

APPENDIX I

ACCOUNTANT’S REPORT

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 H 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.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting 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.

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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
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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.

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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
		<u>(368,749)</u>	<u>(746,836)</u>	<u>(916,866)</u>	<u>(648,475)</u>	<u>(606,719)</u>
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
		<u>(361,020)</u>	<u>(733,419)</u>	<u>(911,774)</u>	<u>(645,702)</u>	<u>(604,419)</u>

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CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December			As at
		2020	2021	2022	30 September
		RMB'000	RMB'000	RMB'000	2023
				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

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BALANCE SHEETS OF THE COMPANY

	Note	As at 31 December			As at
		2020	2021	2022	30 September
		RMB'000	RMB'000	RMB'000	2023
				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

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Note	Attributable to owners of the Company				Non-controlling interests	Total equity	
	Share capital	Other reserves	Accumulated losses	Total			
	RMB'000	RMB'000	RMB'000	RMB'000			
Balance as at 1 January 2020	<u>906,740</u>	<u>579,704</u>	<u>(50,217)</u>	<u>1,436,227</u>	<u>300</u>	<u>1,436,527</u>	
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	<u>-</u>	<u>7,803</u>	<u>(368,159)</u>	<u>(360,356)</u>	<u>(664)</u>	<u>(361,020)</u>	
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	<u>1,014,760</u>	<u>1,926,680</u>	<u>(360,584)</u>	<u>2,580,856</u>	<u>941</u>	<u>2,581,797</u>	
Balance as at 1 January 2021	<u>1,014,760</u>	<u>1,926,680</u>	<u>(360,584)</u>	<u>2,580,856</u>	<u>941</u>	<u>2,581,797</u>	
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	<u>-</u>	<u>13,433</u>	<u>(746,586)</u>	<u>(733,153)</u>	<u>(266)</u>	<u>(733,419)</u>	
Transactions with equity holders of the Company:							
Capital contributions from non-controlling interests	7, 37	-	-	-	174	174	
Share-based compensation	7, 37	-	69,802	-	69,802	-	69,802
Transaction with non-controlling interests	7, 37	-	(16)	-	(16)	(29)	(45)
Balance as at 31 December 2021	<u>1,014,760</u>	<u>2,009,899</u>	<u>(1,107,170)</u>	<u>1,917,489</u>	<u>820</u>	<u>1,918,309</u>	
Balance as at 1 January 2022	<u>1,014,760</u>	<u>2,009,899</u>	<u>(1,107,170)</u>	<u>1,917,489</u>	<u>820</u>	<u>1,918,309</u>	
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	<u>-</u>	<u>5,164</u>	<u>(916,540)</u>	<u>(911,376)</u>	<u>(398)</u>	<u>(911,774)</u>	
Transactions with equity holders of the Company:							
Share-based compensation	7, 37	-	52,278	-	52,278	-	52,278
Capital contributions from non-controlling interests	7, 37	-	-	-	1,642	1,642	
Balance as at 31 December 2022	<u>1,014,760</u>	<u>2,067,341</u>	<u>(2,023,710)</u>	<u>1,058,391</u>	<u>2,064</u>	<u>1,060,455</u>	

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	Attributable to owners of the Company				Non-controlling interests	Total equity	
	Note	Share capital	Other reserves	Accumulated losses			Total
		RMB'000	RMB'000	RMB'000			RMB'000
Balance as at 1 January 2022		<u>1,014,760</u>	<u>2,009,899</u>	<u>(1,107,170)</u>	<u>1,917,489</u>	<u>820</u>	<u>1,918,309</u>
(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)		<u>-</u>	<u>2,486</u>	<u>(648,108)</u>	<u>(645,622)</u>	<u>(80)</u>	<u>(645,702)</u>
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)		<u>1,014,760</u>	<u>2,051,594</u>	<u>(1,755,278)</u>	<u>1,311,076</u>	<u>2,382</u>	<u>1,313,458</u>
Balance as at 1 January 2023		<u>1,014,760</u>	<u>2,067,341</u>	<u>(2,023,710)</u>	<u>1,058,391</u>	<u>2,064</u>	<u>1,060,455</u>
(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		<u>-</u>	<u>2,292</u>	<u>(608,056)</u>	<u>(605,764)</u>	<u>1,345</u>	<u>(604,419)</u>
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		<u>1,014,760</u>	<u>2,183,791</u>	<u>(2,633,111)</u>	<u>565,440</u>	<u>3,914</u>	<u>569,354</u>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Nine months ended 30 September	
		2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
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		<u>(59,187)</u>	<u>105,791</u>	<u>(33,337)</u>	<u>(42,437)</u>	<u>45,739</u>
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		<u>(367,912)</u>	<u>(528,246)</u>	<u>(941,069)</u>	<u>(515,523)</u>	<u>(125,015)</u>
Cash flows from financing activities						
Proceeds from capital contribution from shareholders		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		<u>1,299,478</u>	<u>(6,258)</u>	<u>242,594</u>	<u>193,648</u>	<u>73,555</u>
Net increase/(decrease) in cash and cash equivalents		<u>872,379</u>	<u>(428,713)</u>	<u>(731,812)</u>	<u>(364,312)</u>	<u>(5,721)</u>
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	<u>1,300,476</u>	<u>871,460</u>	<u>145,504</u>	<u>511,225</u>	<u>142,222</u>

