,263 | 15,098 | 9,561 |
| Depreciation and amortisation | (41,735) | (68,899) | (78,845) | (58,333) | (59,730) |
| Interest expense | (5,149) | (8,206) | (9,587) | (1,014) | (12,145) |
| Income tax expenses | – | – | – | – | – |
| Loss for the year/period | (656,909) | (1,374,542) | (1,610,031) | (1,139,353) | (940,786) |
| Total comprehensive loss for the year/period | (656,909) | (1,374,542) | (1,610,031) | (1,139,353) | (940,786) |

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

**The Company**

Set out below are the movement of Zhong Pu Lian Technology for the nine months ended 30 September 2023.

| | **Nine months ended 30 September 2023** |
|---|---|
| | *RMB'000* |
| Carrying amounts at the beginning of the period | – |
| Additions *(i)* | 3,000 |
| Share of net loss accounted for using the equity method | (335) |
| Carrying amounts at the end of the period | 2,665 |

(i) The Company entered into a joint venture agreement to establish Zhong Pu Lian Technology in February 2023. The Company holds 30% of the equity interests and has significant influence over Zhong Pu Lian Technology through board representation. Accordingly, Zhong Pu Lian Technology was accounted for as an associate of the Group by using the equity method.

| | **Nine months ended 30 September 2023** |
|---|---|
| | *RMB'000* |
| Aggregate carrying amount of individually immaterial associate | 2,665 |
| Aggregate amounts of the Group's share of: | |
| Loss of the associate | (335) |
| Other comprehensive loss | – |
| Total comprehensive loss | (335) |

***(c) Investments in subsidiaries***

**The Company**

| | **As at 31 December** | | | **As at 30 September** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Investments in subsidiaries | 1,008,543 | 768,718 | 768,718 | 768,718 |
| Share-based compensation granted to employees of subsidiaries | 106,688 | 175,190 | 226,495 | 336,524 |
| Less: loss allowance *(i)* | (2,600) | – | – | – |
| | 1,112,631 | 943,908 | 995,213 | 1,105,242 |

(i) The Company made a provision of RMB2,600,000 in the year ended 31 December 2020 based on the fair value of the recoverable amount when the disposal decision of the subsidiary was made.

(ii) Particulars of the Company's subsidiaries are set out in Note 1.2.

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Assets as per balance sheets** | | | | |
| *Financial assets at amortised costs:* | | | | |
| – Customer accounts and restricted cash *(Note 24)* | 6,634,490 | 6,470,610 | 8,757,259 | 9,108,472 |
| – Cash and cash equivalents *(Note 24)* | 1,300,476 | 871,460 | 145,504 | 142,222 |
| – Trade receivables *(Note 20)* | 16,060 | 32,976 | 40,623 | 79,245 |
| – Other receivables *(Note 19)* | 163,738 | 8,676 | 315,915 | 25,333 |
| – Loan and factoring receivables *(Note 22)* | 156,997 | – | – | – |
| *Financial assets at fair value:* | | | | |
| – Financial assets at FVPL *(Note 21)* | 451,866 | 275,371 | 271,145 | 270,878 |
| – Financial assets at FVOCI *(Note 23)* | 20,535 | 37,779 | 43,689 | 48,190 |
| | 8,744,162 | 7,696,872 | 9,574,135 | 9,674,340 |
| **Liabilities as per balance sheets** | | | | |
| *Financial liabilities at amortised costs:* | | | | |
| – Borrowings *(Note 29)* | – | – | 264,229 | 353,421 |
| – Other payables (excluding VAT payables and other tax payables, staff costs and welfare accruals) *(Note 28)* | 6,538,137 | 6,422,608 | 8,692,901 | 9,080,872 |
| – Trade payables *(Note 27)* | 20,093 | 25,382 | 38,946 | 72,715 |
| – Lease liabilities *(Note 14(b))* | 15,581 | 21,941 | 13,967 | 10,580 |
| | 6,573,811 | 6,469,931 | 9,010,043 | 9,517,588 |

## 19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

**The Group**

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Included in current assets** | | | | |
| **Prepayments:** | | | | |
| Prepayments to suppliers | 11,925 | 13,727 | 12,598 | 15,508 |
| Others | 1,878 | 2,378 | 3,829 | 5,258 |
| | 13,803 | 16,105 | 16,427 | 20,766 |
| **Other current assets:** | | | | |
| Prepaid [**REDACTED**] expenses | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Value-added tax recoverable | 3,674 | 5,743 | 5,492 | 3,620 |
| Prepaid income tax | – | 3,289 | 2,396 | – |
| | 3,674 | 9,032 | 7,888 | 12,918 |
| **Other receivables:** | | | | |
| Deposits for payment channels and rentals | 6,751 | 6,398 | 8,363 | 13,654 |
| Advance paid on behalf of customers *(i)* | – | – | – | 9,486 |
| Interest receivable | 3,132 | 372 | 1,388 | 1,052 |
| Loans to and receivables from related parties *(Note 36(c)(iv))* | 150,222 | 150 | 304,960 | 150 |
| Others | 4,001 | 1,992 | 1,540 | 1,184 |
| | 164,106 | 8,912 | 316,251 | 25,526 |
| Less: loss allowance | (368) | (236) | (336) | (193) |
| | 163,738 | 8,676 | 315,915 | 25,333 |
| Total | 181,215 | 33,813 | 340,230 | 59,017 |

***(i) Advance paid on behalf of customers***

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

**The Company**

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Included in current assets** | | | | |
| **Prepayments:** | | | | |
| Prepayments for insurance costs | 338 | 722 | 734 | 625 |
| Prepayments to suppliers | 4,767 | 4,668 | 9 | 379 |
| | 5,105 | 5,390 | 743 | 1,004 |
| **Other current assets:** | | | | |
| Prepaid [**REDACTED**] expenses | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Value-added tax recoverable | 815 | 1,073 | 1,133 | 1,849 |
| | 815 | 1,073 | 1,133 | 11,147 |
| **Other receivables:** | | | | |
| Loans to a related party *(Note 36(c)(iv))* | 150,202 | – | 304,810 | – |
| Interest receivable | 3,078 | 331 | 2 | 20 |
| Others | 138 | 5 | – | – |
| | 153,418 | 336 | 304,812 | 20 |
| Less: loss allowance | (107) | (1) | (145) | – |
| | 153,311 | 335 | 304,667 | 20 |
| Total | 159,231 | 6,798 | 306,543 | 12,171 |

## 20 TRADE RECEIVABLES

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 17,212 | 35,505 | 43,686 | 85,915 |
| Less: loss allowance | (1,152) | (2,529) | (3,063) | (6,670) |
| | 16,060 | 32,976 | 40,623 | 79,245 |

The Group applies the IFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. Note 3.1 provides for details about the ageing analysis of the trade receivables (net of allowance for impairment of trade receivables) based on invoice date and the calculation of the allowance.

The carrying amounts of the Group's trade receivables are mainly denominated in RMB and approximate their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above.

## 21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

**The Group**

***(a) Classification of financial assets at fair value through profit or loss***

Financial assets measured at FVPL include the following:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Included in current assets** | | | | |
| Unlisted equity investments *(i)* | 177,615 | 187,669 | 188,567 | 191,390 |
| Wealth management products | 175,092 | – | – | – |
| | 352,707 | 187,669 | 188,567 | 191,390 |
| **Included in non-current assets** | | | | |
| Unlisted equity investments *(ii)* | 99,159 | 87,702 | 82,578 | 79,488 |
| | 451,866 | 275,371 | 271,145 | 270,878 |

The details of the investments in unlisted investments are as follows:

(i) The Group held 4.99% of the equity interest of Hangzhou Hyperchain Technology Co., Ltd. ("**Hyperchain Technology**") as at 31 December 2020, and due to capital injection by other investors of Hyperchain Technology in 2021, the percentage of the equity interest the Group held was 4.84% as at 31 December 2022 and 30 September 2023. The Group does not participate in or influence the financial and operating policy decisions of Hyperchain Technology, as a result, the Group has no significant influence over Hyperchain Technology.

The Group intends to sell the equity interests of Hyperchain Technology and included it in current assets based on management's expectation.

(ii) The Group holds 12.96% of the voting rights in Queen Bee Capital Co., Ltd. ("**QBC**"). The Group does not participate in or influence the financial and operating policy decisions of QBC, as a result, the Group has no significant influence over QBC. Therefore, it was accounted for as financial assets at fair value through profit or losses.

In February 2023, the Group acquired 5.47% equity interests in ContentBot, Inc. ("ContentBot") at a cash consideration of USD64,978 (equivalent to RMB470,000). The Group has no significant influence over ContentBot. Therefore, it was accounted for as financial assets at fair value through profit or losses.

The Group intends to hold equity interests of QBC and ContentBot as strategic investment instead of held-for-trading and included them in non-current assets.

