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LianLian 连连

Lianlian DigiTech Co., Ltd. 連連數字科技股份有限公司

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

(Stock Code: 2598)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the “Board”) of directors (the “Directors”) of Lianlian DigiTech Co., Ltd. (the “Company”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended December 31, 2024, together with comparative figures for the year ended December 31, 2023.

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		Year-on-
	2024	2023	year change
	RMB'000	RMB'000	%
Revenue	1,314,959	1,028,256	27.9%
Gross profit	682,521	577,532	18.2%
Loss before income tax	(572,007)	(651,756)	(12.2)%
Loss for the year	(166,538)	(654,215)	(74.5)%
Total comprehensive loss for the year	(158,578)	(658,811)	(75.9)%
EBITDA (Non-IFRS measure) ⁽¹⁾	(525,488)	(610,156)	(13.9)%
Adjusted EBITDA (Non-IFRS measure) ⁽²⁾	(280,257)	(359,188)	(22.0)%
Adjusted profit / (loss) for the year (Non-IFRS measures) ⁽³⁾	78,693	(403,247)	N/A

Notes:

- (1) EBITDA (Non-IFRS measure) refers to loss for the years adjusted by adding back (i) income tax credits/ (expenses), (ii) finance costs – net, and (iii) depreciation and amortization, which are non-cash in nature.
- (2) Adjusted EBITDA (Non-IFRS measure) refers to EBITDA (Non-IFRS measure) adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.
- (3) Adjusted profit/(loss) for the year (Non-IFRS measures) refers to profit/(loss) for the years adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.

	As of December 31,	
	2024	2023
	RMB'000	RMB'000
Total assets	14,538,817	10,467,499
Total liabilities	13,303,310	9,873,855
Total equity	1,235,507	593,644
Equity attributable to owners of the Company	1,228,336	589,301

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(All amounts in RMB unless otherwise stated)

		Year ended 31 December	
	Note	2024	2023
		RMB'000	RMB'000
Revenue	3	1,314,959	1,028,256
Cost of sales	4	<u>(632,438)</u>	<u>(450,904)</u>
Gross profit		682,521	577,352
Selling and marketing expenses	4	(248,265)	(191,799)
General and administrative expenses	4	(560,882)	(480,473)
Research and development expenses	4	(319,058)	(268,165)
Other income	5	212,377	108,457
Other (losses)/gains	6	(28,290)	279,848
Provision for impairment on financial assets		<u>(6,221)</u>	<u>(1,763)</u>
Operating (loss)/profit		(267,818)	23,457
Finance income		8,053	2,771
Finance costs		<u>(19,724)</u>	<u>(12,801)</u>
Finance costs – net		(11,671)	(10,030)
Share of net loss of associates accounted for using the equity method	9	<u>(292,518)</u>	<u>(665,183)</u>
Loss before income tax		(572,007)	(651,756)
Income tax credits/(expenses)	7	<u>405,469</u>	<u>(2,459)</u>
Loss for the year		<u>(166,538)</u>	<u>(654,215)</u>
Loss for the year attributable to:			
– Owners of the Company		(168,219)	(656,064)
– Non-controlling interests		<u>1,681</u>	<u>1,849</u>
		<u>(166,538)</u>	<u>(654,215)</u>

		Year ended 31 December	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Loss per share attributable to the owners of the Company			
Basic loss per share (in RMB)	<i>8(a)</i>	<u>(0.16)</u>	<u>(0.65)</u>
Diluted loss per share (in RMB)	<i>8(b)</i>	<u>(0.16)</u>	<u>(0.65)</u>
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		<u>(2,099)</u>	<u>(615)</u>
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		<u>10,059</u>	<u>(3,981)</u>
Other comprehensive income/(loss) for the year, net of income tax		<u>7,960</u>	<u>(4,596)</u>
Total comprehensive loss for the year		<u>(158,578)</u>	<u>(658,811)</u>
Total comprehensive loss for the year attributable to:			
– Owners of the Company		<u>(161,406)</u>	<u>(660,585)</u>
– Non-controlling interests		<u>2,828</u>	<u>1,774</u>
		<u>(158,578)</u>	<u>(658,811)</u>

CONSOLIDATED BALANCE SHEET
(All amounts in RMB unless otherwise stated)