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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				Date of this report	Principal activities
				31 December 2020	31 December 2021	31 December 2022	30 September 2023		
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 Digttech 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

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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				Date of this report	Principal activities
				31 December 2020	31 December 2021	31 December 2022	30 September 2023		
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

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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				Date of this report	Principal activities
				31 December 2020	31 December 2021	31 December 2022	30 September 2023		
LIANLIAN PAY BRASIL PAGAMENTOS ELETRÓNICOS 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

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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				Date of this report	Principal activities
				31 December 2020	31 December 2021	31 December 2022	30 September 2023		
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/Nil	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 Dedy 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.

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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:

	<u>New/amended standards</u>	<u>Effective date</u>
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.

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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.

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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.

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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.

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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.

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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.

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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.

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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

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determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

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

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

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in other gains/(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.

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(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.

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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.

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(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.

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(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.

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(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.

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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

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- 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.

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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.

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(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

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index (“GDP”), consumer price index (“CPI”) and China internet industry price index (“CIPI”) 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
	<i>RMB’000</i>		<i>RMB’000</i>
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
	<i>RMB’000</i>		<i>RMB’000</i>
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
	<i>RMB’000</i>		<i>RMB’000</i>
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
	<i>RMB’000</i>		<i>RMB’000</i>
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)

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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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>(1,152)</u>	<u>(2,529)</u>	<u>(3,063)</u>	<u>(2,780)</u>	<u>(6,670)</u>

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.

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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
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>	<i>RMB’000</i>
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	Carrying amount (net of impairment provision)
			amount	
			<i>RMB’000</i>	<i>RMB’000</i>
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

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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
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>	<i>RMB’000</i>
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
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>	<i>RMB’000</i>
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.

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(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
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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
	<u>6,565,126</u>	<u>3,929</u>	<u>6,213</u>	<u>–</u>	<u>6,575,268</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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
	<u>6,458,567</u>	<u>7,858</u>	<u>5,054</u>	<u>–</u>	<u>6,471,479</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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
	<u>8,853,088</u>	<u>22,651</u>	<u>49,826</u>	<u>140,438</u>	<u>9,066,003</u>

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	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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
	<u>9,374,964</u>	<u>19,829</u>	<u>50,295</u>	<u>127,894</u>	<u>9,572,982</u>

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
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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	<u>72%</u>	<u>77%</u>	<u>90%</u>	<u>94%</u>

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.

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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
	<i>RMB’000</i>	<i>RMB’000</i>
Opening balance 1 January 2020	–	245,698
Acquisition of subsidiaries	240,747	–
Additions (<i>Note 21</i>)	232,200	–
Disposals	(299,252)	–
Fair value change recognised in consolidated statements of comprehensive loss under “Other gains/(losses) – net” (<i>Note 9</i>)	1,397	54,641
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income (<i>Note 23</i>)	–	3,735
Foreign currency translation	–	(6,765)
Closing balance 31 December 2020	175,092	297,309

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	Investment in wealth management products (“WMPs”)	Unlisted equity investments
	<i>RMB’000</i>	<i>RMB’000</i>
Additions (<i>Note 21</i>)	700,000	–
Disposals	(879,353)	–
Fair value change recognised in consolidated statements of comprehensive loss under “Other gains/(losses) – net” (<i>Note 9</i>)	4,261	754
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income (<i>Note 23</i>)	–	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” (<i>Note 9</i>)	–	(11,879)
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income (<i>Note 23</i>)	–	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” (<i>Note 9</i>)	–	(18,411)
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income (<i>Note 23</i>)	–	4,393
Foreign currency translation	–	8,610
Closing balance 30 September 2022 (unaudited)	–	307,742
Opening balance 1 January 2023	–	314,834
Additions (<i>Note 21</i>)	–	470
Fair value change recognised in consolidated statements of comprehensive loss under “Other gains/(losses) – net” (<i>Note 9</i>)	–	(3,155)
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income (<i>Note 23</i>)	–	4,501
Foreign currency translation	–	2,418
Closing balance 30 September 2023	–	319,068

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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 RMB'000	2021 RMB'000	2022 RMB'000	2023 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.