***(b) Amounts recognised in profit or loss***

For the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023, the following gains were recognised in profit or loss:

Financial assets measured at FVPL include the following:

| | Unlisted equity investments | | | |
|---|---|---|---|---|
| | **Current** | **Non-current** | **WMPs** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | 131,479 | 97,419 | – | 228,898 |
| Acquisition of a subsidiary *(Note 32)* | – | – | 240,747 | 240,747 |
| Additions | – | – | 232,200 | 232,200 |
| Disposals | – | – | (299,252) | (299,252) |
| Fair value gains *(Note 3.3) (i)* | 46,136 | 8,505 | 1,397 | 56,038 |
| Currency translation difference | – | (6,765) | – | (6,765) |
| **As at 31 December 2020** | 177,615 | 99,159 | 175,092 | 451,866 |
| Additions | – | – | 700,000 | 700,000 |
| Disposals | – | – | (879,353) | (879,353) |
| Fair value gains/(losses) *(Note 3.3)* | 10,054 | (9,300) | 4,261 | 5,015 |
| Currency translation difference | – | (2,157) | – | (2,157) |
| **As at 31 December 2021** | 187,669 | 87,702 | – | 275,371 |
| Fair value gains/(losses) *(Note 3.3)* | 898 | (12,777) | – | (11,879) |
| Currency translation difference | – | 7,653 | – | 7,653 |
| **As at 31 December 2022** | 188,567 | 82,578 | – | 271,145 |
| **As at 1 January 2022 (Unaudited)** | 187,669 | 87,702 | – | 275,371 |
| Fair value gains/(losses) *(Note 3.3)* | – | (18,411) | – | (18,411) |
| Currency translation difference | – | 8,610 | – | 8,610 |
| **As at 30 September 2022 (unaudited)** | 187,669 | 77,901 | – | 265,570 |
| **As at 1 January 2023** | 188,567 | 82,578 | – | 271,145 |
| Additions | – | 470 | – | 470 |
| Fair value gains/(losses) *(Note 3.3)* | 2,823 | (5,978) | – | (3,155) |
| Currency translation difference | – | 2,418 | – | 2,418 |
| **As at 30 September 2023** | 191,390 | 79,488 | – | 270,878 |

(i) In 2020, as a result of change in the fair value of Hyperchain Technology based on the latest financing, the Group recognised a fair value gain of financial assets at FVPL of RMB46,136,000.

*(c)* ***Risk exposure and fair value measurements***

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

**The Company**

*(a)* ***Classification of financial assets at fair value through profit or loss***

Financial assets measured at FVPL include the following:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Included in current assets** | | | | |
| Unlisted equity investments | 177,615 | 187,669 | 188,567 | 191,390 |

## 22 LOAN AND FACTORING RECEIVABLES

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Loan receivables | 80,615 | – | – | – |
| Factoring receivables | 83,249 | – | – | – |
| | 163,864 | – | – | – |
| Less: loss allowance | (6,867) | – | – | – |
| | 156,997 | – | – | – |

The Group acquired Lianlian Micro Loan and Lianhui Factoring on 29 February 2020 and 29 May 2020, respectively (Note 32). As at 31 December 2020, the balance of loans and factoring receivables to customers issued by the Group was generated from online micro-loan and factoring business.

The Group disposed Lianlian Micro Loan and Lianhui Factoring on 28 May 2021 and, consequently, there was no balance of loan and factoring receivables to customers as at 31 December 2021, 2022 and 30 September 2023 (Note 32).

**(a) Movement of gross carrying amount**

| | Year ended 31 December 2020 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | |
| | **Current** | **30-90 days past due** | **Over 90 days past due** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Opening balance at 1 January 2020 | – | – | – | – |
| Acquisition of subsidiaries *(i)* | 33,991 | 936 | – | 34,927 |
| New loans originated | 654,596 | – | – | 654,596 |
| Transfer during the year | | | | |
| *From stage 1 to stage 2* | (5,400) | 5,400 | – | – |
| *From stage 2 to stage 3* | – | (3,844) | 3,844 | – |
| Loans written off | – | – | (3,266) | (3,266) |
| Loans derecognised (excluding written off) | (520,993) | (1,301) | (99) | (522,393) |
| Ending balance at 31 December 2020 | 162,194 | 1,191 | 479 | 163,864 |

(i) On the acquisition date, the fair value of loan and factoring receivables was RMB34,927,000 with a carrying amount of RMB70,044,000 and an allowance for impairment of RMB35,117,000 (Note 32).

**(b) Movement of ECL allowance**

| | Year ended 31 December 2020 | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | |
| | **Current** | **30-90 days past due** | **Over 90 days past due** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Opening balance at 1 January 2020 | – | – | – | – |
| New loans originated | 44,290 | – | – | 44,290 |
| Changes to risk parameters (model inputs) | (5,867) | (159) | (66) | (6,092) |
| Transfer for the year | | | | |
| *From stage 1 to stage 2* | (792) | 4,563 | – | 3,771 |
| *From stage 2 to stage 3* | – | (3,249) | 3,844 | 595 |
| Loans written off | – | – | (3,266) | (3,266) |
| Loans derecognised (excluding written off) | (32,089) | (309) | (33) | (32,431) |
| Ending balance at 31 December 2020 | 5,542 | 846 | 479 | 6,867 |

## 23 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### (a) Classification of financial assets at fair value through other comprehensive income

Financial assets measured at FVOCI include the following:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Included in non-current assets** | | | | |
| Unlisted equity investments *(i)* | 20,535 | 37,779 | 43,689 | 48,190 |

(i) The details of the investments in unlisted investments are as follows:

NetsUnion Clearing Corporation ("**NUCC**") was a unified clearing platform for online payment. As at 31 December 2020, 2021, 2022 and 30 September 2023, the Group is a shareholder of NetsUnion with an equity interest of 0.84%.

The Group does not participate in or influence the financial and operating policy decisions of NUCC, therefore the Group has no significant influence over NetsUnion. The Group intends to hold shares of NetsUnion as strategic investments instead of held-for-sale (Note 3.3).

### (b) Amounts recognised in other comprehensive income

For the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023, the following gains were recognised in profit or loss:

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Fair value change recognised in other comprehensive income | 3,735 | 17,244 | 5,910 | 4,393 | 4,501 |

### (c) Risk exposure and fair value measurements

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

## 24 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH

**The Group**

Cash and cash equivalents:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash at bank | 7,934,554 | 7,341,910 | 8,902,651 | 9,250,543 |
| Cash on hand | 412 | 160 | 112 | 151 |
| | 7,934,966 | 7,342,070 | 8,902,763 | 9,250,694 |
| Less: customer accounts and restricted cash *(a)* | (6,634,490) | (6,470,610) | (8,757,259) | (9,108,472) |
| Cash and cash equivalents | 1,300,476 | 871,460 | 145,504 | 142,222 |

***(a) Customer accounts and restricted cash***

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Customer accounts *(i)* | 6,613,202 | 6,457,315 | 8,739,240 | 9,100,686 |
| Performance guarantees for payment business *(ii)* | 20,409 | 13,291 | 12,909 | 7,786 |
| Deposits for bank borrowing *(iii)* | – | – | 5,100 | – |
| Others | 879 | 4 | 10 | – |
| | 6,634,490 | 6,470,610 | 8,757,259 | 9,108,472 |

*(i) Customer accounts*

Customer accounts mainly represent customer funds collected and awaiting disbursement as requested. Customer accounts are segregated from and not reported as part of cash and cash equivalents as they represent other assets held by the Group on behalf of customers, and therefore is not available for the Group's general use.

Customer accounts also comprises the service fees earned by the Group arising from completed digital payment services which has not been withdrawn from customer deposit bank accounts. It also includes, to a lesser extent, deposits made by the Group to meet requests from customers seeking expedited settlements. These balances were not reported as cash and cash equivalents because they were held on the customer accounts with customers' funds.

*(ii) Performance guarantees for payment business*

Performance guarantees for payment business mainly represents the amounts pledged to banks as collateral for issuance of letters of guarantee and other purpose relating to the global and domestic payment business.

*(iii)* As at 31 December 2022, deposits of RMB5,100,000 were pledged as security for short-term bank borrowing, and it was released as the borrowing was fully repaid in January 2023.