		As at 31 December	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment		119,557	120,773
Right-of-use assets		29,202	19,381
Investment properties		161,012	165,039
Intangible assets		19,359	17,191
Deferred income tax assets		425,252	17,806
Investments accounted for using the equity method	<i>9</i>	–	292,518
Financial assets at fair value through other comprehensive income		50,840	39,006
Financial assets at fair value through profit or loss		69,363	82,445
		<hr/>	<hr/>
Total non-current assets		874,585	754,159
Current assets			
Prepayments, other receivables and other current assets		158,402	79,716
Trade receivables	<i>10</i>	93,038	67,552
Financial assets at fair value through profit or loss		283,639	192,321
Customer accounts and restricted cash	<i>11</i>	12,606,903	9,183,911
Cash and cash equivalents	<i>11</i>	522,250	189,840
		<hr/>	<hr/>
Total current assets		13,664,232	9,713,340
		<hr/>	<hr/>
Total assets		14,538,817	10,467,499
		<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Non-current liabilities			
Borrowings	<i>14</i>	136,850	147,900
Lease liabilities		14,562	7,599
Deferred income tax liabilities		–	165
Deferred income		12,640	9,480
		<hr/>	<hr/>
Total non-current liabilities		164,052	165,144
		<hr/>	<hr/>

CONSOLIDATED BALANCE SHEET (CONTINUED)

(All amounts in RMB unless otherwise stated)

		As at 31 December	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Current liabilities			
Trade payables	<i>12</i>	74,710	76,006
Contract liabilities		10,407	12,645
Income tax payables		7,277	8,614
Borrowings	<i>14</i>	342,463	289,645
Lease liabilities		12,893	9,874
Accruals and other payables	<i>13</i>	12,691,508	9,311,927
		<hr/>	<hr/>
Total current liabilities		13,139,258	9,708,711
		<hr/>	<hr/>
Total liabilities		13,303,310	9,873,855
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Share capital		1,079,060	1,014,760
Other reserves		2,998,072	2,255,086
Accumulated losses		(2,848,796)	(2,680,545)
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,228,336	589,301
Non-controlling interests		7,171	4,343
		<hr/>	<hr/>
Total equity		1,235,507	593,644
		<hr/>	<hr/>
Total equity and liabilities		14,538,817	10,467,499
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(All amounts in RMB unless otherwise stated)

		Year ended 31 December	
	Note	2024	2023
		RMB'000	RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations		(286,203)	685
Interests received		182,998	101,988
Income tax paid		(7,853)	(8,024)
		<u>(111,058)</u>	<u>94,649</u>
Net cash (used in)/generated operating activities			
Cash flows from investing activities			
Proceeds from repayment of loans to related parties		–	300,000
Interests received from loans to related parties		–	10,785
Proceeds from disposal of property, plant and equipment and intangible assets		47	–
Other investment income received	5	405	308
Proceeds from disposal of financial assets at FVPL		80,365	–
Capital injection for associates		–	(507,611)
Payment for financial assets at FVPL		(190,487)	(470)
Payment for acquisition of property, plant and equipment		(14,239)	(1,599)
Payment for acquisition of intangible assets		(7,119)	(3,212)
		<u>(131,028)</u>	<u>(201,799)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issuance of ordinary shares upon global offering		563,009	–
Proceeds from capital contribution from non-controlling interests		–	505
Proceeds from borrowings		997,089	586,449
Repayment of borrowings		(955,516)	(412,688)
Release of pledged deposits		–	5,100
Interests of borrowings paid		(18,677)	(12,616)
Principal and interests of lease payments		(13,869)	(10,199)
Payments for listing expenses		(2,905)	(7,374)
		<u>569,131</u>	<u>149,177</u>
Net cash generated from financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		189,840	145,504
Effects of exchange rate changes on cash and cash equivalents		5,365	2,309
		<u>522,250</u>	<u>189,840</u>
Cash and cash equivalents at end of the year	11	<u>522,250</u>	<u>189,840</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

2.1 Basis of preparation

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

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

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

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

All effective standards, amendments to standards and interpretations, which are mandatory for the financial years beginning on or after 1 January 2024, have been early adopted and are consistently applied to the Group.

(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 are as follows:

	New/amended standards	Effective date
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability	1 January 2027

(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.