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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 years 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 years 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 years ended 31 December 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.

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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.

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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	RMB'000
				(unaudited)	
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
	<u>560,663</u>	<u>615,223</u>	<u>721,562</u>	<u>516,031</u>	<u>722,884</u>
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	–	–	–
	<u>27,839</u>	<u>28,421</u>	<u>21,186</u>	<u>16,319</u>	<u>13,806</u>
Total	<u><u>588,502</u></u>	<u><u>643,644</u></u>	<u><u>742,748</u></u>	<u><u>532,350</u></u>	<u><u>736,690</u></u>
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
	<u>560,663</u>	<u>615,223</u>	<u>721,562</u>	<u>516,031</u>	<u>722,884</u>

(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.

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(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

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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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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

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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.

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(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
Service charges	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

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	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
Amortisation of intangible assets (<i>Note 16</i>)	1,646	2,501	3,510	2,603	2,816
Expense relating to short-term leases (<i>Note 14(b)</i>)	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	<u>693,307</u>	<u>731,645</u>	<u>884,470</u>	<u>627,009</u>	<u>941,464</u>

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 (<i>Note 37</i>)	110,972	69,802	52,278	39,209	112,813
Employee social security plans, medical insurances, other social insurances obligations and housing benefits (<i>a</i>)	28,664	52,025	72,948	51,223	50,973
Welfare and other benefits	22,225	17,846	19,666	12,225	20,350
	<u>388,666</u>	<u>416,010</u>	<u>458,712</u>	<u>331,510</u>	<u>462,495</u>

(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.

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(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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
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
	<u>47,092</u>	<u>12,846</u>	<u>9,698</u>	<u>7,270</u>	<u>6,031</u>

The remaining highest paid individuals fell within the following bands:

Emolument bands:	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
				<i>(unaudited)</i>	
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	–	–	–	–
	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>

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(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
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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
	<u>5,033</u>	<u>2,458</u>	<u>15,781</u>	<u>491</u>	<u>23,763</u>

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	Salaries	Discretionary bonuses	Share-based compensation expenses	Social security plans, housing benefits and employee welfare	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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
	<u>6,974</u>	<u>3,131</u>	<u>8,818</u>	<u>700</u>	<u>19,623</u>
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
	<u>7,120</u>	<u>199</u>	<u>10,146</u>	<u>775</u>	<u>18,240</u>

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	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
	<u>5,136</u>	<u>199</u>	<u>7,611</u>	<u>539</u>	<u>13,485</u>

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
	<u>5,588</u>	<u>1,138</u>	<u>28,404</u>	<u>710</u>	<u>35,840</u>

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- (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	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
	<u>25,127</u>	<u>18,219</u>	<u>27,169</u>	<u>15,912</u>	<u>59,585</u>

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- (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)
	<u>57,604</u>	<u>4,260</u>	<u>15,440</u>	<u>6,748</u>	<u>21,283</u>

- (i) The Group entered into an agreement with NetEase, Inc., in 2019, to acquire 100% equity of 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.

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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.

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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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
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	<u>29,868</u>	<u>16,386</u>	<u>16,228</u>	<u>11,904</u>	<u>1,588</u>

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(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
	2020	2021	2022	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
	<u>410,209</u>	<u>493,358</u>	<u>648,185</u>	<u>730,605</u>

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.

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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-dilutive. 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.

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13 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Vehicles	Electronic equipment	Furniture and office equipment	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>138,176</u>	<u>563</u>	<u>15,357</u>	<u>3,008</u>	<u>427</u>	<u>157,531</u>
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	<u>107,515</u>	<u>601</u>	<u>9,807</u>	<u>1,444</u>	<u>624</u>	<u>119,991</u>
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	<u>107,515</u>	<u>601</u>	<u>9,807</u>	<u>1,444</u>	<u>624</u>	<u>119,991</u>
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	<u>110,101</u>	<u>1,082</u>	<u>16,424</u>	<u>693</u>	<u>429</u>	<u>128,729</u>
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	<u>110,101</u>	<u>1,082</u>	<u>16,424</u>	<u>693</u>	<u>429</u>	<u>128,729</u>