Cash and cash equivalents are denominated in the following currencies:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cash and bank balances:** | | | | |
| USD | 26,019 | 33,344 | 88,260 | 70,638 |
| RMB | 1,282,462 | 831,304 | 50,516 | 48,868 |
| EUR | 9,580 | 6,338 | 7,429 | 9,064 |
| GBP | 931 | 5,051 | 4,130 | 7,522 |
| HKD | 156 | 1,124 | 3,981 | 3,227 |
| Others | 2,616 | 7,594 | 9,207 | 10,689 |
| | 1,321,764 | 884,755 | 163,523 | 150,008 |
| **Customer accounts:** | | | | |
| USD | 2,624,169 | 3,160,101 | 4,173,489 | 2,890,032 |
| RMB | 2,471,728 | 1,412,770 | 1,927,044 | 3,919,210 |
| EUR | 602,458 | 970,516 | 1,185,024 | 870,946 |
| JPY | 185,439 | 190,741 | 267,748 | 371,913 |
| GBP | 480,200 | 429,869 | 517,785 | 364,537 |
| CAD | 117,335 | 133,461 | 198,932 | 147,765 |
| Others | 131,873 | 159,857 | 469,218 | 536,283 |
| | 6,613,202 | 6,457,315 | 8,739,240 | 9,100,686 |

**The Company**

Cash and cash equivalents:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash at bank | 1,221,435 | 754,711 | 28,671 | 11,730 |
| Cash on hand | 236 | 51 | 2 | 90 |
| Less: restricted cash | – | – | (5,100) | – |
| Cash and cash equivalents | 1,221,671 | 754,762 | 23,573 | 11,820 |

Cash and cash equivalents of the Company are all denominated in RMB.

### 25 PAID-IN CAPITAL/SHARE CAPITAL

**The Group and the Company**

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Registered, issued and fully paid** | | | | |
| Number of shares (in thousand) | 1,014,760 | 1,014,760 | 1,014,760 | 1,014,760 |
| Share capital (in RMB'000) | 1,014,760 | 1,014,760 | 1,014,760 | 1,014,760 |

Movement on the share capital are as follows:

| | Paid in capital/ Share capital |
|---|---|
| | *RMB'000* |
| **As at 1 January 2020** | 906,740 |
| Capital injection from shareholders *(a)* | 107,909 |
| Converted to a joint stock company *(b)* | 111 |
| **As at 31 December 2020, 2021, 2022 and 30 September 2023** | 1,014,760 |

(a) On 31 August 2020, two [**REDACTED**] investors acquired 2.79% of the equity interests in the Company at an aggregate cash consideration of RMB350,000,000 in total. The Company's paid-in capital and share premium increased by RMB26,101,000 and RMB323,899,000, respectively.

On 15 October 2020, eight [**REDACTED**] investors acquired 7.22% of the equity interests in the Company at an aggregate cash consideration of RMB1,090,000,000 in total. The Company's paid-in capital and share premium increased by RMB72,628,000 and RMB1,017,372,000, respectively.

On 11 December 2020, Hangzhou Huilian Management Consulting Partnership (Limited Partnership), an employee stock ownership plan established by the Company, acquired 0.90% of the equity interests in the Company at a cash consideration of RMB27,173,000. The Company's share capital and share premium increased by RMB9,180,000 and RMB17,993,000, respectively.

(b) On 3 December 2020, the Company was converted from a limited liability company into a joint stock company with a share capital of RMB1,005,580,000. The Company issued and allotted 1,005,580,000 ordinary shares with a par value at RMB1 each to the respective then shareholders of the Company in accordance with the proportion of their share capital to the Company as at 31 October 2020. After the capital injection by employee stock ownership plan on 11 December 2020, the share capital of the Company increased to RMB1,014,760,000.

## 26 OTHER RESERVES

**The Group**

| | *Note* | Share Premium | Share-based Compensation Reserve | Statutory Reserves | Other reserves | Total |
|---|---|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | | 267,781 | 246,933 | 65,232 | (242) | 579,704 |
| Fair value change of FVOCI | | – | – | – | 3,175 | 3,175 |
| Capital contribution from shareholders | *25* | 1,359,264 | – | – | – | 1,359,264 |
| Capital contribution by the ultimate controlling party *(i)* | | 51,113 | – | – | – | 51,113 |
| Share-based compensation | *37* | – | 110,585 | – | – | 110,585 |
| Converted to a joint stock company *(ii)* | | 7,329 | – | (65,232) | – | (57,903) |
| Business combination under common control | *32* | (119,300) | – | – | – | (119,300) |
| Transaction with non-controlling interests *(iii)* | | (4,586) | – | – | – | (4,586) |
| Currency translation differences | | – | – | – | 4,628 | 4,628 |
| **As at 31 December 2020** | | 1,561,601 | 357,518 | – | 7,561 | 1,926,680 |
| **As at 1 January 2021** | | 1,561,601 | 357,518 | – | 7,561 | 1,926,680 |
| Fair value change of FVOCI | | – | – | – | 14,656 | 14,656 |
| Transaction with non-controlling interests | | (16) | – | – | – | (16) |
| Share-based compensation | *37* | – | 69,802 | – | – | 69,802 |
| Currency translation differences | | – | – | – | (1,223) | (1,223) |
| **As at 31 December 2021** | | 1,561,585 | 427,320 | – | 20,994 | 2,009,899 |
| **As at 1 January 2022** | | 1,561,585 | 427,320 | – | 20,994 | 2,009,899 |
| Fair value change of FVOCI | | – | – | – | 5,026 | 5,026 |
| Share-based compensation | *37* | – | 52,278 | – | – | 52,278 |
| Currency translation differences | | – | – | – | 138 | 138 |
| **As at 31 December 2022** | | 1,561,585 | 479,598 | – | 26,158 | 2,067,341 |

| | *Note* | **Share Premium** | **Share-based Compensation Reserve** | **Statutory Reserves** | **Other reserves** | **Total** |
|---|---|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2022 (Unaudited)** | | 1,561,585 | 427,320 | – | 20,994 | 2,009,899 |
| Fair value change of FVOCI | | – | – | – | 3,734 | 3,734 |
| Share-based compensation | *37* | – | 39,209 | – | – | 39,209 |
| Currency translation differences | | – | – | – | (1,248) | (1,248) |
| **As at 30 September 2022 (unaudited)** | | 1,561,585 | 466,529 | – | 23,480 | 2,051,594 |
| **As at 1 January 2023** | | 1,561,585 | 479,598 | – | 26,158 | 2,067,341 |
| Profit appropriations to statutory reserves | | – | – | 1,345 | – | 1,345 |
| Fair value change of FVOCI | | – | – | – | 3,825 | 3,825 |
| Share-based compensation | *37* | – | 112,813 | – | – | 112,813 |
| Currency translation differences | | – | – | – | (1,533) | (1,533) |
| **As at 30 September 2023** | | 1,561,585 | 592,411 | 1,345 | 28,450 | 2,183,791 |

(i) Pursuant to the board resolution of Lianlian Pay Global Limited BVI ("**LLP Global BVI**") passed on 16 March 2020, LLP Global BVI issued 36,500 ordinary shares at a par value of USD1 each to its former holding company, Lianlian Pay Corporation, at a subscription price of USD200 per share. The consideration was settled by Lianlian Pay Corporation, a company controlled by the ultimate controlling party, by converting the loan provided by Lianlian Pay Corporation to LLP Global BVI into its equity and the transaction was deemed as capital contribution from the ultimate controlling party. On 4 June 2020, the Group acquired 100% of the equity interests in LLP Global BVI (Note 32), and the transaction was recognised as business combination under common control and accounted for using merger accounting. As a result, LLP Global BVI has been consolidated from its incorporation date.

(ii) The Company was converted to a joint stock company as a whole on 3 December 2020, and accordingly, the adjusted share capital, statutory reserve and accumulated losses were transferred to share premium.

(iii) On 7 July 2020, the Group entered into an equity interest purchase agreement with the non-controlling shareholders of its subsidiary. Subject to the terms and conditions in the agreement, the Group acquired 25% of the equity interests of Nuna from the non-controlling interests' shareholders at a cash consideration of USD637,000 (equivalent to RMB4,248,000). The ownership interests of Nuna held by the Group reached to 100% since then.