3 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	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers:		
Digital payment services	1,150,632	874,212
Value-added services	146,193	133,544
Others	—	658
	<u>1,296,825</u>	<u>1,008,414</u>
Revenue from other sources		
Rental income	<u>18,134</u>	<u>19,842</u>
Total	<u>1,314,959</u>	<u>1,028,256</u>
Revenue from contracts with customers:		
At a point in time	1,278,656	993,246
Over time	<u>18,169</u>	<u>15,168</u>
	<u>1,296,825</u>	<u>1,008,414</u>

(b) Segment information

The Group's chief operating decision-maker 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 chief operating decision-maker that are used to make strategic decisions. On this basis, the Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows:

- Global payment
- Domestic payment
- Value-added services
- Others

The unallocated amount in segment assets and liabilities mainly includes the long-term equity investments in Express (Hangzhou) Technology Services Company Limited ("LianTong"), the equity investments in Hangzhou Hyperchain Technology Co., Ltd. ("Hyperchain Technology"), the investments in treasury investments, the investments in listed equity securities and deferred income tax assets. The unallocated amount in loss mainly includes investment gains or losses, deferred income tax credit and share based compensation expenses of senior management.

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

Segment information as at and for the year ended 31 December 2024 is as follows:

	Global payment <i>RMB'000</i>	Domestic payment <i>RMB'000</i>	Value-added services <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated amounts <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	807,772	342,860	146,193	18,134	-	-	1,314,959
Cost of sales	(226,408)	(275,234)	(118,240)	(12,556)	-	-	(632,438)
Segment gross profit	581,364	67,626	27,953	5,578	-	-	682,521
Depreciation, amortisation and impairment charges included in segment cost	(7,245)	(16,187)	(3,235)	(8,181)	-	-	(34,848)
Finance income	2,478	525	6	5,044	-	-	8,053
Finance costs	(6,977)	(6,581)	-	(6,166)	-	-	(19,724)
Share of losses of investments accounted for using the equity method	-	-	-	-	(292,518)	-	(292,518)
Profit/(loss) before income tax	126,866	(79,602)	(18,968)	(71,470)	(528,833)	-	(572,007)
Income tax credits/ (expenses)	11,189	907	(662)	48	393,987	-	405,469
Profit/(loss) for the year	138,055	(78,695)	(19,630)	(71,422)	(134,846)	-	(166,538)
Segment assets	10,776,505	2,879,348	153,935	856,515	2,673,364	(2,800,850)	14,538,817
Segment liabilities	11,208,928	2,353,431	65,406	322,881	988,584	(1,635,920)	13,303,310

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

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

4 EXPENSES BY NATURE

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

5 OTHER INCOME

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

- (i) The amounts represent grants received from the local government, which are recognised in the statement of comprehensive income upon receipt of these cash rewards. There were no unfulfilled conditions or contingencies relating to these grants.
- (ii) For the year ended 31 December 2024, dividends were from financial assets measured at FVOCI and FVPL (year ended 31 December 2023: from financial assets measured at FVOCI).

6 OTHER (LOSSES)/GAINS

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

- (i) 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. 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 from six to five, of which the Company holds two and continues to have significant influence over LianTong. Such change of equity holding structure resulted in a deemed disposal of the Company's partial interest in LianTong and, consequently, a dilution gain of approximately RMB244,470,000 was recognised upon the completion of such capital injection.

7 INCOME TAX CREDITS/(EXPENSES)

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax expense	3,917	14,800
Deferred income tax credits (i)	(409,386)	(12,341)
	<u>(405,469)</u>	<u>2,459</u>

- (i) The Group recognised a deferred tax asset of RMB294,545,000 for deductible temporary differences arising from the cumulated share of net loss of RMB1,178,182,000 related to the investment in a subsidiary and LianTong, to the extent, that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised, in consideration of the disposal of the equity interests in LianTong (Note 17).

8 LOSS PER SHARE

(a) Basic loss per share

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

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net loss attributable to the owners of the Company	(168,219)	(656,064)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,063,734	1,014,760
Basic loss per share (RMB per share)	(0.16)	(0.65)

(b) Diluted loss per share

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

During the years ended 31 December 2024 and 2023, the Company had one category of potential ordinary shares: share options granted under the ESOP plans. As the Company incurred losses for the years ended 31 December 2024 and 2023, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the amounts of diluted loss per share for the years ended 31 December 2024 and 2023 were the same as basic loss per share of the respective year.