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	Buildings	Vehicles	Electronic equipment	Furniture and office equipment	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>112,064</u>	<u>1,549</u>	<u>16,015</u>	<u>2,952</u>	<u>387</u>	<u>132,967</u>
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	<u>112,064</u>	<u>1,549</u>	<u>16,015</u>	<u>2,952</u>	<u>387</u>	<u>132,967</u>
	Buildings	Vehicles	Electronic equipment	Furniture and office equipment	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>110,101</u>	<u>1,082</u>	<u>16,424</u>	<u>693</u>	<u>429</u>	<u>128,729</u>
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	<u>108,744</u>	<u>1,647</u>	<u>17,326</u>	<u>3,155</u>	<u>443</u>	<u>131,315</u>
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	<u>108,744</u>	<u>1,647</u>	<u>17,326</u>	<u>3,155</u>	<u>443</u>	<u>131,315</u>

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	<u>Buildings</u>	<u>Vehicles</u>	<u>Electronic equipment</u>	<u>Furniture and office equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>112,064</u>	<u>1,549</u>	<u>16,015</u>	<u>2,952</u>	<u>387</u>	<u>132,967</u>
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 (<i>Note 6</i>)	(4,575)	(291)	(4,659)	(573)	(167)	(10,265)
Closing net book value	<u>107,489</u>	<u>1,258</u>	<u>11,791</u>	<u>2,536</u>	<u>220</u>	<u>123,294</u>
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	<u>107,489</u>	<u>1,258</u>	<u>11,791</u>	<u>2,536</u>	<u>220</u>	<u>123,294</u>

(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:

	<u>Year ended 31 December</u>			<u>Nine months ended 30 September</u>	
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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
	<u>18,834</u>	<u>12,057</u>	<u>13,909</u>	<u>10,195</u>	<u>10,265</u>

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14 LEASES

(a) Right-of-use assets

	Offices	Land use rights	Data Centre	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>7,898</u>	<u>3,273</u>	<u>10,837</u>	<u>22,008</u>
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	<u>4,369</u>	<u>2,425</u>	<u>10,789</u>	<u>17,583</u>
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	<u>4,369</u>	<u>2,425</u>	<u>10,789</u>	<u>17,583</u>
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	<u>9,315</u>	<u>2,698</u>	<u>10,426</u>	<u>22,439</u>
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	<u>9,315</u>	<u>2,698</u>	<u>10,426</u>	<u>22,439</u>
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	<u>6,109</u>	<u>2,911</u>	<u>6,511</u>	<u>15,531</u>

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	Offices	Land use rights	Data Centre	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>6,109</u>	<u>2,911</u>	<u>6,511</u>	<u>15,531</u>
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	<u>9,315</u>	<u>2,698</u>	<u>10,426</u>	<u>22,439</u>
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	<u>7,457</u>	<u>2,736</u>	<u>7,657</u>	<u>17,850</u>
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	<u>7,457</u>	<u>2,736</u>	<u>7,657</u>	<u>17,850</u>
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	<u>6,109</u>	<u>2,911</u>	<u>6,511</u>	<u>15,531</u>
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	<u>5,853</u>	<u>2,839</u>	<u>3,556</u>	<u>12,248</u>
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	<u>5,853</u>	<u>2,839</u>	<u>3,556</u>	<u>12,248</u>

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(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	RMB’000
				<i>(unaudited)</i>	
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	RMB’000
				<i>(unaudited)</i>	
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

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(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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
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
	<u>17,038</u>	<u>23,489</u>	<u>14,628</u>	<u>10,814</u>
Less: future finance charges	(1,457)	(1,548)	(661)	(234)
	<u>15,581</u>	<u>21,941</u>	<u>13,967</u>	<u>10,580</u>

Present value of lease liabilities

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
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
	<u>15,581</u>	<u>21,941</u>	<u>13,967</u>	<u>10,580</u>

	Year ended 31 December			Nine months ended	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	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
	<u>2,372</u>	<u>2,543</u>	<u>2,518</u>	<u>2,080</u>	<u>2,284</u>
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
	<u>11,189</u>	<u>8,252</u>	<u>12,030</u>	<u>8,418</u>	<u>8,900</u>

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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.