Details of the acquisition of non-controlling interests were as follows:

| | Share capital |
|---|---|
| | *RMB'000* |
| Purchase consideration | |
| – Cash paid | 4,248 |
| Less: Net deficits acquired using the existing book values | 338 |
| Debited to share premium | 4,586 |

**The Company**

| | Share Premium | Share-based Compensation Reserve | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | 271,596 | – | 271,596 |
| Capital contribution from shareholders *(Note 25)* | 1,359,264 | – | 1,359,264 |
| Share-based compensation *(Note 37)* | – | 110,585 | 110,585 |
| Converted to a joint stock limited company | 7,329 | – | 7,329 |
| **As at 31 December 2020** | 1,638,189 | 110,585 | 1,748,774 |
| Share-based compensation *(Note 37)* | – | 69,802 | 69,802 |
| **As at 31 December 2021** | 1,638,189 | 180,387 | 1,818,576 |
| Share-based compensation *(Note 37)* | – | 52,278 | 52,278 |
| **As at 31 December 2022** | 1,638,189 | 232,665 | 1,870,854 |
| **As at 1 January 2022 (Unaudited)** | 1,638,189 | 180,387 | 1,818,576 |
| Share-based compensation *(Note 37)* | – | 39,209 | 39,209 |
| **As at 30 September 2022 (unaudited)** | 1,638,189 | 219,596 | 1,857,785 |
| **As at 1 January 2023** | 1,638,189 | 232,665 | 1,870,854 |
| Share-based compensation *(Note 37)* | – | 112,813 | 112,813 |
| **As at 30 September 2023** | 1,638,189 | 345,478 | 1,983,667 |

## 27 TRADE PAYABLES

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables *(a)* | | | | |
| – Commission costs payables | 2,858 | 9,573 | 20,371 | 50,652 |
| – Payable for processing fees to financial institutions and payment networks | 16,778 | 14,821 | 17,119 | 19,669 |
| – Others | 457 | 988 | 1,456 | 2,394 |
| | 20,093 | 25,382 | 38,946 | 72,715 |

**(a) Trade payables**

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

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| 0 to 90 days | 9,655 | 15,337 | 26,643 | 59,381 |
| 91 to 180 days | 2,276 | 1,877 | 3,522 | 4,558 |
| 181 days to 1 year | 1,475 | 2,230 | 2,161 | 2,519 |
| Over 1 year | 6,687 | 5,938 | 6,620 | 6,257 |
| | 20,093 | 25,382 | 38,946 | 72,715 |

## 28 ACCRUALS AND OTHER PAYABLES

**The Group**

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Payables to merchants and other customers *(i)* | 6,496,092 | 6,374,118 | 8,637,922 | 9,016,084 |
| Staff costs and welfare accruals | 48,177 | 68,299 | 44,365 | 75,067 |
| Payables for [**REDACTED**] expenses | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| VAT payables and other tax payables | 3,226 | 5,297 | 5,030 | 3,596 |
| Amounts due to related parties | 82 | 542 | 263 | 468 |
| Payables for acquisition of long-term assets | 2,780 | 5,924 | 1,854 | 360 |
| Others | 39,183 | 42,024 | 52,862 | 49,050 |
| | 6,589,540 | 6,496,204 | 8,742,296 | 9,159,535 |

(i) The balance represents funds processed by the Group for merchants and other customers, which are awaiting to be settled with merchants and other customers as requested.

**The Company**

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Payables for [**REDACTED**] expenses | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Payables for staff costs and welfares | 6,820 | 8,000 | 3,294 | 4,949 |
| Others | 4,013 | 2,261 | 2,405 | 2,481 |
| | 10,833 | 10,261 | 5,699 | 22,340 |

## 29 BORROWINGS

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Borrowings included in non-current liabilities:** | | | | |
| Bank borrowings, pledged *(a)* | – | – | 158,950 | 147,900 |
| **Borrowings included in current liabilities:** | | | | |
| Current portion of long-term borrowings | | | | |
| – Bank borrowings, secured *(b)* | – | – | 52,951 | – |
| – Bank borrowings, unsecured *(c)* | – | – | 41,065 | 194,290 |
| – Current portion of long-term bank borrowings, pledged *(a)* | – | – | 11,263 | 11,231 |
| | – | – | 105,279 | 205,521 |
| | – | – | 264,229 | 353,421 |

(a) As at 31 December 2022 and 30 September 2023, bank borrowings of RMB170,213,000 and RMB159,131,000 were pledged by the Group's investment properties (Note 15), buildings (Note 13), and land use rights (Note 14). The carrying amounts of assets pledged as security for current and non-current borrowings are disclosed in Note 35.

As at 31 December 2022 and 30 September 2023, the interest rate on long-term borrowings was 4.1%. The interest should be paid quarterly and the principal should be repaid semi-annually before 20 September 2037.

(b) As at 31 December 2022, bank borrowing of RMB52,951,000 (USD7,520,000) was secured by a financing guarantee issued by a domestic commercial bank.

(c) As at 31 December 2022 and 30 September 2023, the Group has entered into several short-term agreements with certain banks in the Mainland China. The borrowings had the maturity of one year or less and the interest rates ranging from 2.84% to 4.35% and 3.90% to 4.65% per annum as at 31 December 2022 and 30 September 2023, respectively.

## 30 DEFERRED INCOME

The Group's deferred income represents government grants received from governmental authorities. The movement of deferred income is set out below:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **At the beginning of the year/period** | 105 | 150 | 2,490 | 11,820 |
| Additions | 45 | 2,340 | 9,480 | 1,562 |
| Recognised in profit or loss | – | – | (150) | (210) |
| **At the end of the year/period** | 150 | 2,490 | 11,820 | 13,172 |

## 31 DEFERRED INCOME TAXES

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

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Total deferred income tax assets:** | 89,078 | 81,244 | 63,932 | 73,932 |
| Set-off of deferred tax assets pursuant to set-off provisions *(a)* | (71,479) | (69,270) | (59,245) | (60,085) |
| **Net deferred income tax assets** | 17,599 | 11,974 | 4,687 | 13,847 |
| **Deferred income tax assets:** | | | | |
| – to be recovered within 1 year | 10,796 | 21,503 | 13,745 | 13,759 |
| – to be recovered more than 1 year | 78,282 | 59,741 | 50,187 | 60,173 |
| | 89,078 | 81,244 | 63,932 | 73,932 |
| **Total deferred income tax liabilities** | 71,717 | 69,769 | 59,334 | 60,084 |
| Set-off of deferred tax liabilities pursuant to set-off provisions *(a)* | (71,479) | (69,270) | (59,245) | (60,084) |
| **Net deferred income tax liabilities** | 238 | 499 | 89 | – |
| **Deferred income tax liabilities:** | | | | |
| – to be recovered within 1 year | 10,582 | 11,546 | 13,431 | 11,332 |
| – to be recovered more than 1 year | 61,135 | 58,223 | 45,903 | 48,752 |
| | 71,717 | 69,769 | 59,334 | 60,084 |

(a) The Group only offset deferred tax assets and deferred tax liabilities for presentation purposes only if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on same tax payee.

The movement in deferred income tax assets are as follows:

| Deferred income tax assets | Unused tax losses | Allowance for doubtful account | Lease liabilities | Deferred income | Advertising expenses | Share-based compensation expenses | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | 91,132 | 89 | 3,108 | 23 | – | – | 94,352 |
| (Debited)/credit to profit or loss *(Note 11)* | (6,267) | (8,925) | 434 | – | – | – | (14,758) |
| Business combinations | – | 9,484 | – | – | – | – | 9,484 |
| **As at 31 December 2020** | 84,865 | 648 | 3,542 | 23 | – | – | 89,078 |
| **As at 1 January 2021** | 84,865 | 648 | 3,542 | 23 | – | – | 89,078 |
| (Debited)/credit to profit or loss *(Note 11)* | (8,592) | (256) | 714 | 300 | – | – | (7,834) |
| **As at 31 December 2021** | 76,273 | 392 | 4,256 | 323 | – | – | 81,244 |
| **As at 1 January 2022** | 76,273 | 392 | 4,256 | 323 | – | – | 81,244 |
| (Debited)/credit to profit or loss *(Note 11)* | (18,578) | 100 | (2,095) | 949 | 2,312 | – | (17,312) |
| **As at 31 December 2022** | 57,695 | 492 | 2,161 | 1,272 | 2,312 | – | 63,932 |
| **As at 1 January 2022 (Unaudited)** | 76,273 | 392 | 4,256 | 323 | – | – | 81,244 |
| (Debited)/credit to profit or loss *(Note 11)* | (4,937) | 58 | (773) | 1,367 | – | – | (4,285) |
| **As at 30 September 2022 (unaudited)** | 71,336 | 450 | 3,483 | 1,690 | – | – | 76,959 |
| **As at 1 January 2023** | 57,695 | 492 | 2,161 | 1,272 | 2,312 | – | 63,932 |
| (Debited)/credit to profit or loss *(Note 11)* | 681 | 526 | (507) | (221) | 7,235 | 2,286 | 10,000 |
| **As at 30 September 2023** | 58,376 | 1,018 | 1,654 | 1,051 | 9,547 | 2,286 | 73,932 |