9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
LianTong (a)	–	291,157
Zhejiang Zhong Pu Lian Technology Co., Ltd ("Zhong Pu Lian Technology")	–	1,361
	–	292,518

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
LianTong (a)	(291,157)	(663,544)
Zhong Pu Lian Technology	(1,361)	(1,639)
	(292,518)	(665,183)

The Group also has unrecognised share of losses of associates of RMB202,898,000 mainly related to LianTong for the year ended 31 December 2024 and cumulatively because the carrying value of the investments accounted for using the equity method is nil as at 31 December 2024.

(a) **Investment in LianTong**

Set out below are the investment in LianTong as at 31 December 2024 and 2023.

Name of entity	Place of business/ country of establishment	% of ownership interest		Nature of relationship	Measurement method	Carrying amount As at 31 December	
		2024	2023			2024	2023
		%	%			RMB'000	RMB'000
LianTong	The PRC	<u>45.2</u>	<u>45.2</u>	Associate	Equity method	<u>-</u>	<u>291,157</u>

Set out below are the movement of LianTong for the years ended 31 December 2024 and 2023.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Carrying amounts at the beginning of the year	291,157	205,620
Additions	-	504,611
Share of net loss accounted for using the equity method	(291,157)	(663,544)
Dilution gains (Note 6)	-	244,470
Carrying amounts at the end of the year	<u>-</u>	<u>291,157</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 45.2% of the equity interests in LianTong as at 31 December 2024 (31 December 2023: 45.2%). The Group has significant influence over LianTong through board representation. Pursuant to the agreement between American Express and the Company, the Company does not have control over LianTong's operation. Accordingly, LianTong was accounted for as an associate of the Group by using the equity method during the Reporting period.

10 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables	103,149	72,154
Less: loss allowance	<u>(10,111)</u>	<u>(4,602)</u>
	<u>93,038</u>	<u>67,552</u>

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.

The aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	84,013	59,409
3 months to 6 months	10,963	8,930
6 months to 1 year	2,796	2,616
More than 1 year	5,377	1,199
	103,149	72,154
	103,149	72,154

11 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH

Cash and cash equivalents:

	As at 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cash at bank	13,128,945	9,373,600
Cash on hand	208	151
	13,129,153	9,373,751
Less: customer accounts and restricted cash (a)	(12,606,903)	(9,183,911)
Cash and cash equivalents	522,250	189,840

(a) Customer accounts and restricted cash

	As at 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer accounts (i)	12,597,785	9,175,263
Performance guarantees for payment business (ii)	8,228	7,764
Others	890	884
	12,606,903	9,183,911
	12,606,903	9,183,911

(i) Customer accounts

Customer accounts mainly represent customer funds collected and awaiting disbursement as requested. Customer accounts are segregated from and not reported as part of cash and cash equivalents as they represent the collected funds for the designated purpose of providing digital payment services.

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

(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.

12 TRADE PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables (a)		
– Service charge payables	51,758	55,754
– Payable for processing fees to financial institutions and payment networks	21,524	18,990
– Others	1,428	1,262
	<u>74,710</u>	<u>76,006</u>

(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 is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
0 to 90 days	54,749	60,995
91 to 180 days	5,335	5,021
181 days to 1 year	5,928	2,758
Over 1 year	8,698	7,232
	<u>74,710</u>	<u>76,006</u>

13 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Payables to merchants and other customers (i)	12,466,651	9,082,463
Staff costs and welfare accruals	130,791	100,919
VAT payables and other tax payables	7,483	19,581
Payables for acquisition of long-term assets	435	387
Amounts due to related parties	315	444
Payables for listing expenses	–	34,849
Others	85,833	73,284
	<u>12,691,508</u>	<u>9,311,927</u>

(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.

14 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings, pledged (a)	<u>136,850</u>	<u>147,900</u>
Borrowings included in current liabilities:		
Bank borrowings, unsecured (b)	331,232	278,401
Current portion of long-term bank borrowings, pledged (a)	<u>11,231</u>	<u>11,244</u>
	<u>342,463</u>	<u>289,645</u>
	<u><u>479,313</u></u>	<u><u>437,545</u></u>

- (a) As at 31 December 2024, bank borrowings of RMB148,081,000 (31 December 2023: RMB159,144,000) were pledged by the Group's investment properties, building, and land use right.