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16 INTANGIBLE ASSETS

	Trademarks and Patent	Software	Licenses	Goodwill	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>489</u>	<u>7,773</u>	<u>–</u>	<u>3,650</u>	<u>11,912</u>
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	<u>441</u>	<u>9,697</u>	<u>680</u>	<u>3,650</u>	<u>14,468</u>
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	<u>441</u>	<u>9,697</u>	<u>680</u>	<u>3,650</u>	<u>14,468</u>
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	<u>393</u>	<u>13,725</u>	<u>–</u>	<u>3,650</u>	<u>17,768</u>
As at 31 December 2021					
Cost	668	24,201	–	3,650	28,519
Accumulated amortization	(275)	(10,476)	–	–	(10,751)
Net book value	<u>393</u>	<u>13,725</u>	<u>–</u>	<u>3,650</u>	<u>17,768</u>

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	Trademarks and Patent	Software	Licenses	Goodwill	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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	<u>347</u>	<u>12,130</u>	<u>2,892</u>	<u>3,650</u>	<u>19,019</u>
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	<u>347</u>	<u>12,130</u>	<u>2,892</u>	<u>3,650</u>	<u>19,019</u>
As at 1 January 2022					
Cost	668	24,201	–	3,650	28,519
Accumulated amortization	(275)	(10,476)	–	–	(10,751)
Net book value	<u>393</u>	<u>13,725</u>	<u>–</u>	<u>3,650</u>	<u>17,768</u>
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	<u>358</u>	<u>13,022</u>	<u>2,892</u>	<u>3,650</u>	<u>19,922</u>
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	<u>358</u>	<u>13,022</u>	<u>2,892</u>	<u>3,650</u>	<u>19,922</u>
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	<u>347</u>	<u>12,130</u>	<u>2,892</u>	<u>3,650</u>	<u>19,019</u>

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	Trademarks and Patent	Software	Licenses	Goodwill	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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 (<i>Note 6</i>)	(26)	(2,790)	–	–	(2,816)
	<u>321</u>	<u>11,083</u>	<u>2,892</u>	<u>3,650</u>	<u>17,946</u>
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)
	<u>321</u>	<u>11,083</u>	<u>2,892</u>	<u>3,650</u>	<u>17,946</u>
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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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
	<u>1,646</u>	<u>2,501</u>	<u>3,510</u>	<u>2,603</u>	<u>2,816</u>
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.

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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
	2020	2021	2022	30 September
	RMB’000	RMB’000	RMB’000	2023
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
	2020	2021	2022	30 September
	RMB’000	RMB’000	RMB’000	2023
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%

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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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
LianTong (a)	97,907	390,636	205,620	165,227
Zhejiang Zhong Pu Lian Technology Co., Ltd (“Zhong Pu Lian Technology”) (b)	–	–	–	2,665
	<u>97,907</u>	<u>390,636</u>	<u>205,620</u>	<u>167,892</u>

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

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

(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
								2020	2021	2022	30 September
								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

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Set out below are the movement of investment in 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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>97,907</u>	<u>390,636</u>	<u>205,620</u>	<u>190,959</u>	<u>165,227</u>

- (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 assess the market value of LianTong.

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

Key assumptions	As at 31 December			As at 30 September
	2020	2021	2022	2023
	Enterprise value to sales ratio of market comparables	8.2	6.9	5.0
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.

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Summarised balance sheets of LianTong

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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	<u>195,814</u>	<u>781,272</u>	<u>411,241</u>	<u>330,455</u>

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	
	2020	2021	2022	30 September	
	RMB'000	RMB'000	RMB'000	2022	2023
				RMB'000	RMB'000
				(unaudited)	
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	<u>195,814</u>	<u>781,272</u>	<u>411,241</u>	<u>381,919</u>	<u>330,455</u>
Group’s share in %	50%	50%	50%	50%	50%
Group’s share and carrying amount	<u>97,907</u>	<u>390,636</u>	<u>205,620</u>	<u>190,959</u>	<u>165,227</u>

Summarised income statements of LianTong

	Year ended 31 December			Nine months ended	
	2020	2021	2022	30 September	
	RMB'000	RMB'000	RMB'000	2022	2023
				RMB'000	RMB'000
				(unaudited)	
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	<u>(656,909)</u>	<u>(1,374,542)</u>	<u>(1,610,031)</u>	<u>(1,139,353)</u>	<u>(940,786)</u>

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(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
	<i>RMB’000</i>
Carrying amounts at the beginning of the period	–
Additions (i)	3,000
Share of net loss accounted for using the equity method	(335)
	<hr/>
Carrying amounts at the end of the period	<u>2,665</u>

(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
	<i>RMB’000</i>
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	–
	<hr/>
Total comprehensive loss	<u>(335)</u>

(c) Investments in subsidiaries

The Company

	As at 31 December			As at 30 September
	2020	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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)	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,112,631</u>	<u>943,908</u>	<u>995,213</u>	<u>1,105,242</u>

(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.