(b) The movement in deferred income tax liabilities are as follows:

| Deferred income tax liabilities | Changes in fair value | Residual value of fixed assets | Business combinations | Right-of-use assets | Undistributed profits of overseas subsidiaries | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | 27,573 | 5 | – | 2,991 | 35,690 | 66,259 |
| Debited/(credit) to profit or loss *(Note 11)* | 11,558 | – | (2,618) | 466 | (7,364) | 2,042 |
| Debited to other comprehensive income | 560 | – | – | – | – | 560 |
| Business combinations | – | – | 2,856 | – | – | 2,856 |
| **As at 31 December 2020** | 39,691 | 5 | 238 | 3,457 | 28,326 | 71,717 |
| **As at 1 January 2021** | 39,691 | 5 | 238 | 3,457 | 28,326 | 71,717 |
| Debited/(credit) to profit or loss *(Note 11)* | 2,490 | 516 | (68) | 679 | (7,982) | (4,365) |
| Debited to other comprehensive income | 2,587 | – | – | – | – | 2,587 |
| Disposal of subsidiaries | – | – | (170) | – | – | (170) |
| **As at 31 December 2021** | 44,768 | 521 | – | 4,136 | 20,344 | 69,769 |
| **As at 1 January 2022** | 44,768 | 521 | – | 4,136 | 20,344 | 69,769 |
| Debited/(credit) to profit or loss *(Note 11)* | 224 | (164) | – | (2,123) | (9,259) | (11,322) |
| Debited to other comprehensive income | 887 | – | – | – | – | 887 |
| **As at 31 December 2022** | 45,879 | 357 | – | 2,013 | 11,085 | 59,334 |
| **As at 1 January 2022 (Unaudited)** | 44,768 | 521 | – | 4,136 | 20,344 | 69,769 |
| Credit to profit or loss *(Note 11)* | – | (131) | – | (1,238) | – | (1,369) |
| Debited to other comprehensive income | 659 | – | – | – | – | 659 |
| **As at 30 September 2022 (unaudited)** | 45,427 | 390 | – | 2,898 | 20,344 | 69,059 |

| Deferred income tax liabilities | Changes in fair value | Residual value of fixed assets | Business combinations | Right-of-use assets | Undistributed profits of overseas subsidiaries | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2023** | 45,879 | 357 | – | 2,013 | 11,085 | 59,334 |
| Debited/(credit) to profit or loss *(Note 11)* | 706 | (124) | – | (507) | – | 75 |
| Debited to other comprehensive income | 675 | – | – | – | – | 675 |
| **As at 30 September 2023** | 47,260 | 233 | – | 1,506 | 11,085 | 60,084 |

## 32 CHANGES IN THE SCOPE OF CONSOLIDATION

### (a) Business combination under common control

On 4 June 2020, the Group acquired 100% of the equity interests in LLP Global BVI from a related party of the Group, Lianlian Pay Corporation, which was also controlled by Zhang Zhengyu. The combining entities were controlled by the same controlling party, and the transaction was recognised as business combination under common control and accounted for using merger accounting. As a result, the cash consideration amounting to RMB119,300,000 was debited to the share premium of the Group (Note 26).

Details of the purchase consideration, the net assets acquired are as follows:

| | LLP Global BVI |
|---|---|
| | *RMB'000* |
| Purchase consideration: | |
| – Cash considerations | 119,300 |
| Net assets acquired using the existing book values | (4,256) |

The assets and liabilities as at the acquisition date are as follows:

| | LLP Global BVI |
|---|---|
| | *RMB'000* |
| Cash and cash equivalents | 3,354 |
| Customer accounts | 49,239 |
| Trade receivables | 11 |
| Prepayments, other receivables and other assets | 2,584 |
| Property, plant and equipment | 261 |
| Less: Trade payables | (53) |
| Accruals and other payables | (59,469) |
| Net liabilities | (4,073) |
| Less: non-controlling interests | (183) |
| Net assets acquired | (4,256) |

**(b) Business combination**

***(i) Acquisition of Shanghai Lianlian Micro Loan Co., Ltd.***

On 29 February 2020, the Group acquired 100% of the equity interests of Shanghai Netease Micro Loan Co., Ltd. from third parties at a cash consideration of RMB263,180,000. The Group paid RMB26,479,000 in 2019 and paid the remaining RMB236,701,000 and completed the acquisition in 2020. On 20 July 2020, Shanghai Netease Micro Loan Co., Ltd. changed its name to Shanghai Lianlian Micro Loan Co., Ltd. The acquisition of Lianlian Micro Loan was accounted for as business combination.

Lianlian Micro Loan is mainly engaged in provision of micro-loan services in the PRC.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired, and liabilities assumed at the acquisition date:

| | **Pre-acquisition carrying amounts** | **Fair value adjustments** | **Recognised values on acquisition** |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Consideration** | | | |
| – Cash consideration paid | | | 263,180 |
| – Fair value of the repurchase option *(Note 9)* | | | 15,444 |
| **Total consideration** | | | 278,624 |
| **Recognised amounts of identifiable assets acquired and liabilities assumed:** | | | |
| Cash and cash equivalents | 1,565 | – | 1,565 |
| Restricted cash | 32,653 | – | 32,653 |
| Financial assets at fair value through profit or loss | 190,423 | – | 190,423 |
| Trade receivables | 2,748 | – | 2,748 |
| Loan and factoring receivables | 34,728 | – | 34,728 |
| Prepayments, other receivables and other current assets | 1,987 | – | 1,987 |
| Property, plant and equipment | 529 | 323 | 852 |
| Intangible assets | – | 10,423 | 10,423 |
| Deferred income tax assets | 9,234 | (2,686) | 6,548 |
| Trade payables | (2,337) | – | (2,337) |
| Accruals and other payables | (966) | – | (966) |
| **Total identifiable net assets** | 270,564 | 8,060 | 278,624 |
| – Cash consideration paid in 2020 | | | 236,701 |
| – Cash and cash equivalents in subsidiary acquired | | | (1,565) |
| **Net cash outflow on acquisition** | | | 235,136 |

*Revenue and loss contribution*

The revenue and loss included in the consolidated statements of comprehensive loss contributed by Lianlian Micro Loan were insignificant for the year ended 31 December 2020.

The Group disposed 100% of the equity interests of Lianlian Micro Loan to a related party in May 2021 (Note 32(d)).

*(ii) Acquisition of Ningbo Lianhui Commercial Factoring Co., Ltd.*

On 29 May 2020, the Group acquired 100% of the equity interests of Ningbo Netease Commercial Factoring Co., Ltd. from third parties at a cash consideration of RMB49,636,000. The Group paid RMB4,963,000 in 2019 and paid the remaining RMB44,673,000 and completed the acquisition in 2020. On 14 May 2020, Ningbo Netease Commercial Factoring Co., Ltd. changed its name to Ningbo Lianhui Commercial Factoring Co., Ltd. The acquisition of Lianhui Factoring was accounted for as business combination.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired, and liabilities assumed at the acquisition date:

| | Pre-acquisition carrying amounts | Fair value adjustments | Recognised values on acquisition |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Consideration** | | | |
| – Cash consideration paid | | | 49,636 |
| **Total consideration** | | | 49,636 |
| **Recognised amounts of identifiable assets acquired and liabilities assumed:** | | | |
| Cash and cash equivalents | 297 | – | 297 |
| Restricted cash | 830 | – | 830 |
| Financial assets at fair value through profit or loss | 50,324 | – | 50,324 |
| Loan and factoring receivables | 199 | – | 199 |
| Intangible assets | – | 680 | 680 |
| Deferred income tax assets | 250 | (170) | 80 |
| Accruals and other payables | (73) | – | (73) |
| **Total identifiable net assets** | 51,827 | 510 | 52,337 |
| **Other gains arising on acquisition *(Note 9)*** | | | 2,701 |
| – Cash consideration paid in 2020 | | | 44,673 |
| – Cash and cash equivalents in subsidiary acquired | | | (297) |
| **Net cash outflow on acquisition** | | | 44,376 |

*Revenue and loss contribution*

The revenue and loss included in the consolidated statements of comprehensive loss contributed by Lianhui Factoring were insignificant for the year ended 31 December 2020.

The difference of RMB2,701,000 of cash paid for the acquisition and the fair value of assets acquired was recorded in other gains (Note 9).

The Group disposed 100% of the equity interests of Lianhui Factoring to a related party in May 2021 (Note 32(d)).

**(c) Acquisition of subsidiaries**

The following subsidiaries does not constitute a business, therefore, the following acquisitions were not accounted for as business combinations.

***(i) Acquisition of Lianlian Pay Japan Co., Ltd.***

On 9 April 2020, the Group acquired 100% of the equity interests of Lianlian Japan from a third-party. The cash consideration paid was JPY1,000,000 (equivalent to RMB67,000), and the net assets acquired was JPY1,000,000.

The revenue and loss included in the consolidated statements of comprehensive loss during the Track Record Period contributed by Lianlian Japan were insignificant.

***(ii) Acquisition of Starlink Financial Technologies Joint Stock Company***

On 24 June 2020, the Group acquired 90% of the equity interests of Starlink Vietnam from a third-party. The cash consideration paid was VND1,800,000,000 (equivalent to RMB549,000), and the net assets acquired is USD77,586.

The revenue and loss included in the consolidated statements of comprehensive loss during the Track Record Period contributed by Starlink Vietnam were insignificant.

***(iii) Acquisition of PT Internasional Sukses Remiten ("PT ISR")***

On 8 June 2022, the Group acquired 90% of the equity interests of PT ISR from a third-party. The cash consideration paid was IDR6,000,000,000 (equivalent to RMB2,892,000).

The revenue and loss included in the consolidated statements of comprehensive loss during the Track Record Period contributed by PT ISR were insignificant.