As at 31 December 2024 and 2023, the interest rate on long-term borrowings was 4.0%. The interest should be paid quarterly and the principal should be repaid semi-annually before 20 September 2037.

- (b) As at 31 December 2024 and 2023, the Group has entered into several short-term agreements with certain banks in the Mainland China. The borrowings had the maturity of one year or less and the interest rates ranging from 3.15% to 4.05% per annum as at 31 December 2024 (31 December 2023: 3.80% to 4.65%).

15 COMMITMENTS

(a) Capital commitments

As at 31 December 2024 and 2023, there were no significant investments contracted for at the end of the year but not recognised as liabilities.

(b) Non-cancellable operating lease

The Group leases office buildings under non-cancellable operating leases. As at 31 December 2024 and 2023, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	<u><u>1,618</u></u>	<u><u>2,179</u></u>

16 DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 31 December 2024 and 2023.

17 SUBSEQUENT EVENTS

In December 2024, the Company entered into an equity transfer and capital increase agreement (the “Agreement”) with American Express. Under the Agreement, American Express agrees to purchase from the Company 14.56% of the equity interests in LianTong immediately after completion of the capital injections (as mentioned below) at a cash consideration of RMB1,601.5 million (the “Disposal”). Besides, pursuant to the Agreement, American Express will also make capital increase of RMB2,330.2 million to LianTong (the “Capital Increase”). The Disposal and Capital Increase were approved by PBOC in December 2024. The Disposal was completed in February 2025 and the Capital Increase is expected to be completed in March 2025.

A disposal gain of approximately RMB1,601.5 million will be recognised upon the completion of the Disposal (the carrying amount of the investment in LianTong as at 31 December 2024 is nil (Note 9)).

After the completion of the Disposal and Capital Increase, the Company’s interest in LianTong will be further diluted to 17.63% while American Express’s interest will increase to 82.37%. The total board seats of LianTong will change to four, of which the Company will hold one and continue to have significant influence over LianTong. Such change of equity holding structure will result in a deemed disposal of the Company’s partial interest in LianTong and, consequently, a dilution gain of approximately RMB445.4 million will be recognised upon the completion of such capital injection, and a corresponding amount will increase the carrying amount of the investment in LianTong.

CHAIRMAN’S STATEMENT

Dear Shareholders,

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

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

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

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

REVIEW

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

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

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

OUTLOOK

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

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

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

ACKNOWLEDGEMENT

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

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

Zhang Zhengyu
Chairman of the Board
Hangzhou, the PRC

March 18, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are a leading Chinese digital payment solution provider with global payment capabilities to serve our customers worldwide. Leveraging our extensive global payment network built upon our expansive global licensing strategy, our comprehensive proprietary technology platform, and our broad partnerships, we provide rich digital payment services and value-added services to customers in China and around the world. Our customers mainly include merchants (who primarily conduct retail business with end-buyers through e-commerce platforms) and enterprises (who primarily sell goods or provide services to end-buyers, including companies and institutions).

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

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

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

Global Payment

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

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

Domestic Payment and Value-added Service

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

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

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

FINANCIAL REVIEW

Revenue

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

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

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

Notes:

- (i) Refers to payments that occur across borders or outside China.
- (ii) Refers to payment transactions that occur in China.
- (iii) In addition to our core business of offering digital solutions, we also operate certain other businesses, primarily including property rental.

Digital Payment Services:

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

Value-added Services:

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

Other Revenue:

We also generate a small amount of revenue from other sources including rental income from providing property rental services with respect to our self-owned properties. Other revenue remained relatively stable for the year ended December 31, 2024.

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

Selling and Marketing Expenses

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

Note:

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

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

General and Administrative Expenses

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

Note:

- (1) Refers to general and administrative expenses (Non-IFRS measure) after excluding (i) share-based compensation expenses, and (ii) listing expenses.

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

Research and Development Expenses

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

Note:

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

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

Other Income

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

Other (Losses)/Gains – Net

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

Provision for Impairment on Financial Assets

Our impairment on financial assets refers to the credit loss assessment and movement in allowance for the impairment of trade receivables and other receivables. The impairment loss of financial assets for the year ended December 31, 2024 was RMB6.2 million, representing an increase of RMB4.5 million as compared to last year, which was in line with the increase of the Company's trade receivables.