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18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Assets as per balance sheets				
<i>Financial assets at amortised costs:</i>				
– 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	–	–	–
<i>Financial assets at fair value:</i>				
– 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
	<u>8,744,162</u>	<u>7,696,872</u>	<u>9,574,135</u>	<u>9,674,340</u>
Liabilities as per balance sheets				
<i>Financial liabilities at amortised costs:</i>				
– 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
	<u>6,573,811</u>	<u>6,469,931</u>	<u>9,010,043</u>	<u>9,517,588</u>

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19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The Group

	As at 31 December			As at
	2020	2021	2022	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2023</i> <i>RMB'000</i>
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
	<u>13,803</u>	<u>16,105</u>	<u>16,427</u>	<u>20,766</u>
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	–
	<u>3,674</u>	<u>9,032</u>	<u>7,888</u>	<u>12,918</u>
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
	<u>164,106</u>	<u>8,912</u>	<u>316,251</u>	<u>25,526</u>
Less: loss allowance	(368)	(236)	(336)	(193)
	<u>163,738</u>	<u>8,676</u>	<u>315,915</u>	<u>25,333</u>
Total	<u><u>181,215</u></u>	<u><u>33,813</u></u>	<u><u>340,230</u></u>	<u><u>59,017</u></u>

(i) *Advance paid on behalf of customers*

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

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The Company

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Included in current assets				
Prepayments:				
Prepayments for insurance costs	338	722	734	625
Prepayments to suppliers	4,767	4,668	9	379
	<u>5,105</u>	<u>5,390</u>	<u>743</u>	<u>1,004</u>
Other current assets:				
Prepaid [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable	815	1,073	1,133	1,849
	<u>815</u>	<u>1,073</u>	<u>1,133</u>	<u>11,147</u>
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	–	–
	<u>153,418</u>	<u>336</u>	<u>304,812</u>	<u>20</u>
Less: loss allowance	(107)	(1)	(145)	–
	<u>153,311</u>	<u>335</u>	<u>304,667</u>	<u>20</u>
Total	<u>159,231</u>	<u>6,798</u>	<u>306,543</u>	<u>12,171</u>

20 TRADE RECEIVABLES

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

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.

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

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.

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(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		WMPs	Total
	Current	Non-current		
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020	131,479	97,419	–	228,898
Acquisition of a subsidiary (Note 3.2)	–	–	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	<u>177,615</u>	<u>99,159</u>	<u>175,092</u>	<u>451,866</u>
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	<u>187,669</u>	<u>87,702</u>	<u>–</u>	<u>275,371</u>
Fair value gains/(losses) (Note 3.3)	898	(12,777)	–	(11,879)
Currency translation difference	–	7,653	–	7,653
As at 31 December 2022	<u>188,567</u>	<u>82,578</u>	<u>–</u>	<u>271,145</u>
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)	<u>187,669</u>	<u>77,901</u>	<u>–</u>	<u>265,570</u>
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	<u>191,390</u>	<u>79,488</u>	<u>–</u>	<u>270,878</u>

(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.

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(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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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).

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(a) Movement of gross carrying amount

	Year ended 31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	Current	30-90 days past due	Over 90 days past due	
	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	<u>162,194</u>	<u>1,191</u>	<u>479</u>	<u>163,864</u>

(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	Total
	Current	30-90 days past due	Over 90 days past due	
	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	<u>5,542</u>	<u>846</u>	<u>479</u>	<u>6,867</u>

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ACCOUNTANT’S REPORT

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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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	
	2020	2021	2022	30 September	
	RMB'000	RMB'000	RMB'000	2022	2023
				RMB'000	RMB'000
				(unaudited)	
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.

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24 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH

The Group

Cash and cash equivalents:

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
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.

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(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, restricted cash and customer accounts are denominated in the following currencies:

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Cash equivalents and restricted cash				
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
	<u>1,321,764</u>	<u>884,755</u>	<u>163,523</u>	<u>150,008</u>
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
	<u>6,613,202</u>	<u>6,457,315</u>	<u>8,739,240</u>	<u>9,100,686</u>

The Company

Cash and cash equivalents:

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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	<u>1,221,671</u>	<u>754,762</u>	<u>23,573</u>	<u>11,820</u>

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

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25 PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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	<u>1,014,760</u>

(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] 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.

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26 OTHER RESERVES

The Group

	<i>Note</i>	Share Premium	Share-based Compensation Reserve	Statutory Reserves	Other reserves	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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		<u>1,561,601</u>	<u>357,518</u>	<u>–</u>	<u>7,561</u>	<u>1,926,680</u>
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		<u>1,561,585</u>	<u>427,320</u>	<u>–</u>	<u>20,994</u>	<u>2,009,899</u>
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		<u>1,561,585</u>	<u>479,598</u>	<u>–</u>	<u>26,158</u>	<u>2,067,341</u>

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	Note	Share-based			Other reserves	Total
		Share Premium	Compensation Reserve	Statutory Reserves		
		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)		<u>1,561,585</u>	<u>466,529</u>	<u>–</u>	<u>23,480</u>	<u>2,051,594</u>
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		<u>1,561,585</u>	<u>592,411</u>	<u>1,345</u>	<u>28,450</u>	<u>2,183,791</u>

- (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.