**(d) Disposal of subsidiaries**

On 28 May 2021, the Group entered into an equity transfer agreement with Zhonglian Intelligent Technology Co., Ltd., a related party of the Group, pursuant to which the Group agreed to sell 100% equity interests of Lianlian Micro Loan and Shanghai Lianlian Digitech Co., Ltd. ("**Lianlian Shanghai**") and its subsidiary, Lianhui Factoring, at a cash consideration of RMB263,876,000 and RMB53,000,000 respectively. The aggregate gains on disposal amounted to RMB297,000 (Note 9).

| | **Lianlian Micro-Loan** | **Lianlian Shanghai** | **Total** |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash consideration received | 263,876 | 53,000 | 316,876 |
| Less: carrying amount of total assets and liabilities disposed | (268,688) | (47,891) | (316,579) |
| **(Loss)/gain on disposal of subsidiaries *(Note 9)*** | (4,812) | 5,109 | 297 |
| – Cash consideration | 263,876 | 53,000 | 316,876 |
| – Cash and cash equivalents in the subsidiary disposed | (175,939) | (391) | (176,330) |
| **Net cash inflow from disposal of subsidiaries** | 87,937 | 52,609 | 140,546 |
| Current assets | 268,682 | 182,900 | 451,582 |
| Non-current assets | 1,406 | 581 | 1,987 |
| Current liabilities | (1,309) | (135,590) | (136,899) |
| Non-current liabilities | (91) | – | (91) |
| **Net assets** | 268,688 | 47,891 | 316,579 |

## 33 CASH (USED IN)/GENERATED FROM OPERATIONS

### (a) Reconciliation of loss before income tax to net cash (used in)/generated from operations

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Loss before income tax | (338,881) | (730,450) | (900,638) | (636,571) | (605,131) |
| Adjustments for: | | | | | |
| – Depreciation of property and equipment *(Note 6)* | 18,834 | 12,057 | 13,909 | 10,195 | 10,265 |
| – Depreciation of investment properties *(Note 6)* | 4,416 | 4,231 | 4,025 | 3,099 | 3,008 |
| – Impairment intangible assets *(Note 9)* | 10,420 | – | – | – | – |
| – Depreciation of right–of–use assets *(Note 6)* | 9,447 | 7,620 | 8,726 | 6,220 | 6,512 |
| – Amortisation of intangible assets *(Note 6)* | 1,646 | 2,501 | 3,510 | 2,603 | 2,816 |
| – Dividend income from financial assets at FVOCI *(Note 8)* | – | – | (335) | (335) | (308) |
| – Loss/(gains) on disposal of property and equipment | 5,038 | (142) | 14 | 14 | – |
| – Gains on termination of right–of–use assets *(Note 9)* | (481) | – | – | – | – |
| – Share of loss of investments accounted for using the equity method *(Note 17)* | 328,455 | 687,271 | 805,016 | 569,677 | 470,728 |
| – (Reversal of)/impairment losses on financial assets *(Note 3.1(b))* | (2,468) | 99 | 747 | 387 | 3,464 |
| – Fair value gains on WMPs *(Note 3.3)* | (1,397) | (4,261) | – | – | – |
| – Fair value (gains)/loss on financial assets at FVPL *(Note 3.3)* | (54,641) | (754) | 11,879 | 18,411 | 3,155 |
| – Fair value gains of derivative financial liability *(Note 9)* | (15,444) | – | – | – | – |
| – Gains on disposal of subsidiaries *(Note 9)* | – | (297) | – | – | – |
| – Gains on acquisition of a subsidiary *(Note 32)* | (2,701) | – | – | – | – |
| – Interest income on loans to related parties *(Note 36(b)(vi))* | (2,437) | (3,363) | (4,538) | (609) | (6,247) |
| – Share-based compensation expenses *(Note 7)* | 110,972 | 69,802 | 52,278 | 39,209 | 112,813 |
| – Interest income on customer accounts *(Note 8)* | (12,329) | (10,530) | (21,761) | (12,225) | (56,777) |
| – Finance (income)/costs – net *(Note 10)* | (9,180) | (22,442) | (4,238) | (5,492) | 7,033 |
| **Operating cash flows before changes in working capital** | 49,269 | 11,342 | (31,406) | (5,417) | (48,669) |
| Changes in working capital: | | | | | |
| – Trade receivables, inventories and prepayments, other receivables and other current assets | 4,347 | (21,229) | (10,117) | (42,894) | (63,558) |
| – 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) |
| **Non-cash investing activities** | | | | | |
| Capital contribution by the ultimate controlling party *(Note 26(i))* | 51,113 | – | – | – | – |

**(b) Net cash/(debt) reconciliation**

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents *(Note 24)* | 1,300,476 | 871,460 | 145,504 | 142,222 |
| Lease liabilities | (15,581) | (21,941) | (13,967) | (10,580) |
| Borrowings | – | – | (264,229) | (353,421) |
| Net cash/(debt) | 1,284,895 | 849,519 | (132,692) | (221,779) |

| | Liabilities from financing activities | | | | Other assets | | |
|---|---|---|---|---|---|---|---|
| | Lease liabilities | Borrowings | Amounts due to related parties | Subtotal | Cash and cash equivalents | Amounts due from related parties | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | (19,249) | – | (81,767) | (101,016) | 429,883 | 559 | 329,426 |
| Cash flows | 10,226 | 3,954 | 32,172 | 46,352 | 872,379 | (1,624) | 917,107 |
| Accrued interest expenses *(Note 10)* | (1,409) | (3,932) | (1,518) | (6,859) | – | – | (6,859) |
| Additions | (13,487) | – | – | (13,487) | – | – | (13,487) |
| Foreign exchange adjustments | – | – | – | – | (1,786) | – | (1,786) |
| Other non-cash movements *(Note 26)* | 8,338 | (22) | 51,113 | 59,429 | – | 1,065 | 60,494 |
| **As at 31 December 2020** | (15,581) | – | – | (15,581) | 1,300,476 | – | 1,284,895 |
| **As at 1 January 2021** | (15,581) | – | – | (15,581) | 1,300,476 | – | 1,284,895 |
| Cash flows | 6,633 | – | – | 6,633 | (428,713) | – | (422,080) |
| Accrued interest expenses *(Note 10)* | (924) | (53) | – | (977) | – | – | (977) |
| Additions | (12,069) | – | – | (12,069) | – | – | (12,069) |
| Foreign exchange adjustments | – | – | – | – | (303) | – | (303) |
| Other non-cash movements | – | 53 | – | 53 | – | – | 53 |
| **As at 31 December 2021** | (21,941) | – | – | (21,941) | 871,460 | – | 849,519 |
| **As at 1 January 2022** | (21,941) | – | – | (21,941) | 871,460 | – | 849,519 |
| Cash flows | 10,427 | (256,479) | – | (246,052) | (731,812) | – | (977,864) |
| Accrued interest expenses *(Note 10)* | (915) | (3,266) | – | (4,181) | – | – | (4,181) |
| Additions | (1,538) | – | – | (1,538) | – | – | (1,538) |
| Foreign exchange adjustments | – | (4,484) | – | (4,484) | 5,856 | – | 1,372 |
| **As at 31 December 2022** | (13,967) | (264,229) | – | (278,196) | 145,504 | – | (132,692) |

| | Liabilities from financing activities | | | | Other assets | | |
|---|---|---|---|---|---|---|---|
| | Lease liabilities | Borrowings | Amounts due to related parties | Subtotal | Cash and cash equivalents | Amounts due from related parties | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2022 (Unaudited)** | (21,941) | – | – | (21,941) | 871,460 | – | 849,519 |
| Cash flows | 7,201 | (201,007) | – | (193,806) | (364,312) | – | (558,118) |
| Accrued interest expenses *(Note 10)* | (863) | (415) | – | (1,278) | – | – | (1,278) |
| Additions | (1,538) | – | – | (1,538) | – | – | (1,538) |
| Foreign exchange adjustments | – | (2,793) | – | (2,793) | 4,077 | – | 1,284 |
| **As at 30 September 2022 (unaudited)** | (17,141) | (204,215) | – | (221,356) | 511,225 | – | 289,869 |
| **As at 1 January 2023** | (13,967) | (264,229) | – | (278,196) | 145,504 | – | (132,692) |
| Cash flows | 7,074 | (81,418) | – | (74,344) | (5,721) | – | (80,065) |
| Accrued interest expenses *(Note 10)* | (458) | (8,305) | – | (8,763) | – | – | (8,763) |
| Foreign exchange adjustments | (3,229) | 531 | – | (2,698) | 2,439 | – | (259) |
| **As at 30 September 2023** | (10,580) | (353,421) | – | (364,001) | 142,222 | – | (221,779) |

## 34 COMMITMENTS

### (a) Capital commitments

Significant investments contracted for at the end of the Track Record Period but not recognised as liabilities is as follows:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Investment commitments to the LianTong | 1,544 | 370,000 | 430,000 | – |

**(b) Non-cancellable operating lease**

The Group leases office buildings under non-cancellable operating leases. As at 31 December 2020, 2021, 2022 and 30 September 2023, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 1,544 | 285 | 691 | 1,185 |

## 35 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | | |
| Restricted cash | – | – | 5,100 | – |
| **Non-current** | | | | |
| Property, plant and equipment | – | – | 112,064 | 107,489 |
| Land use rights | – | – | 2,911 | 2,839 |
| Investment properties | – | – | 169,053 | 166,045 |
| | – | – | 284,028 | 276,373 |
| | – | – | 289,128 | 276,373 |

Assets pledged as security for current and non-current borrowings were disclosed in Note 13, Note 14, Note 15 and Note 24.