Finance Costs – Net

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

Share of Net Loss of Associates Accounted for Using the Equity Method

Our share of the net loss of associates accounted for using the equity method for the year ended December 31, 2024 was RMB292.5 million, representing a decrease of RMB372.7 million or 56.0% as compared to last year. The cost of investment in LianTong has been reduced to zero at year-end.

Income Tax Credits/(Expenses)

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

Non-IFRS Measures

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

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

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

Notes:

- (i) EBITDA (Non-IFRS measure) refers to loss for the years adjusted by adding back (i) income tax (credit)/expenses, (ii) finance costs – net, and (iii) depreciation and amortization, which are non-cash in nature.
- (ii) Our share-based compensation expenses consist of share options granted under the equity-settled share option schemes and incentive shares or shares granted to our employees. Such expenses in any specific period are not expected to result in future cash payments.
- (iii) Adjusted EBITDA (Non-IFRS measure) refers to EBITDA (Non-IFRS measure) adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.
- (iv) Adjusted profit/(loss) for the year (Non-IFRS measures) refers to profit/(loss) for the years adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.

Loss for the Year

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

Liquidity and Financial Resources, Treasury Policies and Capital Structure

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

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

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

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

The Company's bank borrowings as of December 31, 2024 was RMB479.3 million. Bank borrowings are denominated in RMB. The Group has complied with the loan financial contract during the Reporting Period. The Company does not use any financial instruments for hedging. The Group maintains sufficient liquidity to meet its daily administrative and capital expenditure requirements and can control its internal operating cash flow.

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

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

We have adopted a treasury and investment policy which sets out overall principles as well as detailed approval processes of our investment activities. Such activities include, among other things, treasury investments, short or long-term loans, investments in subsidiaries, joint ventures, and other equity investments.

The H Shares have been listed on the Stock Exchange since the Listing Date. There has been no change in the capital structure of the Company since the Listing Date and up to the date of this announcement. The capital of the Company comprises ordinary shares of the Company, including H Shares and Unlisted Shares.

Capital Expenditures

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

We mainly use cash from operating activities to fund capital expenditures during the Reporting Period. The Company intends to use the Company's existing cash balances, bank and other borrowings and proceeds from the Global Offering to finance the Company's future capital expenditures and long-term investments. The Company may reallocate funds for capital expenditure and long-term investment based on continuing business needs.

Customer Accounts and Restricted Cash

Our customer accounts mainly refer to (i) customer funds collected and awaiting disbursement as requested; (ii) service fees earned by the Group arising from completed digital payment services which has not been withdrawn from customer deposit bank accounts; and (iii) deposits made by the Group to meet requests from customers seeking expedited settlements. Other restricted cash is mainly performance guarantee for the payment business. As of December 31, 2024, our customer accounts and restricted cash amounted to RMB12,606.9 million, representing an increase of RMB3,423.0 million as compared with December 31, 2023, mainly due to an increase of RMB3,422.5 million in customer accounts brought about by the increase in TPV and revenue.

Accruals and Other Payables

Our accruals and other payables mainly include payables to merchants and other customers, staff costs and welfare accruals. As of December 31, 2024, our accruals and other payables amounted to RMB12,691.5 million, representing an increase of RMB3,379.6 million as compared with December 31, 2023, among which 98.2% was payables to merchants and other customers, which was in line with the growth trend of customer accounts.

Trade Receivables

Our trade receivables primarily represent amounts due from customers for services performed in the ordinary course of business.

The increase in trade receivables was primarily driven by our revenue growth and the need to cooperate with more commercial banks and large enterprises to develop our business due to changes in our customer portfolio, the settlement cycles of such customers are relatively long, resulting in the increase in the balance of trade receivables. We have made adequate provisions for commercial banks and large enterprises based on their overall reputation and credit ratings.

Trade Payables

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

Prepayments, Other Receivables and Other Current Assets

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

Pledge of Assets

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

Contingent Liabilities

As of December 31, 2024, we did not have any contingent liabilities.

Share Pledge

During the Reporting Period, there was no pledge by our Controlling Shareholders of their interests in the Shares to secure our debts or to secure guarantees or other support of its obligation before the Listing.