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

	<u>Share capital</u>
	<i>RMB’000</i>
Purchase consideration	
– Cash paid	4,248
Less: Net deficits acquired using the existing book values	<u>338</u>
Debited to share premium	<u><u>4,586</u></u>

The Company

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

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27 TRADE PAYABLES

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				RMB'000
Trade payables (a)				
– Service charges 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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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.

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The Company

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
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
	<u>10,833</u>	<u>10,261</u>	<u>5,699</u>	<u>22,340</u>

29 BORROWINGS

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
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.

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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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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	<u>150</u>	<u>2,490</u>	<u>11,820</u>	<u>13,172</u>

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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
				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	<u>17,599</u>	<u>11,974</u>	<u>4,687</u>	<u>13,847</u>
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
	<u>89,078</u>	<u>81,244</u>	<u>63,932</u>	<u>73,932</u>
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	<u>238</u>	<u>499</u>	<u>89</u>	<u>–</u>
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
	<u>71,717</u>	<u>69,769</u>	<u>59,334</u>	<u>60,084</u>

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- (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	<u>84,865</u>	<u>648</u>	<u>3,542</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>89,078</u>
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	<u>76,273</u>	<u>392</u>	<u>4,256</u>	<u>323</u>	<u>-</u>	<u>-</u>	<u>81,244</u>
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	<u>57,695</u>	<u>492</u>	<u>2,161</u>	<u>1,272</u>	<u>2,312</u>	<u>-</u>	<u>63,932</u>
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)	<u>71,336</u>	<u>450</u>	<u>3,483</u>	<u>1,690</u>	<u>-</u>	<u>-</u>	<u>76,959</u>
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	<u>58,376</u>	<u>1,018</u>	<u>1,654</u>	<u>1,051</u>	<u>9,547</u>	<u>2,286</u>	<u>73,932</u>

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(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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2020	27,573	5	–	2,991	35,690	66,259
Debit/(credit) to profit or loss (Note 11)	11,558	–	(2,618)	466	(7,364)	2,042
Debit to other comprehensive income	560	–	–	–	–	560
Business combinations	–	–	2,856	–	–	2,856
As at 31 December 2020	<u>39,691</u>	<u>5</u>	<u>238</u>	<u>3,457</u>	<u>28,326</u>	<u>71,717</u>
As at 1 January 2021	39,691	5	238	3,457	28,326	71,717
Debit/(credit) to profit or loss (Note 11)	2,490	516	(68)	679	(7,982)	(4,365)
Debit to other comprehensive income	2,587	–	–	–	–	2,587
Disposal of subsidiaries	–	–	(170)	–	–	(170)
As at 31 December 2021	<u>44,768</u>	<u>521</u>	<u>–</u>	<u>4,136</u>	<u>20,344</u>	<u>69,769</u>
As at 1 January 2022	44,768	521	–	4,136	20,344	69,769
Debit/(credit) to profit or loss (Note 11)	224	(164)	–	(2,123)	(9,259)	(11,322)
Debit to other comprehensive income	887	–	–	–	–	887
As at 31 December 2022	<u>45,879</u>	<u>357</u>	<u>–</u>	<u>2,013</u>	<u>11,085</u>	<u>59,334</u>
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)
Debit to other comprehensive income	659	–	–	–	–	659
As at 30 September 2022 (unaudited)	<u>45,427</u>	<u>390</u>	<u>–</u>	<u>2,898</u>	<u>20,344</u>	<u>69,059</u>

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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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>47,260</u>	<u>233</u>	<u>–</u>	<u>1,506</u>	<u>11,085</u>	<u>60,084</u>

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
	<i>RMB'000</i>
Purchase consideration:	
– Cash considerations	119,300
Net assets acquired using the existing book values	<u>(4,256)</u>

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

	LLP Global BVI
	<i>RMB'000</i>
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	<u>(59,469)</u>
Net liabilities	(4,073)
Less: non-controlling interests	<u>(183)</u>
Net assets acquired	<u>(4,256)</u>

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(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
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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)).

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(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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Consideration			
– Cash consideration paid			49,636
Total consideration			<u>49,636</u>
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	<u>51,827</u>	<u>510</u>	<u>52,337</u>
Other gains arising on acquisition (Note 9)			2,701
– Cash consideration paid in 2020			44,673
– Cash and cash equivalents in subsidiary acquired			<u>(297)</u>
Net cash outflow on acquisition			<u>44,376</u>

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.