## 36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023, respectively.

The related party transactions were continuing transactions and carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary courses of business of the Group and in accordance with the terms of underlying agreements.

### (a) Name and relationship with related parties

| Name of related party | Nature of relationship |
|---|---|
| LianTong | Associate |
| Zhonglian Inc. (formerly known as Lianlian Pay Inc.) | Controlled by the ultimate controlling party |
| Zhonglian Tech Holdings Ltd (formerly known as Lianlian Pay Holdings Ltd) | Controlled by the ultimate controlling party |
| Zhonglian Holdings Limited (formerly known as Lianlian Holdings Limited) | Controlled by the ultimate controlling party |
| Zhonglian Service Ltd (formerly known as Lianlian Wallet Service Ltd) | Controlled by the ultimate controlling party |
| Zhonglian Corporation (formerly known as Lianlian Pay Corporation) | Controlled by the ultimate controlling party |
| Zhengjiang Billion Technology Co., Ltd. | Controlled by the ultimate controlling party |
| Zhejiang Lianlian Investment Co., Ltd. | Controlled by the ultimate controlling party |
| Zhejiang Lianxin Technology Co., Ltd. | Controlled by the ultimate controlling party |
| Zhonglian Intelligent Technology Co., Ltd. | Controlled by the ultimate controlling party |
| Zhejiang Lianliantong Technology Co., Ltd. | Controlled by the ultimate controlling party |
| Ningbo Lianhui Commercial Factoring Co., Ltd. (formerly known as Lianhui Factoring) | Controlled by the ultimate controlling party |
| Shanghai Liantongda Information Technology Co., Ltd. (formerly known as Lianlian Micro Loan) | Controlled by the ultimate controlling party |
| Hangzhou Chanliantong Technology Co., Ltd. | Under significant influence of the ultimate controlling party |
| Hangzhou Yunshike Technology Co., Ltd. | Under significant influence of the ultimate controlling party |
| Hangzhou Donghan Paifu Private Equity Fund Management Co., Ltd. | Under significant influence of the ultimate controlling party |
| Zhejiang Lianlian Technology Co., Ltd. | Jointly controlled by the ultimate controlling party |
| Zhejiang Impression Software Co., Ltd. | Shareholders of the Company serve as its directors |
| Guangzhou Huixin Internet Micro Loan Co., Ltd. | Directors of the Company serve as its directors |

**(b) Transactions with related parties**

***Trade nature***

*(i) Provision of services*

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Ningbo Lianhui Commercial Factoring Co., Ltd. | – | 527 | 2,403 | 1,464 | 1,645 |
| Zhonglian Intelligent Technology Co., Ltd. | 425 | 633 | 572 | 456 | 143 |
| LianTong | 8,252 | 4,910 | 413 | 413 | – |
| Hangzhou Chanliantong Technology Co., Ltd. | – | – | 19 | – | – |
| Shanghai Liantongda Information Technology Co., Ltd. | – | 16 | – | – | – |
| Zhejiang Lianlian Technology Co., Ltd. | – | 19 | – | – | – |
| Guangzhou Huixin Internet Micro-Loan Co., Ltd. | 165 | – | – | – | – |
| Zhejiang Impression Software Co., Ltd. | 1 | – | – | – | – |
| | 8,843 | 6,105 | 3,407 | 2,333 | 1,788 |

*(ii) Purchase of telecommunication services*

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Zhejiang Lianlian Technology Co., Ltd. | 16 | 220 | 212 | 84 | 42 |

*(iii) Rental income*

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| LianTong | 1,991 | 4,537 | 3,785 | 2,749 | 2,076 |
| Hangzhou Chanliantong Technology Co., Ltd. | – | – | – | – | 547 |
| Ningbo Lianhui Commercial Factoring Co., Ltd. | – | 424 | 549 | 379 | 383 |
| Zhonglian Intelligent Technology Co., Ltd. | 668 | 985 | 363 | 277 | 242 |
| Zhejiang Lianliantong Technology Co., Ltd. | 141 | 168 | 168 | 131 | 73 |
| Hangzhou Donghan Paifu Private Equity Fund Management Co., Ltd. | 29 | 14 | 77 | 62 | 50 |
| Shanghai Liantongda Information Technology Co., Ltd. | – | 95 | – | – | – |
| Zhejiang Lianxin Technology Co., Ltd. | 544 | – | – | – | – |
| Hangzhou Yunshike Technology Co., Ltd. | 52 | – | – | – | – |
| Zhengjiang Billion Technology Co., Ltd. | 10 | – | – | – | – |
| | 3,435 | 6,223 | 4,942 | 3,598 | 3,371 |

***Non-trade nature***

*(iv) Amounts received from related parties*

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Zhonglian Inc. | 3,129 | – | – | – | – |
| Zhonglian Corporation | 1,066 | – | – | – | – |
| Zhonglian Service Ltd | 559 | – | – | – | – |
| | 4,754 | – | – | – | – |

*(v) Amounts paid to related parties*

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Zhonglian Inc. | 8,291 | – | – | – | – |
| Zhonglian Holdings Limited | 1,744 | – | – | – | – |
| Zhonglian Tech Holdings Ltd | 949 | – | – | – | – |
| | 10,984 | – | – | – | – |

*(vi) Loans to related parties*

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Loans to related parties | | | | | |
| – LianTong | 150,000 | – | 300,000 | 125,000 | – |
| – Zhonglian Intelligent Technology Co., Ltd. | 2,650 | – | – | – | – |
| | 152,650 | – | 300,000 | 125,000 | – |
| Repayments of loans from related parties | | | | | |
| – LianTong | – | 150,000 | – | – | 300,000 |
| – Zhonglian Intelligent Technology Co., Ltd. | 2,650 | – | – | – | – |
| | 2,650 | 150,000 | – | – | 300,000 |
| Interest income related to loans to related parties | | | | | |
| – LianTong | 2,427 | 3,363 | 4,538 | 609 | 6,247 |
| – Zhonglian Intelligent Technology Co., Ltd. | 10 | – | – | – | – |
| | 2,437 | 3,363 | 4,538 | 609 | 6,247 |

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Interest received from related parties | | | | | |
| – LianTong | 2,370 | 3,767 | – | – | 10,785 |
| – Zhejiang Lianlian Investment Co., Ltd. | 21 | – | – | – | – |
| – Zhonglian Intelligent Technology Co., Ltd. | 10 | – | – | – | – |
| | 2,401 | 3,767 | – | – | 10,785 |

In 2020, the loans granted to Zhonglian Intelligent Technology Co., Ltd. bore an interest rate at 6% per annum, which were fully received in April 2020.

On 30 July 2020, the Group provided a loan of RMB150,000,000 to LianTong with a term of 1 year and an annual interest rate of 4.41%. In July 2021, the principal and interest of the loan were received.

In June 2022, the Group provided a loan of RMB300,000,000 to LianTong with a term of 1 year, and the annual interest rate is determined on the basis of national interbank offered rate plus 1.83%. In May 2023, the principal and interest of the loan were fully received.

*(vii) Borrowings from related parties*

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Borrowings received from related parties | | | | | |
| – Zhonglian Tech Holdings Ltd | 107,586 | – | – | – | – |
| – Zhonglian Service Ltd | 12,743 | – | – | – | – |
| | 120,329 | – | – | – | – |
| Repayments of borrowings to related parties | | | | | |
| – Zhonglian Tech Holdings Ltd | 107,586 | – | – | – | – |
| – Zhonglian Intelligent Technology Co., Ltd. | 22,800 | – | – | – | – |
| – Zhonglian Service Ltd | 12,743 | – | – | – | – |
| | 143,129 | – | – | – | – |

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Interest expense charged and paid to related parties | | | | | |
| – Zhonglian Tech Holdings Ltd | 1,309 | – | – | – | – |
| – Zhonglian Service Ltd | 139 | – | – | – | – |
| – Zhonglian Intelligent Technology Co., Ltd. | 70 | – | – | – | – |
| | 1,518 | – | – | – | – |

The Group entered into one-year loan agreements with Zhonglian Tech Holdings Ltd and Zhonglian Service Ltd in 2020 with 3% interest rates per annum.