Gearing Ratio

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

Exposure to Fluctuations in Foreign Exchange Rates

The Group operates internationally and is exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company and its subsidiaries. The functional currency of most of the Group's subsidiaries outside the PRC is US dollars. For the foreign exchange risk derived from the future settlement of customer accounts from the global payment services of the Group, which are reflected on the balance sheet as customer accounts and other payables at the end of the Reporting Period, the Group considers that the businesses in the PRC or overseas are not exposed to any significant foreign exchange risk as customer accounts and other payables of these subsidiaries are mainly denominated in the same currencies.

In addition, we may face foreign exchange risk arising from fluctuations in exchange rates within the interval between when a customer initiates a foreign exchange transaction and our execution of the order with relevant banks and other financial institutions outside of China. In order to mitigate the potential risk, we leverage our platform with real-time reference quotations to implement the so-called "back-to-back" trading strategy to promptly execute the corresponding order to shorten such interval and accordingly avoid exchange rate fluctuation risks.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

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

SIGNIFICANT INVESTMENT DURING THE REPORTING PERIOD

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Disposal of Equity Interest in LianTong

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

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

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

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

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

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

As of December 31, 2024, we established labor unions in China, which may represent employees for the purpose of collective bargaining. We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Reporting Period.

The Company also has adopted the Pre-IPO Share Option Schemes and the First Award and Trust Scheme to improve the Company's incentive mechanism, attract and retain talents and to motivate employees to ensure the achievement of the Company's development goals. Further details of the Pre-IPO Share Option Schemes and the First Award and Trust Scheme will be set out in the annual report of the Company for the year ended December 31, 2024.

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering (after deducting the underwriting fees, commissions and estimated expenses) amounted to approximately HK\$548.0 million. There is no change to the intended use of net proceeds and the expected implementation timetable as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As of December 31, 2024, the Company had utilized approximately HK\$183.3 million of net proceeds from the Global Offering, representing approximately 33.45% of the total net proceeds from the Global Offering, in accordance with the intended use set out in the Prospectus. The following table sets out breakdown of the use of net proceeds from the Global Offering:

Use of net proceeds	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus (HK\$ million)	Allocated net proceeds from the Global Offering ^(Note) (HK\$ million)	Net proceeds utilized since the Listing and up to December 31, 2024 (HK\$ million)	Expected timeline of full utilization of net proceeds	Remaining amount (HK\$ million)
To enhance our technological capabilities	60.0%	291.0	328.8	155.9	By March 31, 2029	172.9
(i) To invest in the development of advanced technologies that are pivotal to our business operation, future growth and our ability to remain competitive in the industry	30.0%	145.5	164.4	94.8	By March 31, 2029	69.6
(ii) To develop, iterate and promote innovative solutions, which can help us to cater additional customer needs besides current digital payment services and diversify our value-add services	20.0%	97.0	109.6	20.8	By March 31, 2029	88.8
(iii) For maintenance and improvement of our existing technology infrastructure to ensure reliability and security	10.0%	48.5	54.8	40.3	By March 31, 2029	14.5
To expand our business operations globally	30.0%	145.5	164.4	-	By March 31, 2029	164.4
(iv) To enhance our market presence in overseas markets, notably in Southeast Asia, the Middle East and South America, and to build and expand our overseas team to broaden our customer base and strengthen our service capability	20.0-25.0%	97.0-121.3	109.6-137.0	-	By March 31, 2029	109.6-137.0
(v) To apply and obtain additional licenses globally	5.0-10.0%	24.3-48.5	27.4-54.8	-	By March 31, 2029	27.4-54.8
For future strategic investment and acquisitions to enrich our service and product offerings, enhance our technology capabilities and strengthen our international operations	5.0%	24.3	27.4	-	By March 31, 2029	27.4
For general corporate purposes and working capital needs	5.0%	24.3	27.4	27.4	By March 31, 2029	-
Total	100%	485.1	548.0	183.3	-	364.7

The Company does not have any intention to change the purposes of the net proceeds from the Global Offering as set out in the Prospectus, and will gradually utilize the net proceeds from the Global Offering with the intended purposes.

CORPORATE GOVERNANCE PRACTICE

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

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

In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently consists of five executive Directors and three independent non-executive Directors. Therefore, we consider that the Board has a fairly strong independence element in its composition.