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(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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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

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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	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 of 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	(139)	15	15	–
– 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	11,345	(31,405)	(5,416)	(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	(84,389)	2,257,506	1,961,834	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	–	–	–	–

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(b) Net cash/(debt) reconciliation

	As at 31 December			As at
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
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)	<u>1,284,895</u>	<u>849,519</u>	<u>(132,692)</u>	<u>(221,779)</u>

	Liabilities from financing activities				Other assets		
	Lease liabilities	Borrowings	Amounts due to related parties		Cash and cash equivalents	Amounts due from related parties	
			Subtotal	Total		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	<u>(15,581)</u>	<u>–</u>	<u>–</u>	<u>(15,581)</u>	<u>1,300,476</u>	<u>–</u>	<u>1,284,895</u>
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	<u>(21,941)</u>	<u>–</u>	<u>–</u>	<u>(21,941)</u>	<u>871,460</u>	<u>–</u>	<u>849,519</u>
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	<u>(13,967)</u>	<u>(264,229)</u>	<u>–</u>	<u>(278,196)</u>	<u>145,504</u>	<u>–</u>	<u>(132,692)</u>

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	Liabilities from financing activities				Other assets		Total
	Lease liabilities	Borrowings	Amounts due to related parties		Cash and cash equivalents	Amounts due from related parties	
			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
	2020	2021	2022	30 September
	RMB'000	RMB'000	RMB'000	2023
Investment commitments to the LianTong	1,544	370,000	430,000	–

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(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
	2020	2021	2022	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023
				<i>RMB'000</i>
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
	2020	2021	2022	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023
				<i>RMB'000</i>
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.

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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

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(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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
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	–	–	–	–
	<u>8,843</u>	<u>6,105</u>	<u>3,407</u>	<u>2,333</u>	<u>1,788</u>

(ii) *Purchase of telecommunication services*

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

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(iii) *Rental income*

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
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	–	–	–	–
	<u>3,435</u>	<u>6,223</u>	<u>4,942</u>	<u>3,598</u>	<u>3,371</u>

Non-trade nature

(iv) *Amounts received from related parties*

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

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(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	–	–	–	–
	<u>10,984</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

(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	–	–	–	–
	<u>152,650</u>	<u>–</u>	<u>300,000</u>	<u>125,000</u>	<u>–</u>
Repayments of loans from related parties					
– LianTong	–	150,000	–	–	300,000
– Zhonglian Intelligent Technology Co., Ltd.	2,650	–	–	–	–
	<u>2,650</u>	<u>150,000</u>	<u>–</u>	<u>–</u>	<u>300,000</u>
Interest income related to loans to related parties					
– LianTong	2,427	3,363	4,538	609	6,247
– Zhonglian Intelligent Technology Co., Ltd.	10	–	–	–	–
	<u>2,437</u>	<u>3,363</u>	<u>4,538</u>	<u>609</u>	<u>6,247</u>

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	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	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	–	–	–	–
	<u>2,401</u>	<u>3,767</u>	<u>–</u>	<u>–</u>	<u>10,785</u>

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	RMB'000
Borrowings received from related parties					
– Zhonglian Tech Holdings Ltd	107,586	–	–	–	–
– Zhonglian Service Ltd	12,743	–	–	–	–
	<u>120,329</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Repayments of borrowings to related parties					
– Zhonglian Tech Holdings Ltd	107,586	–	–	–	–
– Zhonglian Intelligent Technology Co., Ltd.	22,800	–	–	–	–
– Zhonglian Service Ltd	12,743	–	–	–	–
	<u>143,129</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

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	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	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	–	–	–	–
	<u>1,518</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

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	–	–	–
	<u>1,973</u>	<u>3,383</u>	<u>2,758</u>	<u>2</u>

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(ii) *Advances from customers*

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

(iii) *Payables to merchants and customers*

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

Non-trade nature

(iv) *Other receivables*

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

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

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(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	RMB’000
				<i>(unaudited)</i>	
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
	<u>12,385</u>	<u>14,973</u>	<u>13,672</u>	<u>10,263</u>	<u>31,805</u>

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	<u>–</u>	<u>–</u>	<u>–</u>	<u>19,712</u>
Current liabilities				
Amounts due to subsidiaries	<u>37,010</u>	<u>137,360</u>	<u>325,679</u>	<u>495,755</u>

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.

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(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
	<i>RMB</i>	
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.

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- (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.

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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.