**(c) Receivables from and payables to related parties**

***Trade nature***

*(i) Accounts receivables*

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Zhonglian Intelligent Technology Co., Ltd. | 400 | 440 | 35 | 2 |
| Ningbo Lianhui Commercial Factoring Co., Ltd. | – | 68 | 2,723 | – |
| LianTong | 1,572 | 2,805 | – | – |
| Shanghai Liantongda Information Technology Co., Ltd. | – | 56 | – | – |
| Hangzhou Donghan Paifu Private Equity Fund Management Co., Ltd. | – | 14 | – | – |
| Guangzhou Huixin Internet Micro Loan Co., Ltd. | 1 | – | – | – |
| | 1,973 | 3,383 | 2,758 | 2 |

*(ii) Advances from customers*

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| LianTong | 421 | 840 | 670 | 186 |
| Hangzhou Chanliantong Technology Co., Ltd. | – | – | – | 117 |
| Zhejiang Lianliantong Technology Co., Ltd. | 29 | 26 | 31 | – |
| | 450 | 866 | 701 | 303 |

*(iii) Payables to merchants and customers*

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Ningbo Lianhui Commercial Factoring Co., Ltd. | – | 4,194 | 394 | – |
| Guangzhou Huixin Internet Micro Loan Co., Ltd. | 76 | – | – | – |
| | 76 | 4,194 | 394 | – |

***Non-trade nature***

*(iv) Other receivables*

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| LianTong | 150,202 | 140 | 304,950 | 140 |
| Zhejiang Lianlian Technology Co., Ltd. | 20 | 10 | 10 | 10 |
| | 150,222 | 150 | 304,960 | 150 |

The balance with LianTong as at 30 September 2023 was deposits for clearance network, which will not be settled prior to [**REDACTED**].

**(d) Key management personnel compensation**

| | Year ended 31 December | | | Nine months ended 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Wages, salaries and bonuses | 4,039 | 7,004 | 4,524 | 3,422 | 4,106 |
| Share-based compensation expenses | 8,191 | 7,505 | 8,636 | 6,477 | 27,290 |
| Employee social security plans, medical insurances, other social insurances obligations and housing benefits | 136 | 430 | 490 | 347 | 381 |
| Welfare and other benefits | 19 | 34 | 22 | 17 | 28 |
| | 12,385 | 14,973 | 13,672 | 10,263 | 31,805 |

**The Company**

***(a) Amounts due to subsidiaries of the Company***

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Current assets | | | | |
| Amounts due from subsidiaries | – | – | – | 19,712 |
| Current liabilities | | | | |
| Amounts due to subsidiaries | 37,010 | 137,360 | 325,679 | 495,755 |

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

## 37 SHARE-BASED PAYMENTS

**(a) Share awards**

According to the resolution at the second interim shareholders' meeting dated 11 December 2020, the Company provided share-based incentives to those qualified employees, issuing additional 9,180,000 shares to the incentive recipients at a price of RMB2.96 per share. The additional shares accounted for 0.9% of the Company's total shares. Since there was no vesting period for such share-based incentives, the difference between the price and the fair value of the Company's equities, namely RMB110,585,000, was accounted as one-time share-based payment expenses.

On 11 August 2020, pursuant to the Directors' Resolution of the subsidiary, Starlink Financial Technologies Pte. Ltd. ("**Starlink Singapore**"), Starlink Singapore issued certain number of ordinary shares to a director. The difference between the cash consideration paid by the director and the fair value of the issued ordinary shares is recognised as a share-based compensation expense immediately as no service conditions were attached for the shares. The Group determines the fair value of ordinary shares on the basis of the recent transaction price when such shares are issued. As a result, share based compensation expenses of RMB387,000 was recognised in the year ended 31 December 2020.

**(b) Share option scheme**

On 1 February 2021, the general meeting of the Company approved the share option scheme to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group (the "2021 [**REDACTED**] Share Option Scheme"). The Company granted [**REDACTED**] units of stock option to the incentive recipients at an exercise price of RMB2.96. The vesting periods of the options granted to eligible employees were 12 months from the grant date for the first 50% and 24 months from the grant date for the remaining 50%, and the stock options are not exercisable until the first [**REDACTED**] day after the Company's [**REDACTED**]. In addition, exercisable conditions also include company performance indicators. The 2021 [**REDACTED**] Share Option Scheme shall be valid and effective for the period of six years commencing on the date of grant. On 8 June 2023, the general meeting of the Company approved the revision of the share option scheme, the vesting periods of the remaining options were modified to 18 months after the Company's [**REDACTED**].

On 8 June 2023, the general meeting of the Company approved another share option scheme to grant [**REDACTED**] units of stock option to the incentive recipients at an exercise price of RMB5.00 (the "2023 [**REDACTED**] Share Option Scheme"). The share options granted to eligible employees are not exercisable until 18 months after the Company's [**REDACTED**]. The 2023 [**REDACTED**] Share Option Scheme shall be valid and effective for the period of five years commencing on the date of grant.

Movements in the options granted under the options Incentive Plan are as below:

| | **Weighted average exercise price in RMB per share option** | **Number of options** |
|---|---|---|
| | *RMB* | |
| **As at 31 December 2020** | – | – |
| Granted | 2.96 | 40,339,000 |
| Forfeited *(i)* | 2.96 | (21,737,500) |
| **As at 31 December 2021** | 2.96 | 18,601,500 |
| Forfeited | 2.96 | (561,000) |
| **As at 31 December 2022** | 2.96 | 18,040,500 |
| **As at 31 December 2021 (Unaudited)** | 2.96 | 18,601,500 |
| Forfeited | 2.96 | (501,000) |
| **As at 30 September 2022 (unaudited)** | 2.96 | 18,100,500 |
| **As at 31 December 2022** | 2.96 | 18,040,500 |
| Granted | 5.00 | 56,125,300 |
| Forfeited | 2.96 | (4,014,000) |
| **As at 30 September 2023** | 4.93 | 70,151,800 |

(i) Pursuant to the incentive plan, the performance condition for the first 50% of the share options was not satisfied for the year ended 31 December 2021, therefore, 50% of the share options was then expired.

(ii) Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2020, 2021, 2022 and 30 September 2023 are as follows:

| Grant date | Expiry date | Exercise price | Number of share options as at 31 December 2021 | Number of share options as at 31 December 2022 | Number of share options as at 30 September 2023 |
|---|---|---|---|---|---|
| February 2021 | 1 February 2027 | RMB2.96 | 18,601,500 | 18,040,500 | 14,493,000 |
| June 2023 | 12 June 2028 | RMB5.00 | Not applicable | Not applicable | 55,658,800 |

Weighted average remaining contractual life of options outstanding as at 31 December 2021, 2022 and 30 September 2023 were 5.1, 4.1 and 4.4 years.

(iii) The Group recognised RMB69,802,000, RMB52,278,000, RMB39,209,000 and RMB112,813,000 for the years ended 31 December 2021, 2022 and for the nine months ended 30 September 2022 and 2023 in relation to share options granted by the Company respectively.

**(c)** The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted option-pricing model to determine the fair value of the underlying ordinary shares. Key assumptions, such as discount rate and projections of further performance, are determined by the Group with best estimate.

The estimate of the fair value of the share options granted is measured by an external independent valuer using Black-Scholes and Binomial option pricing model as at the respective grant dates, which is to be expensed over the relevant vesting periods. The significant inputs into the model were listed below:

| | 2021 | 2023 |
|---|---|---|
| Expected volatility | 51.89%-58.17% | 51.16% |
| Risk-free interest rate | 2.60%-2.79% | 2.24% |
| Dividend yield | 0.00% | 0.00% |
| Exercise price | 2.96 | 5.00 |

The expected volatility was estimated at the grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the options. Management estimated the risk-free interest rate based on the yield of China government bond with a maturity life equal to the life of shares. Dividend yield is based on management estimation at the grant date.

**(d)** The Group is required to estimate the annual forfeiture rate to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 31 December 2021, 2022 and 30 September 2023, the expected forfeiture rate for senior management and other employees was estimated at 7.77%, 25.00% and 25.00%, respectively.

## 38 DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023.

No dividend or distribution has been declared, made or paid by the Company or any of the subsidiaries comprising the Group in respect of any period subsequent to 30 September 2023.

### 39 SUBSEQUENT EVENTS

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

After the completion of the additional capital injection, the Company's interest in LianTong decreased from 50.0% to 45.2% while American Express Company's interest increased from 50.0% to 54.8%. The total board seats of LianTong were reduced to five, of which the Company holds two and continues to have significant influence over LianTong. Such change of equity holding structure resulted in a deemed disposal of the Company's partial interest in LianTong and, consequently, a dilution gain of approximately [RMB240 million] was recognised upon the completion of such capital injection.

## III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2023 and up to the date of this report.