The Directors will continue to review the corporate governance policies and compliance with the CG Code and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company from time to time.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code to regulate all dealings by the Directors, the Supervisors and relevant employees of securities in the Company and other matters covered by the Model Code since the Listing Date. Having made specific enquiry with all the Directors and Supervisors of the Company, all the Directors and Supervisors confirmed that they have strictly complied with the required standards set out in the Model Code during the period from the Listing Date to December 31, 2024.

No incident of non-compliance of the Model Code by the Company's relevant employees was noted by the Company during the period from the Listing Date to December 31, 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DIVIDEND

No dividend has been paid or declared by the Company for the year ended December 31, 2024.

AUDIT COMMITTEE

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

The Audit Committee has considered and reviewed, with no disagreement, with the management the consolidated results for the year ended December 31, 2024 and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee considers that the consolidated results for the year ended December 31, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive loss, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cashflows and the related notes thereto for the year ended December 31, 2024 as set out in this annual results announcement have been agreed by the Group's Auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this annual results announcement.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save for the disposal of equity interest in LianTong as disclosed above and in Note 17 to the consolidated financial statements in this announcement, the Group is not aware of any other material events which could have a material impact on our operating and financial performance after the Reporting Period.

AGM AND CLOSURE OF REGISTER OF MEMBERS

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

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This annual results announcement is published on the website of the Company (www.lianlian.com) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended December 31, 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders who have requested corporate communications in printed copy and published on the respective websites of the Company and the Stock Exchange within the prescribed time and in accordance with the requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless otherwise defined or the context otherwise requires, the following terms or expressions shall have the following meanings:

“AGM”	the forthcoming annual general meeting of the Company to be held on Friday, June 6, 2025
“Articles” or “Articles of Association”	amended and restated articles of association of the Company approved by Shareholders at the extraordinary general meeting of the Company held on July 15, 2024, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Auditor”	PricewaterhouseCoopers, the external auditor of the Company
“Board” or “Board of Directors”	board of directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	chairman of the Board
“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement and for geographical reference only, excluding Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan Region
“Chuanglianzhixin”	Hangzhou Chuanglianzhixin Investment L.P. (杭州創連致新投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 11, 2017, one of our Controlling Shareholders
“Company”, “our Company”, “the Company” or “Lianlian”	Lianlian DigiTech Co., Ltd. (連連數字科技股份有限公司), a joint stock company with limited liability incorporated in the PRC on February 2, 2009 and listed on the Stock Exchange on March 28, 2024 (stock code: 2598)

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the context of this announcement, refers to the controlling shareholders of our Company, namely Mr. Zhang Zhengyu (章徵宇), Chuanglianzhixin, Mr. Lu Zhonglin (呂鐘霖) and Ms. Xiao Sequiu (肖瑟秋)
“Director(s)”	director(s) of the Company
“First Award and Trust Scheme”	the First Award and Trust Scheme adopted by the Company on December 31, 2024
“Global Offering”	an offering of 64,300,000 H Shares, comprising a final Hong Kong public offering of 19,290,000 H Shares and a final international public offering of 45,010,000 H Shares
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	our Company and our subsidiaries
“H Share(s)”	overseas listed shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK dollars”, “HK\$” or “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards
“LianTong”	Express (Hangzhou) Technology Services Company Limited (連通(杭州)技術服務有限公司)
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	March 28, 2024, the date on which the H Shares of the Company were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Pre-IPO Share Option Schemes”	the 2021 pre-IPO share option scheme adopted on February 1, 2021 which was further amended and approved on June 8, 2023 and the 2023 pre-IPO share option scheme adopted on June 8, 2023
“Prospectus”	the prospectus of the Company dated March 20, 2024
“Reporting Period”	the year ended December 31, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company with nominal value of RMB1.00 each, including Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	member(s) of the Supervisory Committee of the Company
“Supervisory Committee”	the supervisory committee of our Company
“TPV”	total transaction payment volume
“Unlisted Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are currently not listed or traded on any stock exchange
“VAT”	value-added tax
“%”	per cent

By order of the Board
Lianlian DigiTech Co., Ltd.
Zhang Zhengyu
Chairman

Hong Kong, March 18, 2024

As of the date of this announcement, the Board comprises Mr. Zhang Zhengyu, Mr. Xin Jie, Ms. Wei Ping, Mr. Zhu Xiaosong and Mr. Wang Yu as executive Directors, Mr. Chun Chang, Mr. Wong Chi Kin and Ms. Lin Lanfen as independent non-executive Directors.